



REGISTRATION DOCUMENT

Including the annual financial report



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2018

REGISTRATION DOCUMENT

including the annual financial report



The original French version of this Registration Document, which contains all of the information in the Management Report, was filed with the French securities regulator (Autorité des Marchés Financiers - AMF) on 26 March 2019, in accordance with the provisions of Article 212-13 of the AMF General Regulations.

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

It contains all of the information concerning the Annual Financial Report



MESSAGE OF THE CHAIRMAN OF THE MANAGING BOARD

Three years after the launch of our Push to Pass strategic plan, we have demonstrated our ability to perform well sustainably.

In 2018, Groupe PSA delivered again record results, led by its dynamic efficiency drive and created value for its stakeholders. The results demonstrate once again Groupe PSA's resilience and its ability to overcome the challenges of a chaotic world.

The Push to Pass plan is a first step towards achieving the Group's vision to be a great global carmaker with cutting-edge efficiency and the preferred mobility provider worldwide for lifetime customer relationships. To achieve this vision in today's uncertain world, we need to enhance our fighting spirit and boost our creativity. The Darwinian mindset we are developing is key to adapting to this challenging environment and standing out from our competitors, leveraging our three core values:

■ **Win together**, as a global team, to boost our performance and gain a competitive edge. In 2018, Groupe PSA was one of the most efficient OEMs, with a Group recurring operating margin of 7.7%. Thanks to the results achieved in the past four years, the profits redistributed to employees have increased 4.5 fold in five years and in 2019, our shareholders will benefit from a dividend payment of €0.78 per share, pending the approval of the Annual Shareholders' Meeting on 25 April 2019. It represents a pay out ratio of 25%, which will be increased to 28% next year.

■ **Agility** is essential to adapting our business to the seven mega-trends that will shape the future of our industry⁽¹⁾. This value is embedded in all fields of our strategic plan: based on our *Core Model Strategy*, we will have up to 116 product launches in all regions by 2021, and capitalise on a young range. Soon, we will expand our geographic footprint, enter North America with Peugeot, India with Citroën, and move back into Russia with Opel, while increasing the international visibility of DS. The energy transition is our priority and is driving our *Core Techno Strategy*: 50% of our range will be electrified by 2021 and 100% by 2025. We are deploying our Free2Move mobility brand worldwide, expanding our offering in the aftermarket and becoming more actively engaged in the circular economy.

■ **Efficiency** and effectiveness, to leverage the results of all our operations and investments, to offer competitive mobility services and state-of-the-art technologies and products to our customers, as a key driver of sustainable growth.

Groupe PSA's teams have no limit and, by embracing these core values, they are supporting the Group's central purpose, which is to preserve freedom of movement by providing safe, sustainable, affordable and enjoyable mobility. We are ready to make a positive contribution to the economy, society and the environment, guided by a commitment to responsibility and transparency.

CARLOS TAVARES

Chairman of the Managing Board of Groupe PSA

⁽¹⁾ Climate change, divergence of the markets, connectivity and the autonomy of products, digitalisation, changes in customer behaviour and the sharing economy.

A GLOBAL PRESENCE...



MANUFACTURING LOCATIONS

- Automotive production plant**
 - in partnership
 - in the planning stage
- Components factory, casting**
 - in partnership
 - in the planning stage
- Assembly plant**
 - in partnership
 - in the planning stage

OTHER LOCATIONS

- R&D centre**

SALES LOCATIONS

- Countries where the Group operates with a subsidiary that commercializes vehicles and / or mobility services
- Countries where only mobility services of the Group are commercialized

Industrial partners

(1) STAFIM - (2) Condor Electronics, Palpa Pro and l'Entreprise Nationale de Production de Machines-Outils - (3) CK BIRLA - (4) URYSIA - (5) EASA and Nordex - (6) THACO - (7) SC Uzavtosanoat - (8) Naza Automotive Manufacturing - (9) PAN Nigeria Ltd - (10) MIE (Mesfin Industrial Engineering's) - (11) FIAT - (12) Mitsubishi - (13) Toyota - (14) Dongfeng Motor Corp. - (15) Changan PSA Automobiles - (16) HMFCL (Hindustan Motor Finance Corporation Limited)

Note: this does not include office facilities, head offices, IT sites, non-automotive businesses, or countries where Group vehicles are sold by an importer.



2018 KEY FIGURES



74 billion euros

2018 revenue
+18.9% versus 2017



7.6%

recurring operating margin
of the Automotive division Peugeot Citroën
DS and Opel Vauxhall



largest car manufacturer in Europe
(17.1% market share in passenger cars + LCV, and LCV
market leader with 24.7% market share)



3.88 million units

sold worldwide
+6.8% versus 2017



7.7%

recurring operating margin
of Groupe PSA



3.5 billion euros

of free cash flow

GROUPE PSA

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1.1. HISTORY AND HIGHLIGHTS OF THE COMPANY'S BUSINESS

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

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

In 1978, the Chrysler Corporation, an American company, sold to Peugeot S.A. the stake in its industrial and commercial subsidiaries in Europe. The business of these companies, which was continued under the Talbot brand, was merged with Automobiles Peugeot in 1980.

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

Aciers et Outillages Peugeot merged with Cycles Peugeot in 1987 and was renamed Ecia. It then became Faurecia in 1998 following its friendly merger with automotive equipment manufacturer Bertrand Faure. In 2001, Faurecia acquired Sommer Allibert's automotive equipment business.

PSA Finance Holding, whose subsidiaries provide financing for Peugeot and Citroën vehicle sales, was transformed into a bank in 1995. Its current name is Banque PSA Finance.

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

In 1992, a joint-venture with the Chinese group SAW (former name of Dongfeng Motor) was created, called Shenlong Automobile and dedicated to the production and sales in China of the Citroën brand.

In 2000, the joint-venture with the Chinese group Dongfeng Motor Group (DFG) was extended to the brand Peugeot and changed its name to DPCA.

In 2011, a new joint-venture was created in China with the Group Changan, called CAPSA, dedicated to the production and sales in China of the DS brand.

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

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

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

At the end of March 2014, the Group strengthened its industrial and commercial partnership with Dongfeng Motor Group (DFG).

Following the signing of a framework agreement on European partnership with the Santander Group in Brazil in July 2014 then in July 2015, all local partnerships between Banque PSA Finance (BPF) and the Santander Group started operations. For more details, please refer to Section 1.3.1.3 below.

Moreover, to speed up the expansion of Peugeot Scooters, strengthen the brand and its products, and secure its future, Groupe PSA has entered on 19 January 2015 into a long-term strategic partnership with Mahindra & Mahindra Group (M&M).

On 31 March 2015, the Group acquired Mister Auto, an e-commerce leader for spare parts for all automotive brands on the European market.

On 21 June 2016, Groupe PSA and Iran Khodro signed the final joint venture agreement to produce latest-generation vehicles in Iran.

On 29 July 2016, Faurecia sold its Automotive Exteriors business, comprising bumpers and front end modules, to Compagnie Plastic Omnium.

On 6 October 2016, Groupe PSA and SAIPA, Citroën's partner in Iran since 1966, signed a joint venture agreement to produce and market Citroën vehicles.

In December 2016, Groupe PSA and Aramisauto, the leader in online sales of used vehicles (UV), entered into a capital and strategic alliance to accelerate the development of online sales of used vehicles and related services.

On 25 January 2017, the Groupe PSA and the CK Birla Group signed joint venture agreements to produce and sell vehicles and components in India by 2021.

On 6 March 2017, General Motors (GM) and Groupe PSA announced that they had entered into an agreement under the terms of which the General Motors subsidiary Opel Vauxhall (OV) and the European operations of General Motors Financial would join Groupe PSA.

On 1 August 2017, Groupe PSA announced the closing of the acquisition of the Opel and Vauxhall subsidiaries of General Motors, for which the preliminary agreement had been signed on 6 March 2017.

On 4 December 2017, Groupe PSA and Nidec Leroy-Somer Holding decided to work together in France in the field of electric traction motor. For this purpose, Nidec Leroy-Somer and Groupe PSA entered into a joint venture agreement. On 22 May 2018, the creation of a joint company, Nidec-PSA emotors, was approved. This new joint venture between Nidec Leroy-Somer and Groupe PSA focuses on designing and engineering, developing, manufacturing and selling electric traction motors.

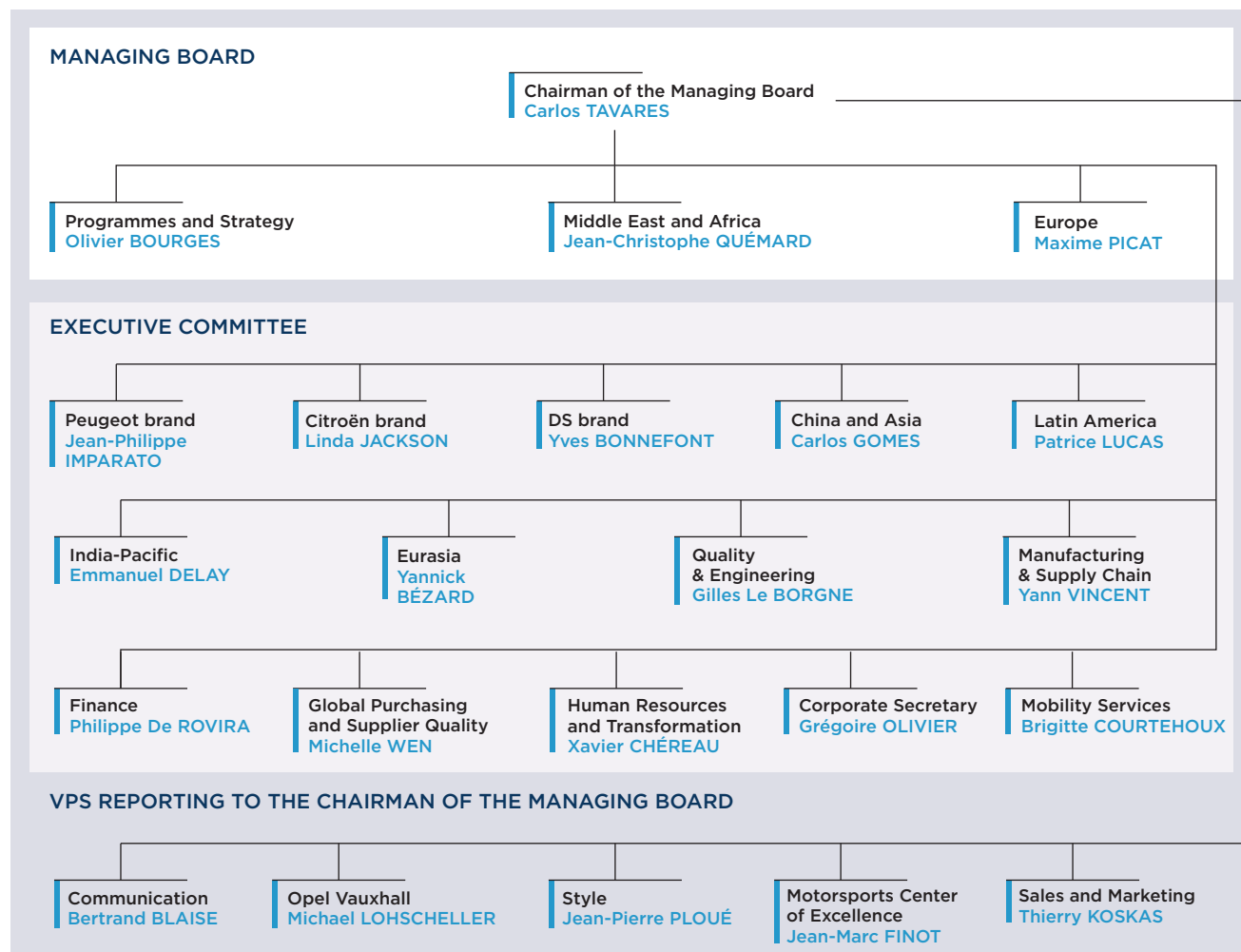
Following the United States' announcement on 8 May 2018 that it was withdrawing from the Iran nuclear deal, the Group has complied with the new American regulations by suspending its operations in Iran that are affected by the sanctions.

1.2. ORGANISATIONAL STRUCTURE



1.2.1. Group organisational structure – functions

The Group's simplified functional organisational structure at 26 March 2019 is set out as follows:



1.2.2. Group organisation

The executive management of Groupe PSA is the responsibility of the Managing Board, which is presented in detail in Section 3.1 below.

The Managing Board is responsible for executive leadership and financial management. It helps to define and implement the Group's strategic vision developed in accordance with the long-term objectives set by the Supervisory Board.

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

Four business line VPs as well as Opel Vauxhall VP report to the Chairman of the Managing Board.

1.2.3. Parent-subsidary relationships

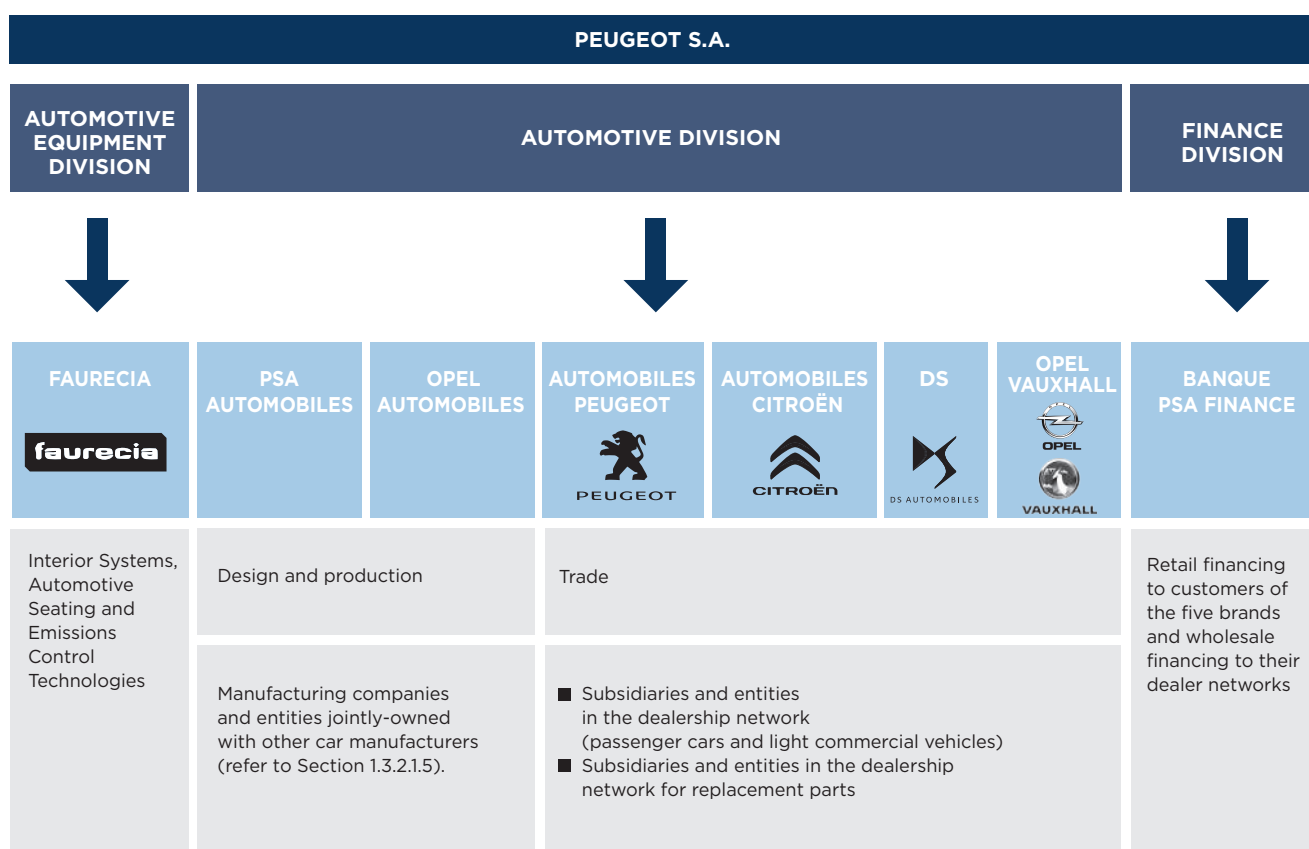
As the Group's holding company, Peugeot S.A. is not directly involved in any material operating activities.

Peugeot S.A. has a normal parent company relationship with its subsidiaries. The main events in this relationship are reviewed in the Company's financial statements in Section 6.4. Please refer as well to Note 17 to the 2018 consolidated financial statements for a

detailed description of Group related party transactions, in particular with equity-accounted entities.

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

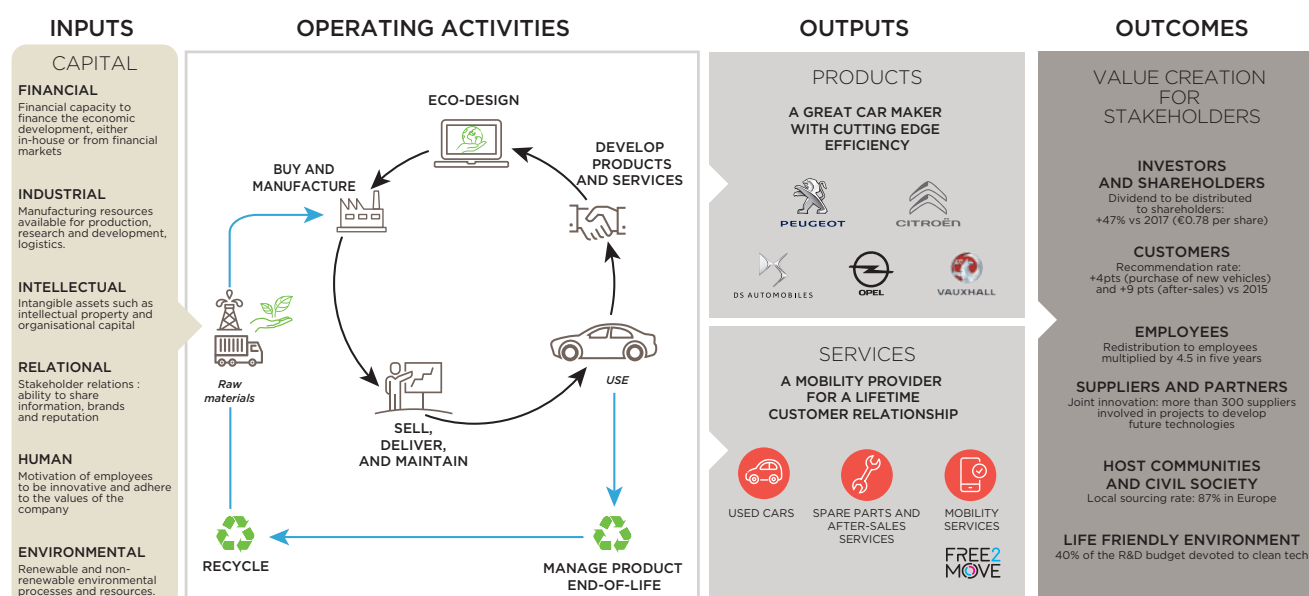
1.2.4. Simplified organisation structure at 31 December 2018



At 31 December 2018, there were 427 entities included in the scope of consolidation. A comprehensive list is found in Note 20 to the 2018 consolidated financial statements (see Section 5.6 below).

1.3. ACTIVITIES AND STRATEGY

1.3.1. Business model DPEF.A



1.3.2. Main activities of the Group

The main activities of Groupe PSA are the following:

- the Automotive division groups together the two Peugeot Citroën DS (PCD) and Opel Vauxhall (OV) segments, covering chiefly the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot Citroën DS and Opel Vauxhall brands;
- the Automotive Equipment Division corresponding to the Faurecia Group comprising Interior Systems, Automotive Seating and Emissions Control Technologies;
- the Finance Division, corresponding to the Banque PSA Finance Group (BPF), finances sales to customers of the Peugeot, Citroën, DS and Opel Vauxhall brands and its dealer networks. BPF is classified as a financial institution.

The breakdown of revenue and recurring operating income by activity is as follows:

(in million euros)	Revenue ⁽¹⁾			Recurring operating income (loss) ⁽¹⁾		
	2018	2017	Change	2018	2017	Change
Automotive segment Peugeot Citroën DS	43,027	40,735	2,292	3,617	2,966	651
Automotive segment Opel Vauxhall	18,306	7,238	11,068	859	(179)	1,038
Faurecia	17,525	16,962	563	1,263	1,156	107
Other businesses and eliminations ⁽²⁾	(4,831)	(2,679)	(2,152)	(50)	35	(85)
TOTAL	74,027	62,256	11,771	5,689	3,978	1,711
Group sales (in thousands of new vehicles)	3,878	3,632	6.8%			

(1) IFRS 15 application with 2017 restated (excluding essentially monoliths)

(2) Including the activities of Banque PSA Finance not covered by the partnership signed with Santander Consumer Finance.

Regarding segment information - business segments and principal markets - please refer to Note 3 to the 2018 consolidated financial statements (see Section 5.6 below).

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

1.3.2.1. AUTOMOTIVE DIVISION

1.3.2.1.1. Significant events of the sales activities in 2018

A new record set in 2018 at 3.9 million units with worldwide sales up 6.8%

- **Sales increase for the 5th year in a row with improved pricing power, in a context of economic and geopolitical headwinds.**
- **Core Model strategy as a trigger: success of new launches and European leadership in Light Commercial Vehicles.**

This **profitable growth**, reaching circa 3,878,000 units, has been leveraged by Groupe PSA **product offensive** in motion with more than 70 regional launches in 2 years, customer driven **Core Model Strategy** deployment and commercial **network commitment**.

- Groupe PSA products have been on all short final lists of prestigious automotive contests every year since 2014 and have been awarded this year "Van of the Year IVOTY 2019" (Peugeot Partner, Citroën Berlingo Van, Opel/Vauxhall Combo) and 'Best Buy Car of Europe 2019' AUTOBEST (Citroën Berlingo Van, Opel/Vauxhall Combo Life and Peugeot Rifter), following Citroën C3 Aircross last year. Groupe PSA Core technology has also been awarded with the International Engine of the Year prize for the 4th year in a row for its Turbo three-cylinder petrol engine (110 and 130 hp).
- Groupe PSA SUV models are particularly successful, driven by the Peugeot 2008, 3008⁽¹⁾, 5008 (leader in Europe), Citroën C3 Aircross⁽²⁾, C3-XR, C5 Aircross, DS7 Crossback, Opel/Vauxhall Crossland X, Mokka X, and Grandland X. The momentum will continue in 2019 with major launches for all brands.
- The Group announced its electrification offensive for all brands, with first PHEV⁽³⁾ and EV⁽⁴⁾ models available for customers in 2019, starting with the DS brand.

Groupe PSA achieves **new record LCV sales: 564,147 vehicles sold, +18.3%**.

- Groupe PSA renewed its range of compact vans in 2016 and of B-LCV in 2018 and has consolidated its leading position in Europe in every sub-segments, grasping almost 1 out of 4 LCV customers. The Group's LCV offensive has set the basis for overseas growth with the successful launch of production of Peugeot Expert and Citroën Jumpy in Eurasia and the very promising start of our comprehensive range of LCV products and services for Latin American clients.

1.3.2.1.2. The Group's markets

Europe⁽⁵⁾: Change of scale with 17.1% market share.

Groupe PSA took full advantage of its perfectly managed new WLTP standard implementation phase to gain a competitive edge in the last four months of the year. Group market share reaches 17.1% by end 2018, up +3.8pt, underpinned by Peugeot and Citroën

brands that are the best progressing brands in 2018, with almost +5% sales increase for both brands among the top 10 brands in Europe.

Peugeot stands out for its success: SUV European leader, number 1 in Spain, number 1 in France on B2C and B2B passenger cars. Citroën reaches its best level of sales in 7 years. DS Automobiles marks a breakthrough with 6.7% of sales increase, supported by DS7 Crossback launch. Opel/Vauxhall is continuing its product offensive driven by the X family.

Groupe PSA exceeds market performance and is improving in all main markets: France (+2.6pt), Spain (+4.2pt), Italy (+3.9pt), Great Britain (+4.8pt), Germany (+3.7pt).

Middle East - Africa: the Group remains offensive in a chaotic regional context.

Despite strong headwinds mainly due to wind down in Iran⁽⁶⁾ and Turkish market downturn, Groupe PSA market share increased in Morocco (+1.7pt), Tunisia (+1pt) and Egypt (+3.1pt) and the Group remains market leader in French Overseas Departments.

The regional industrial footprint is under deployment to become operational in 2019 with the start of production of Kenitra plant in Morocco, as a key milestone.

China & South East Asia: Groupe PSA works to overcome China situation and prepares its commercial offensive in South East Asia.

In a declining Chinese passenger vehicle market (-2%), sales are down 34.2%. The Group is working on action plans with its partners to tackle current issues. The Group is implementing its electrification strategy with the Fukang brand, followed by PCD⁽⁷⁾ electrified models from 2019 onwards. Moreover, the core model strategy is under execution to propose a product offering designed for Chinese clients.

Sales in South East Asia doubled *versus* 2017, amounting to 10,882 vehicles. The joint venture with Naza Corporation Holdings (Malaysia) will start delivering its first productions in 2019 with the Peugeot 3008 and 5008.

Latin America: the drop in sales is largely linked to the strong decline of the Argentinian market (-32% in H2) related to the country's economic context, with a significant exchange rate impact and a difficult Brazilian market, while sales remain well oriented in the Pan-American zone (54,887 units, +13.3%) – composed mainly by Chile, Mexico, Colombia, Peru, Uruguay and Ecuador.

The launch of the new C4 Cactus SUV industrialized in the region, is encouraging. The local manufacturing of the LCV range is in process (launch of the Jumpy MiniBus version, Berlingo, Boxer and Jumper in Brazil, Jumpy and Expert Crewcab in Argentina and the electric Partner in Chile and Uruguay).

India-Pacific: sales growth is notably driven by the Group successful business in Japan (+9.6%). The manufacturing project in India, developed in partnership with the CK Birla Group, is on track.

Eurasia: stable sales. Sales increase notably in Ukraine (+7%). The good dynamic of Peugeot 3008, C4 Sedan and the newly produced LCVs in Kaluga since April (Peugeot Expert and Citroën Jumpy) are encouraging.

(1) Peugeot 4008 in China.

(2) C4 Aircross in China.

(3) PHEV: Plug-in Hybrid Electric Vehicle.

(4) EV: Electric Vehicle.

(5) PCD OV figures.

(6) Iran: Volumes industrialized in Iran are not more recorded in consolidated sales since 1 May 2018.

(7) PCD: Peugeot Citroën DS.

1.3.2.1.3. A few key figures

CONSOLIDATED WORLD SALES BY REGIONS⁽¹⁾

Region	Brand	2017 volume	%	2018 volume	%	%Chg
Europe	Peugeot	1,173,465	32.31%	1,231,327	31.75%	4.93%
	Citroën	785,662	21.63%	824,623	21.27%	4.96%
	DS	43,135	1.19%	46,013	1.19%	6.67%
	PCD	2,002,262	55.12%	2,101,963	54.21%	4.98%
	Opel Vauxhall	376,380	10.36%	1,004,197	25.90%	166.80%
	Groupe PSA	2,378,642	65.49%	3,106,160	80.10%	30.59%
Middle East and Africa ⁽²⁾	Peugeot	533,170	14.68%	223,838	5.77%	-58.02%
	Citroën	57,273	1.58%	34,731	0.90%	-39.36%
	DS	1,575	0.04%	1,440	0.04%	-8.57%
	PCD	592,018	16.30%	260,009	6.71%	-56.08%
	Opel Vauxhall	26,809	0.74%	31,989	0.82%	19.32%
	Groupe PSA	618,827	17.04%	291,998	7.53%	-52.81%
China & ASEAN	Peugeot	249,223	6.86%	143,628	3.70%	-42.37%
	Citroën	131,821	3.63%	114,419	2.95%	-13.20%
	DS	5,963	0.16%	3,955	0.10%	-33.67%
	PCD	387,007	10.65%	262,002	6.76%	-32.30%
	Opel Vauxhall	295	0.01%	581	0.01%	96.95%
	Groupe PSA	387,302	10.66%	262,583	6.77%	-32.20%
Latin America	Peugeot	136,303	3.75%	112,774	2.91%	-17.26%
	Citroën	68,526	1.89%	60,404	1.56%	-11.85%
	DS	1,304	0.04%	969	0.02%	-25.69%
	PCD	206,133	5.67%	174,147	4.49%	-15.52%
	Opel Vauxhall	142	0.00%	1,110	0.03%	681.69%
	Groupe PSA	206,275	5.68%	175,257	4.52%	-15.04%
India and Pacific	Peugeot	19,205	0.53%	19,987	0.52%	4.07%
	Citroën	6,049	0.17%	5,661	0.15%	-6.41%
	DS	799	0.02%	831	0.02%	4.01%
	PCD	26,053	0.72%	26,479	0.68%	1.64%
	Opel Vauxhall	26,053	0.72%	0	0.00%	NS
	Groupe PSA	26,053	0.72%	26,479	0.68%	1.64%
Eurasia	Peugeot	8,479	0.23%	8,660	0.22%	2.13%
	Citroën	6,345	0.17%	6,391	0.16%	0.72%
	DS	84	0.00%	57	0.00%	-32.14%
	PCD	14,908	0.41%	15,108	0.39%	1.34%
	Opel Vauxhall	307	0.01%	180	0.00%	-41.37%
	Groupe PSA	15,215	0.42%	15,288	0.39%	0.48%
TOTAL	Peugeot	2,119,845	58.36%	1,740,214	44.88%	-17.91%
	Citroën	1,055,676	29.06%	1,046,229	26.98%	-0.89%
	DS	52,860	1.46%	53,265	1.37%	0.77%
	PCD	3,228,381	88.88%	2,839,708	73.23%	-12.04%
	Opel Vauxhall	403,933	11.12%	1,038,057	26.77%	156.99%
	Groupe PSA	3,632,314	100.00%	3,877,765	100.00%	6.76%

(1) Including CKD kits.

(2) including 141,000 vehicles sold in 2018 under Peugeot license by Iran Khodro until 30 April 2018.



GROUPE PSA – WORLDWIDE CONSOLIDATED SALES PER MODEL

Brand	Model	2017 volume	2018 volume
PEUGEOT	ION	1,148	1,895
	108	54,573	59,573
	206	176,572	60,800
	208	326,814	294,876
	2008	232,739	218,640
	301	63,866	46,240
	308	242,132	209,560
	408	63,460	30,421
	3008	226,322	265,125
	4008	51,990	29,436
	405	266,645	80,252
	508	23,888	17,395
	5008	86,555	109,900
	BIPPER	7,723	604
	PARTNER	165,781	145,243
	EXPERT	45,084	57,978
	BOXER	68,665	72,938
	TRAVELLER	14,801	20,419
	PEUGEOT PICK UP	860	251
	RIFTER	106	18,486
	OTHER	0	182
TOTAL PEUGEOT		2,119,845	1,740,214
CITROËN	C-ZERO	1,242	1,539
	E-MEHARI	252	385
	C1	54,376	52,754
	C3	255,227	252,117
	C3 MPV	32,034	7,970
	C3 AIRCROSS	35,415	122,813
	C-ÉLYSEE	88,410	67,251
	C3-XR	22,642	15,975
	C4 CACTUS	59,219	78,908
	C4	70,030	44,479
	C4 PICASSO	106,670	76,433
	C4 AIRCROSS	3,321	781
	C5	12,570	5,082
	C5 AIRCROSS	22,657	29,779
	C6	5,947	3,925
	NEMO	5,999	798
	BERLINGO	165,717	159,792
	JUMPY	38,670	43,901
	JUMPER	61,367	62,794
	SPACETOURER	13,911	18,753
TOTAL CITROËN		1,055,676	1,046,229



Brand	Model	2017 volume	2018 volume
DS	DS 3	28,971	16,187
	DS 4	12,257	5,381
	DS 5	7,854	2,756
	DS 6	2,947	592
	DS 7 CROSSBACK	788	27,786
	OTHER	43	563
TOTAL DS		52,860	53,265
TOTAL PCD		3,228,381	2,839,708
OPEL VAUXHALL	ADAM	17,152	45,600
	AMPERA-E	1,074	2,406
	ANTARA	129	126
	ASTRA	79,472	181,661
	CASCADA	870	1,974
	COMBO	7,607	28,269
	CORSA	80,739	235,639
	CROSSLAND X	33,899	102,424
	GRANDLAND X	18,703	79,976
	INSIGNIA	40,579	71,341
	KARL/VIVA	15,906	48,201
	MERIVA	3,390	2,519
	MOKKA X	58,555	118,487
	MONARO	8	63
	MOVANO	8,397	24,504
	VIVARO	23,086	64,543
	ZAFIRA	14,367	30,324
TOTAL OV		403,933	1,038,057
TOTAL GROUPE PSA		3,632,314	3,877,765
Of which PCD	Passenger cars (PC)	2,790,930	2,392,871
	Light Commercial Vehicles (LCV)	437,451	446,837
	PC + CV, of which:		
	Petrol	1,884,435	1,596,353
	Diesel	1,337,272	1,235,229
	Electric	6,231	8,053
	Hybrid	443	73

1.3.2.1.4. Existing or planned material property, plant and equipment

The Group's geographical breakdown in 2018 was as follows: Europe 82.2% (and some 30.6% in France), South America 3.1%, Asia 9.7% and the Middle East 4%.

Manufacturing Facilities

ASSEMBLY PLANTS

Manufacturing centres	Models manufactured at 31 December 2018	2017 output	2018 output
Madrid (Spain)	C4 Cactus	59,517	70,760
Mangualde (Portugal)	Partner, Berlingo	53,645	63,090
Mulhouse (France)	2008, 508, 508 SW, C4, DS 4, DS 7 Crossback	247,832	244,713
Buenos Aires (Argentina)	308, 408, C4, Partner, Berlingo	46,844	36,006
Poissy (France)	208, DS 3, DS 3 Cabrio, DS 3 Crossback	233,968	175,252
Porto Real (Brazil)	2008, 208, C3, C3 Picasso Aircross, C4 Cactus	95,900	77,750
Rennes (France)	C5, C5 Tourer, C5 Aircross, 508, 508 SW, 508 RXH, 508 RXH HY, 508 HY, 5008	89,647	101,069
Hordain (France)	Expert, Traveller, Jumpy, Space Tourer,	110,730	137,070
Sochaux (France)	308, 308 SW, 3008, DS 5, DS 5 HY, Grandland X	424,998	501,319
Trnava (Slovakia)	208, C3 Aircross	335,114	352,007
Vigo (Spain)	Berlingo, Partner, Combo, Berlingo electric, Partner electric, C-Elysée, 301, C4 Space Tourer, Grand C4 Space Tourer	434,915	398,340
Ellesmere Port (England)	Astra, Astra Sports Tourer	92,020	76,963
Luton (England)	Vivaro	59,779	62,643
Eisenach (Germany)	Corsa, Adam	100,136	84,923
Gliwice (Poland)	Astra, Cascada	165,241	106,457
Rüsselsheim (Germany)	Zafira Tourer, Insignia Grand Sport, Insignia Sports Tourer	141,962	123,277
Zaragoza (Spain)	C3 Aircross, Corsa, Corsa Van, Mokka, Crossland X, C3 Aircross	382,238	447,396

MANUFACTURING COMPONENT PLANT AND FOUNDRIES

Caen (France)	Chassis systems and transmissions
Charleville (France)	Aluminium and iron castings
Douvrin Française de Mécanique (France)	Petrol and diesel engines
Hérimoncourt (France)	Engines, gearboxes: small-scale assembly and reconditioning
Metz (France)	Gearboxes
Mulhouse components (France)	Chassis systems
Mulhouse foundry (France)	Pressurised aluminium castings, steel forge, tooling
Porto Real (Brazil)	Flex-fuel and petrol engines
Saint-Ouen (France)	Stamping
Sept-Fons (France)	Iron castings and brake parts machining
Trémery (France)	Petrol and diesel engines
Valenciennes (France)	Gearboxes
Rüsselsheim (Germany)	Transmissions
Kaiserslautern (Germany)	Diesel engines
Aspern (Austria)	Petrol engines and transmissions
Szentgotthard (Hungary)	Petrol and diesel engines
Tychy (Poland)	Petrol engine

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SUBSIDIARIES JOINTLY-OWNED WITH OTHER CAR MANUFACTURERS

(situation at 31 December)		Manufacturing	Annual output 2017	Annual output 2018
Outside France				
Sevelsud, Società Europea Veicoli Leggeri (Italy)				
50% PSA Automobiles SA	Peugeot Boxer		67,957	73,432
50% Fiat	Citroën Jumper		60,870	62,718
Total			128,826	128,826
DPCA, Dongfeng Peugeot Citroën Automobiles (Wuhan, Chengdu, China)				
50% PSA Automobiles SA	New C-Elysée, 301, C3-XR, 2008, C3 Aircross, new 308, new C4, C4 Lounge, New 408, C5, new C5, new 2008, 508, 3008, 4008, 5008, C5 Aircross			
50% Dongfeng Motors			364,256	247,601
Total			364,256	247,601
TPCA, Toyota Peugeot Citroën Automobiles (Kolin, Czech Republic)				
50% PSA Automobiles SA	Peugeot 108		54,512	60,139
50% Toyota Motor Corporation	Citroën C1		54,415	53,134
Total			108,927	113,273
PCMA Rus (Kaluga, Russia)				
70% PSA Automobiles SA				
30% Mitsubishi Motors Company (MMC)	Space Tourer, Traveller, Jumpy, Expert, Citroën C4 L, Peugeot 408		1,731	5,242
Total			1,731	5,242
CAPSA, Changan PSA Auto Company Ltd (Shenzhen, China)				
50% PSA Automobiles SA				
50% Changan	DS 4, DS 5, DS 5 LS, DS 6, DS 7 Crossback, DS 7 Crossback hybrid		6,170	4,013
Total			6,170	4,013
SCC (Saipa Citroën Company) (Iran)				
25% Citroën Automobiles				
25% PSA Automobiles SA				
50% SAIPA	C3		-	21
Total			-	21
IKAP (Iran Khodro Automobiles Peugeot Company) (Iran)				
25% Automobiles Peugeot				
25% PSA Automobiles SA				
50% Iran Khodro	2008, 301, 208		482	3,084
Total			482	3,084
Other joint ventures				
Okazaki (Japan)				
Mitsubishi Motors Company cooperation agreement	Citroën C4 Aircross, Peugeot 4008		2,667	-
Mizushima (Japan)				
Mitsubishi Motors Company cooperation agreement	Citroën C-Zéro, Peugeot iOn		2,140	3,132
Bursa (Turkey)				
Fiat and Tofas cooperation agreement	Citroën Nemo, Peugeot Bipper		14,395	-
Bolloré (Rennes)				
Bolloré cooperation agreement	E-Méhari		122	376



(situation at 31 December)

	Manufacturing	Annual output 2017	Annual output 2018
NORDEX (Uruguay)			
Nordex cooperation agreement	Space Tourer, Traveller, Expert, Jumpy	1,069	4,590
Dongfeng (China - DFPV2)			
Dongfeng cooperation agreement	2008	10,788	4,872
Dongfeng Nissan (Chine)			
Dongfeng cooperation agreement	Peugeot Pick Up	878	1,105
Changwon GMK (South Korea)			
General Motors cooperation agreement	Karl, Viva	48,591	43,585
Bupyeong GMK (South Korea)			
General Motors cooperation agreement	Mokka	112,451	72,396
Orion GMNA (United States)			
General Motors cooperation agreement	Ampera-E	2,791	2,110
TOFAS (Turkey)			
TOFAS cooperation agreement	Combo	19,331	11,955
Sandouville (France)			
Renault cooperation agreement	Vivaro	1,349	879
Batilly (France)			
Renault cooperation agreement	Movano	20,490	23,195
Iran Khodro (Iran)			
Iran Khodro cooperation agreement	Peugeot 405, 206, 207	443,217	141,052

For more information on property, plant and equipment, please refer to Note 7.2 to the 2018 consolidated financial statements (see Section 5.6 below).

After-Sales, Maintenance, Repair and Spare Parts

In after-sales, the Push to Pass plan has materialised a sales offensive designed to satisfy all customers' needs world-wide, regardless of their purchasing power, their vehicle's brand or age. Under the plan, the Group has moved from an offer focused on original equipment parts for its automotive brands to a wraparound offer widened to the independent repairer market as a whole, covering the whole motor-vehicle fleet world-wide, with both the Eurorepar brand, and an entirely unprecedented offer of equipment-manufacturer parts.

This offensive is carried by the distributor DISTRIGO, launched in 2016. In Europe, it is backed by a logistics network of 130 spare parts DistriGo hubs.

A similar offer is being rolled out in Latin America, through joint ventures in Brazil and Argentina, and in China, particularly with the acquisition of stakes in the spare parts distributors Jian Xin and UAP in 2018.

Groupe PSA also provides an Internet offer with the [MisterAuto.com](https://www.misterauto.com) on-line parts sales website, established in 19 countries across the world, and the Autobutler platform, which generates estimates on-line for automotive servicing and repairs.

At 31 December 2018, 24 spare-parts warehouses managed 300,000 items for PCD, including multi-brand parts: Vesoul (France), Natolin (Poland), Villaverde (Spain), Pregnana (Italy), Spillern (Austria), Tile Hill (United Kingdom), Brussels (Belgium), Barueri (Brazil), Pacheco (Argentina), Santiago (Chile), Toluca (Mexico), Kaluga (Russia), Kiev (Ukraine), Boufarik (Algeria), Istanbul (Turkey), Johannesburg (South Africa), Shimizu (Japan), Wuhan (China-DPCA), Shanghai (China-DPCA), Beijing (China-DPCA), Chengdu (China-DPCA), Guangzhou (China-DPCA), Shanghai (China-CAPSA) and Shenzhen (China-CAPSA).

For Opel Vauxhall, eight spare-parts warehouses manage more than 280,000 items: Luton (United Kingdom), Zaragoza (Spain), Fiumicino (Italy), Russelsheim and Bochum (Germany), Mszczonów (Poland), Budapest (Hungary) and Izmir (Turkey).

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

1.3.2.2. FAURECIA

The Faurecia Group is one of the world leaders in automotive equipment. This company develops, manufactures and markets original equipment through three main business divisions ("Business groups"): Seating, Interiors and Clean Mobility. In each of these three business lines, Faurecia is one of the top three global players.

Faurecia is a company listed in compartment A of the Euronext Paris market (FR0000121147 EO). As at 31 December 2018, Peugeot S.A. held 46.34% of Faurecia's share capital and 63.11% of its theoretical voting rights.

At 31 December 2018, the Faurecia Group employed almost 115,000 people in 32 countries over all the continents, and operated some 300 sites of which 35 research and development centres.

In 2018, the Faurecia Group's revenue was €17.5 billion, up 3.3% from 2017 in reported data, and up 7.0% at constant exchange rates. It was distributed as follows: 50.5% in Europe, 25.5% in North America, 18.6% in Asia (of which 14.2% in China), 4.1% in South America and 1.3% in the rest of the world.

For more information on Faurecia's earnings, please refer to Section 4.1.6 and Note 3 to the 2018 consolidated financial statements (see Section 5.6 below).

1.3.2.2.1. Faurecia's business

Faurecia's revenue comes from three Business groups, and the Group's strategic priorities are aligned with the underlying trends of the global automotive market.

Accordingly, The Faurecia Group is accelerating its profitable growth by focusing its development and innovative efforts on two main areas:

- **Sustainable Mobility**, through its Clean Mobility business, which dovetails with the trend of making ever-greener vehicles, particularly with innovations for hybrid vehicles, commercial vehicles and zero-emission trucks and vehicles;
- **the Cockpit of the Future**, through its two other activities, Seating and Interiors, which develop innovative solutions and breakthrough technologies in order to create the cockpit of the future in response to the trend of creating more connected vehicles and expanding autonomous driving.

The Faurecia Group's three Business groups include:

Seating

Faurecia designs and assembles seats and makes their main components, including frames, adjustment mechanisms, foams and upholstery, and comfort and safety accessories. Besides this core seat-architecture business line, adapting to the different car manufacturer platforms, Faurecia is developing innovative solutions for safety and comfort, on the strength of joint arrangements with key player in safety, such as ZF, or in heat and temperature management, such as Mahle. In 2018, the Seating business represented 43% of Faurecia's sales.

Interiors

A world leader in this business, Faurecia designs and produces instrument panels, central consoles and door panels that meet both the expectations of car buyers and the requirements of car manufacturers. The trend towards a more connected vehicle that takes more of the burden off the driver is impelling Faurecia to develop innovative solutions, particularly in the areas of Smart Surfaces, Infotainment and Human Machine Interfaces ("HMI"). The contribution of expertise from such sources as Parrot Automotive and Coagent is helping to accelerate the development of these innovations. In 2018, the Interiors business represented 31% of Faurecia's sales.

Clean Mobility

The world leader in emissions control technologies, Faurecia engineers, manufactures and markets a range of complete exhaust systems corresponding to every market requirement. To abide by tightening international standards, Faurecia has a solid portfolio of technologies and innovations for passenger vehicles as well as for commercial vehicles and trucks. In 2018, the Clean Mobility business represented 26% of Faurecia's sales.

On 26 October 2018, Faurecia announced its proposal to purchase the Japanese company Clarion, a major player in connectivity and on-board infotainment systems, digital audio solutions, HMI (Human Machine Interfaces) solutions, advanced driver assistance systems, and Cloud services. In its most recent financial year, which closed end-March 2018, Clarion generated revenue of around €1.4 billion. This acquisition will make Faurecia a major player in the integration of cockpit systems, enabling it to offer unrivalled user experiences. The takeover bid was launched on 30 January 2019 and on March 1, 2019 Faurecia announced that 95.28% of Clarion shares were tendered during the offer period with a settlement on March 7, 2019. The squeeze-out procedure to acquire all of the remaining shares of Clarion will be finalized by the end of March 2019. Faurecia will create a fourth business known as *Faurecia Clarion Electronics*, which will bring Clarion together with Parrot Automotive and Coagent.

1.3.2.2.2. Industrial footprint

Today, the Faurecia Group works with virtually all the car manufacturers, requiring a world-wide presence so as to be as close as possible to its customers.

It can adapt its worldwide production facilities to fit the needs and expectations of car manufacturers. While two thirds of its facilities manufacture components and are therefore located to optimise production and logistics costs, the other third operate on a just-in-time basis.

1.3.2.2.3. Customers

The Faurecia Group has a diversifying portfolio with the arrival of newcomers, Chinese car manufacturers and producers of engines for commercial vehicles and high-power vehicles.

In 2018, the Faurecia Group's major customers (those representing more than 4% of sales) were the Volkswagen Group with 14.4%, followed by Ford with 14.2%, then Groupe PSA with 12.5%, Renault-Nissan with 9.6%, GM and Daimler with 4.7% each and BMW with 4.2%.

1.3.2.3. BANQUE PSA FINANCE

Closely involved in the sales policy of the Groupe PSA brands, Banque PSA Finance (BPF), directly and wholly controlled by Groupe PSA companies, works in 18 countries, alongside partners in most of those countries, to distributed financing and service offers designed to stimulate vehicle sales by the dealership networks for the Groupe PSA brands.

Through its local operating entities, BPF:

- provides dealers of the brands with financing for their inventories of new and used vehicles, and of spare parts, along with other financing such as for working capital;
- offers individuals and businesses a complete range of financing and services, as well as savings products in France and Germany.

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

Since 2015, BPF has instituted a business model based on cooperation agreements, featuring two major partnerships in Europe, with Group Santander Consumer Finance for the Peugeot, Citroën, DS brands, and with BNP Paribas Personal Finance for the Opel and Vauxhall brands. BPF operates in partnership with Santander in Brazil. The governance scheme deployed under these cooperation agreements means that loan decisions are independent of the brands, while also allowing the development of commercial offers that are appropriate, innovative and fully supportive of the Push to Pass and Pace! growth plans.

For more information on the implementation of the legal transactions in each country of the Cooperation, please refer to BPF's Annual Report at www.banquepsafinance.com.

1.3.2.3.1. Refinancing strategy

Following the institution of the partnership with Santander in Europe and Brazil, and with BNP Paribas Personal Finance in Europe, the financing required by the joint companies is handled by the partners. Accordingly, BPF finances activities mainly in Argentina, Mexico and Russia.

For the financing of activities outside the scope of the partnerships with Santander and BNP Paribas Personal Finance, BPF relies on a capital structure and an equity ratio that is compliant with regulatory requirements, and are backed by the quality of the bank's assets. Its financing is ensured by the broadest possible range of liquidity sources, matching of maturities of assets and liabilities.

For more information on BPF's refinancing strategy, please refer to BPF's Annual Report at www.banquepsafinance.com.

1.3.2.3.2. Financial services to end customers

Financial services to Peugeot Citroën DS as well as Opel and Vauxhall end customers represented 69% of Banque PSA Finance's total loans outstanding, amounting to €26,256 million at 31 December 2018, *versus* €23,283 million at 31 December 2017 under IFRS 8 (under IFRS 8 presentation, loans outstanding of this type amounted to €115 million, or 64% of total loans outstanding).

Banque PSA Finance serves both individuals and corporate fleets with:

- loans for the purchase of new and second-hand cars;
- short- and long-term operating leases (hire);
- finance leases (vehicles sold with a buyback commitment);
- an array of related services, such as insurance, maintenance and extended warranties.

Spurred by a sustained focus on building customer loyalty for the Groupe PSA brands, BPF offers diversified financing products and

services, as well as bundled offers, that together with the six brands provide a comprehensive range of mobility solutions.

1.3.2.3.3. Wholesale financing

Banque PSA Finance, *via* its subsidiaries and partners, provides financing for new and demonstration vehicles and, where necessary, spare parts for the dealer networks of Peugeot, Citroën, DS, Opel and Vauxhall within the areas where BPF is established.

As at 31 December 2018, wholesale financing for the Peugeot, Citroën and DS, as well as Opel Vauxhall dealership networks represented 31% of BPF's total loans outstanding, amounting to €11,682 million under IFRS 8 (loans outstanding of this type amounted to €64 million, or 36% of total loans outstanding, under IFRS 8).

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

1.3.2.3.4. Insurance and services

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

In 2018, BPF sold 1,677,812 insurance policies and/or services within the Peugeot Citroën DS scope, up by +3.2%, or on average a little less than two contracts per customer financed.

1.3.3. The Group's strategic trends

On 5 April 2016, Groupe PSA presented its strategic plan for profitable growth, "Push to Pass", covering the period from 2016 to 2021. Having overpassed the initial targets of the Push to Pass plan for the period 2015-2018, Groupe PSA set and presented on 26 February 2019 the following new target for the period 2019-2021 (including Opel Vauxhall):

- deliver over 4.5% Automotive recurring operating margin⁽¹⁾ on average in 2019-2021.

The Push to Pass plan marks a first stage towards Groupe PSA's vision for itself: "a world-ranking car manufacturer with optimum efficiency, supplying standard-setting mobility services", making the customer the core concern of its activities.

This plan builds on the momentum of the previous plan, "Back in the Race", in terms of operational excellence and differentiation between the Peugeot, Citroën and DS brands.

In addition, the "Push to Pass" plan is drawing on the digitalisation of the Group and its competitive teams in order to build:

- a product offensive enabling the launch of "one new vehicle per region, per brand and per year". This product offensive revolves around a global vehicle design strategy ("Core model strategy") incorporating target technologies ("Core technology strategy");

- the Group's international expansion and profitable growth in all its host regions;
- the expansion of the Group's business activities, primarily in the areas of after-sales services and used vehicles, incorporating the development of multi-brand offerings with the aim of expanding its customer base. The Group is also expanding its activities to mobility services to meet the needs of its customers ("Core services strategy"), including car-sharing, connected services, leasing, fleet management and sharing.

The acquisition of Opel Vauxhall, effective at 1 August 2017, constitutes an opportunity for accelerating the Groupe PSA growth plan, under the benefit of:

- the leveraging of operational excellence over a widened group;
- a higher R&D capacity;
- volume and synergy gains;
- new automotive brands, with considerable synergy by their image and geographical footprint.

(1) Automotive division (PCDOV) recurring operating income related to revenue.

1.4. RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

To begin with, it should be specified that Section 1.4 gives details on the Groupe PSA global risk management policy. Section 1.5 discusses the major risks, termed the "Group Top-Risks" to which the Group is exposed, and the remedial measure the Group

institutes to reduce that exposure. Lastly, Section 1.6 and 2 are designed to comply with regulatory requirements concerning the processing of environmental, social and societal risks.

1.4.1. Internal control objectives for the Group

As part of its commitment to prevent and limit the effect of internal and external risks, including CSR risks, the Group has put in place risk management and internal control systems to provide reasonable assurance concerning the achievement of the following objectives:

- compliance with laws and regulations;
- application of the Executive Committee's instructions and guidelines;

- efficient internal processes, particularly those that help to safeguard the assets of Group companies;
- reliable financial and operational reporting.

These procedures and processes help manage the Group's businesses, boost the effectiveness of its operations and ensure efficient use of its resources. Nevertheless, internal controls cannot give an absolute guarantee that the Company's objectives will be achieved.

1.4.2. Reference framework

The Group's risk management and internal control system complies with and functions according to the rules of the eighth directive on Statutory Audits, the *Autorité des Marchés Financiers* (AMF) Reference Framework for Risk Management and Internal Control Systems issued in January 2007, and the report of the working group on Audit Committees published by the AMF on 22 July 2010. The Group's banking arm uses a specialised system for credit

institutions that complies with Regulation 97-02 of the French Banking and Financial Regulations Committee concerning internal control in credit institutions.

Faurecia's shares are traded on a regulated market and it acts under the responsibility of its own Board of Directors; it has a separate internal control system which it applies independently from other Group divisions.

1.4.3. Internal control principles

The internal control system in force within the Group is based on the following principles:

- engagement at the highest level;
- accountability of all actors at all levels of the organisation;
- reliance on self-assessments of compliance and deployment of processes;

- analysis of self-assessment findings to improve efficiency and compliance of Group activities.

To do this, the Group's Executive Committee decided in 2016 to strengthen the internal controls by structuring their organisation and deployment as part of a process of continued improvement. This mission was entrusted to the Group Protection, Audit and Risk Management Department, which is attached to the General Secretary, which developed and set up the METRIC programme (Management of Ethics, Risks, Internal Control & Compliance).

1.4.4. Participants and processes

1.4.4.1. AT GROUP LEVEL AND IN THE AUTOMOTIVE DIVISION FOR RISK MANAGEMENT

There is an overall set of security processes that contribute to the Group's risk management system.

The risk management system is deployed Group-wide.

Each department is responsible for identifying and checking the risks to which it is exposed and implementing the necessary action plans to deal with those risks.

The Group Protection, Audit and Risk Management Department is in charge of the Risk Management Approach and checks the Correct Application of Risk Management Systems.

The principal risks in each department (those which are most critical (impact x probability) are reported by every department each half year in a "Department Top-Risks" Report. This is sent to the General Secretary *via* its Group Protection, Audit and Risk Management Department.

In addition, this department identifies the Group's main crossover risks once a year at interviews conducted with a representative range of the Group's executive officers and managers.



The mapping of major risks "Group Top-Risks" (from the "Top Management Risks" and the aforementioned interviews) is reviewed every year by the Executive Committee and presented to the Supervisory Board's Finance and Audit Committee. The Executive Committee validates the action plans for dealing with the "Group Top-Risks".

Specific risk management and control procedures cover particular risks.

The Group's Code of Ethics is directly available to all Group employees *via* the Intranet portal. All employees are required formally to accept the terms of the Code. An Ethics & Compliance Committee chaired by the General Secretary meets on a quarterly basis.

For further information on the Group's ethics policy, see Section 2.3.4 of this Registration Document.

Anti-fraud measures, which are the responsibility of the Group Ethics & Compliance Committee, which delegates their implementation, investigation, records management and reporting to the Group Protection, Audit and Risk Management Department.

The Group Protection, Audit and Risk Management Department, which reports to the General Secretary, is responsible for defining and coordinating on a global basis all actions intended to protect the employees and tangible and intangible assets of the Group (except for Faurecia) against the risks arising from malicious acts of all kinds.

The Legal Affairs Department, which reports to the General Secretary, produces or checks the Group's contractual commitments. It is also in charge of organising the Group's defence in the event of disputes with third parties. It thus helps limit and manage the legal risks to which the Group is exposed.

The Management Control Department, which reports to the Chief Financial Officer, is responsible for overseeing the Group's business and financial performance and proposes annual and medium-term targets for growth, operating margin and return on capital employed to Executive Management. It manages the process of preparing the Medium-Term Plan and the budget framework. It controls the results of the operating departments and the Group's projects, and produces summary reports. It also carries out other finance-related tasks, particularly for the automotive business, such as product costing and price provision, selling price control, checking project profitability, financial monitoring of industrial cooperation with other car manufacturers, negotiations for mergers, acquisitions and disposals, etc., and drawing up formal management rules and standards.

The Group Protection, Audit and Risk Management Department checks that the risk management procedures are correctly applied.

The Group Protection, Audit and Risk Management Department checks through audit assignments that all the rules are being adhered to. The annual audit plan, which is defined independently, is based on the "Top Group Risks" and is subsequently submitted to Executive Management for approval and presented to the Supervisory Board's Finance and Audit Committee. The Group Protection, Audit and Risk Management Department is also responsible for assessing the degree of maturity of the risk management system and making recommendations for improving its effectiveness. A total of 56 audits were carried out in 2018 across the entire group.

The Supervisory Board's control and oversight role.

The Finance and Audit Committee of the Supervisory Board ensures that the risk management and internal control system operates effectively. The General Secretary reports to the Supervisory Board on the systems in place and their degree of maturity, as well as the "Group Top-Risks" map, with particular emphasis on risks which could have an impact on the Company's financial and accounting information.

The Board also reviews the Internal Audit Department's organisational and operating principles, expresses an opinion on the Internal Audit plan and is informed of the findings of (i) the Internal Audits performed as part of the plan and (ii) the follow-up audits to check that departments have implemented the recommendations.

1.4.4.2. AT THE GROUP AND AUTOMOTIVE DIVISION LEVELS FOR INTERNAL CONTROLS

Audit environment

To better meet regulatory requirements and consumer expectations, the Group has appointed five pairs of compliance officers in the areas of competition, anti-corruption, personal data, approval and Export Control to take care of and integrate these concerns internally.

Similar to regulatory bodies, each one is responsible in its field for internally communicating external restrictions and obligations (laws, regulations, consumer commitments) in the form of internal rules applicable to the Company's operational processes.

As needed, they rely on a network of Internal Control and Risk Coordinator (ICRCs) established in 2016. These managers are responsible within their departments for leveraging the Group's rules and adapting them to their department's activities. The ICRCs identify the risks specific to their department and keep them under control.

Control activities

The goal of the control activities carried out by the departments is to ensure that the rules are being enforced.

- Using the tool that is part of the METRIC programme, the departments can assess their own processes for monitoring the necessary action plans, where applicable. The departments' results from the METRIC self-assessment campaign are reported once a year to the Executive Committee. Appropriate action plans are instituted by the entities with a goal of continuous improvement.
- Internal Audits can be used to assess whether they are being implemented correctly.

Internal Audit oversight

The Executive Committee initiated the internal control system. Its oversight is based on the following points:

- periodic implementation of the ICRC network, supplemented by specific working groups as required;
- an annual review by the Management Committee, presenting the entity's self-assessment findings;
- an annual submission to the Executive Committee of the internal-control activity, providing concise information to Group managers on the degree of maturity of internal control;
- an annual presentation to the Audit and Finance Committee of the Supervisory Board detailing the major risks of the Group, the associated audit plan and the level of maturity of the Group regarding internal controls.

A continued improvement approach

Internal Audit oversight is part of a process of continuous improvement. Its purpose is to continually improve processes and create a coherent set of methods and tools to give management an integrated view of any findings and adjustments. It is based on the following principles:

- producing and updating internal control reference guides, in close collaboration with the operating units to support Group policy;
- listening to the various business lines to streamline and optimise internal controls;
- adjusting controls based on changes in risks.

1.4.4.3. BANQUE PSA FINANCE

Banque PSA Finance (BPF) has introduced an internal control system which complies with regulation No.97-02 relating to the internal control of credit institutions. This system is described in BPF's Annual Report, which is available on its website (www.banquepsafinance.com).

1.4.4.4. FAURECIA

Faurecia's risk management and internal control procedures are presented in its 2018 Registration Document, which can be found on its website (www.faurecia.com).

1.4.5. Preparation and processing of accounting and financial information

The Finance Department is responsible for defining and implementing a specific internal control system for accounting and financial matters, in addition to the risk management system described above, which also applies to it in the same way as any other department of Groupe PSA.

1.4.5.1. ACCOUNTING AND FINANCIAL ORGANISATION

The Finance Department uses a technical and organisational framework which includes the Group's accounting and consolidation standards, good accounting practice, integrated accounting standards, finance management standards, financing and cash standards and tax rules. The framework is accessible to all Group employees to ensure that standards are applied uniformly. Different managers are responsible for updating specific categories of standards in line with their areas of specialisation.

The accounting standards describe the accounting policies applicable to all Group's subsidiaries, based on International Financial Reporting Standards (IFRS) as approved by the European Union, and taking into account the accounting options selected by the Group and any standards that have been early adopted. They set out the accounting treatment and accounting entry structures for complex and/or new transactions. Specific standards are applied for Banque PSA Finance and Faurecia to reflect the specific nature of their businesses.

The guidelines on best accounting practices prepared by the Automotive division Accounting Department are accessible by all Automotive division employees. They help to ensure consistent application across the Group of best practices identified in terms of accounting quality and internal control.

A Group reporting timetable, produced by the Corporate Management Control Department, is circulated annually to all the Group's Accounting, Financial and Management Departments. For each month, it sets the various accounting, reporting and statement of income dates. The Consolidation Department also prepares and sends out a standard setting out the timetable for the submission and processing of subsidiaries' consolidation packages.

The accounting and financial Information Systems developed and/or implemented in the Group by the Information Systems Department meet the needs expressed by users (accounting, consolidation, management control, finance, treasury). Each application is classified in terms of availability, integrity, confidentiality and traceability of information sent or produced. The classification determines the requirements in terms of access clearance (confidentiality and traceability) and business continuity and recovery plans (availability and integrity). Data archiving and backup procedures have been implemented to comply with legal

requirements for keeping data and to create audit trails guaranteeing data traceability.

To uphold and improve the quality of accounting and internal control within the Group's Automotive division, an Accounting Quality Plan has been implemented at the level of each accounting team in the relevant departments, under the responsibility of the Chief Financial Officer. This plan comprises all internal actions taken to implement the recommendations of the internal and external auditors, as well as those of the teams themselves. A meeting is held every six months under the Chairmanship of the Group's Chief Financial Officer to monitor the Accounting Quality Plan.

1.4.5.2. PROCEDURES FOR PRODUCING AND PROCESSING ACCOUNTING AND FINANCIAL INFORMATION

Published financial information comprises the consolidated financial statements of the Group and the statutory financial statements of Peugeot S.A., approved by the Managing Board and presented to the Supervisory Board, as well as analyses of the data included in these financial statements and press releases issued by the Group.

Monthly, half-yearly and annual results are validated jointly by the Accounting units, the Consolidation Department, the Corporate Management Control Department and the Management Control units of each division. They form the basis of the full set of consolidated financial statements reviewed each month by the Executive Committee.

The consolidated financial statements are prepared by the Consolidation Department, which is also responsible for Group accounting policies. The statements are prepared using the accounts of Group companies excluding Faurecia, restated in accordance with IFRS as adopted by the European Union, together with the accounts of the Faurecia Group sub-consolidation. The subsidiaries' accounts are prepared under the responsibility of the Accounting and Finance Departments within the various divisions (Automotive, Automotive Equipment, and Finance). These departments, in liaison with the operating units and the Management Control Department, ensure the accuracy of the individual statutory accounts and the consolidation packages and systematically co-validate them. The Consolidation Department produces a full set of consolidated financial statements each month, both for internal management and external reporting purposes for the half-year and full-year closings. The Automotive Accounting Department prepares the parent company and restated financial statements for Peugeot S.A. The Consolidation Department, along with the other accounting departments, takes the work of the Statutory Auditors into account.



The accounts are consolidated by separate dedicated teams for the Group as a whole, Banque PSA Finance and its subsidiaries and Faurecia. Each month, all consolidated companies send their dedicated team their detailed financial statements, including their statement of income, balance sheet, cash flow statement and analyses, prepared in compliance with Group standards, for integration into the consolidated accounts. Each subsidiary is responsible for preparing regular reconciliations between their statutory equity and equity reported in the consolidation package. These reconciliations are checked by the consolidation team in order to check, in particular, that deferred taxes are properly stated. All consolidation adjustments are controlled and traced. An overall analysis of changes in the main consolidated statement of income, balance sheet and cash flow statement items is communicated each month to Executive Management.

The reliability of data reported by the subsidiaries is verified by their own management control teams, the Division-level Accounting and Finance Departments and the Group Consolidation Department.

The subsidiaries' financial statements are reported *via* the SAP Business Objects Financial Consolidation system, which has been set up at all consolidated subsidiaries to guarantee data security and traceability. However, Faurecia has its own consolidation tool and is in this regard outside the purview of Groupe PSA.

Off-balance sheet commitments are identified within each Group company and reported to the Consolidation Department.

Asset control procedures are based on annual inventories of goods held by the Group as well as inventories of property, plant and equipment held at Group sites, based on cycle counts which ensure that each asset is counted, in general, at least once every three years. The inventories are governed by strict procedures concerning segregation of tasks and count controls to ensure that the results are reliable.

Investment and financing strategies and strategies for evaluating counterparty risks arising from financial market transactions are approved by the Finance Department.

The Financial Communications Department, which reports to the Finance Department, is responsible for relations with investors and the financial markets authorities. It coordinates the work done by the various Group entities on preparing the annual Registration Document and ensures that the timetable for its preparation and publication is met, in conjunction with the Statutory Auditors. The Management Control Department is responsible for drawing up and presenting summary data used to analyse results and provide forecasts.

1.4.6. Examination of internal control procedures for the preparation of this report

This report was based on the following main procedures:

- identifying all existing practices within the Group operating units and departments concerning risk analysis procedures, conduct of and regular updates to the procedures and analyses;
- verifying that Group internal control procedures and processes comply with the general principles of the AMF's Reference Framework for Risk Management and Internal Control Systems;

- obtaining assurance at the level of the Finance Department – with input from the accounting, consolidation, financial communications and management control teams – that processes for the preparation and approval of the consolidated financial statements fulfil the quality criteria defined for each operational category in the application guide included in the above-mentioned Reference Framework.

Since 1 August 2017, Groupe PSA has supported Opel Vauxhall in defining a scheme for managing its own risks, with the ultimate aim of incorporating those risks in the Groupe PSA scheme.

For the 2018 financial year and in accordance with the roadmap, the Opel and Vauxhall entities were fully integrated into the Group's risk management scope, thus ensuring the presentation of consolidated information.

1.5. RISK FACTORS DPEF.B

Groupe PSA conducts its activities in an environment of radical changes for the automotive industry, changes with respect to technology, consumption patterns and new competitive forces in the automotive industry. It is therefore exposed to risks that, if materialised, could have a significant adverse effect on its business, financial position, earnings or outlook. This section sets out the main identified risks.

The various operating units of the Group identify and assess risks and evaluate the related internal controls on an ongoing basis, in France and abroad (Faurecia has its own arrangements for these activities; for further details please refer to the Faurecia Registration Document available for consultation on its website www.faurecia.com), and report thereon to the Executive Committee and to the Supervisory Board's Finance and Audit Committee on an annual basis.

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

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

For more information on risk management, please refer to Section 1.4, of this Registration Document.

1.5.1. Operational risks

In accordance with the Declaration on Extra-Financial Performance [DPEF], the CSR risks are listed in the tables below showing the Group's operational risks and their risk management and control processes.

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

Risk factors	Risk management and control processes
<p>In 2018, Groupe PSA's earnings were still dependent on the European market and to a lesser extent the Chinese market. The purchase of Opel Vauxhall and the termination of sales activities in Iran accentuated this dependence on the European market.</p> <p>The Group's activities, particularly in the British, Chinese, Russian, Turkish, Brazilian and Argentinian markets, naturally expose it to exogenous risks such as currency risk, adverse changes in tax and/or customs regulations, geopolitical events and their consequences for the markets.</p> <p>Furthermore, the increasing share of electrified powertrains with batteries integrating rare raw material represents a risk of battery procurement and cost (geopolitical and shortage), and could spur the arrival of new players on the European market.</p>	<p>With the aim of limiting such risks, the strategy involves:</p> <ul style="list-style-type: none"> ▶ reducing the Group's dependence on its historical markets by increasing its international operations, and shielding itself from the protectionist policies implemented by some countries in order to promote the growth of a domestic automotive industry; ▶ and cementing the profitability of the Group's business on the European market by relying, for example in the case of Opel Vauxhall, on the PACE! strategic plan. <p>This Group strategy of international expansion incorporated in the Push to Pass plan has become a reality through strong engagement, particularly in Africa (with one plant in Morocco, one in Algeria and in Namibia), and through the signature of joint ventures with a goal of producing and distributing vehicles in India and Malaysia.</p> <p>The Executive Committee steers and controls the Group's activities through the "Push to Pass" plan and the progress of its action plans.</p>
<p>Unbalanced economic development of territories (CSR macro-risk)</p> <p>Faced with growing inequality in the economic development of the regions, it is vital to focus on the redistribution of the value created by the companies in the local communities in which they operate.</p>	<p>The Group takes action on the following CSR issues:</p> <ul style="list-style-type: none"> ▶ local sourcing development in host territories (see 2.3.1.1); ▶ balanced governance and distribution of added value (see 3); ▶ philanthropy/socially responsible mobility (see 7 of the CSR Report).
<p>Human rights and business ethics violation (CSR macro-risk)</p> <p>The automotive industry must anticipate the tightening of national and international regulations, for example those related to conflict minerals, the balance and integrity of business relations, the due diligence of major companies as well as consumer's protection.</p>	<p>The Group takes action on the following CSR issue:</p> <ul style="list-style-type: none"> ▶ ethics in business practices (see 2.3.4).

1.5.1.2. RISKS RELATED TO NEW VEHICLE DEVELOPMENT, LAUNCH AND MARKETING RISKS

Risk factors	Risk management and control processes
<p>The decision to develop new vehicle models or subassemblies and to introduce them in the market is backed by marketing and profitability studies carried out several years prior to their actual launch. In the context of an increasingly responsive automotive market, this time gap puts forecast volumes at risk and ultimately generates a financial risk (loss of value of fixed assets, payables to suppliers who would have invested based on estimated volumes).</p> <p>The development of vehicles and subassemblies is exposed to continuous changes in regulations which impose increasingly stringent requirements, particularly in terms of fuel economy and emissions of CO₂ and pollutants. (see paragraph 2 below)</p> <p>These changes, together with strong consumerist trends, may determine structural modifications in the market (for example, the internal-combustion/PHEV/electric mix), to which the manufacturing facilities cannot always adapt immediately.</p> <p>Technical risks related to product quality and safety can lead car manufacturers to recall vehicles.</p>	<p>The Automotive Programmes Department aims to translate the Groupe PSA's strategy into product plans and ensure their implementation by steering the development of vehicle and subassembly programmes and being responsible for their economic performance. The Programmes Department has a Strategy unit that anticipates market-shaping forces, particularly the changes in the energy mix in coming years (internal combustion/PHEV/electric).</p> <p>The Group relies on an efficient operational development plan. For each vehicle and subassembly project, a set of product services, profitability, quality and time-to-market objectives are set. Progress in meeting these objectives is ensured by a system of project milestones approved by the Executive Committee. In addition, the Quality Department authorises (or refuses) the sale of each vehicle that leaves the production line and organises any necessary recalls of faulty vehicles delivered to dealers or customers.</p> <p>The Group attaches the utmost importance to exchanges with regulatory authorities to anticipate design plans and capital expenditures required to meet scheduled changes in regulations.</p> <p>Concerning the approval of its vehicles by regulatory authorities, the Group notes that they comply with the various pollutant emissions regulations.</p>



Risk factors

Health/safety: growing demand of civil society (CSR macro-risk)

In response to increasing concern in society about the effects of products and industrial processes on our health, car manufacturers must demonstrate their ability to reduce the impact of their activities and make their products stand out from the crowd in terms of vehicle safety.

Customers' expectations and market risks (CSR macro-risk)

In response to travel policies and urban constraints, car manufacturers must provide fresh ideas by developing new mobility solutions suited to every mobility need, based on high-quality products and services and flawless customer relationship management.

Risk management and control processes

The Group takes action on the following CSR issues:

- › vehicle safety* (see 2.3.2.1);
- › vehicle impact on air quality (see 2.2.1.2).

The Group takes action on the following CSR issue:

- › vehicles and services quality – customer satisfaction* (see 2.3 of the CSR Report).

* Strategic CSR issues (see Materiality Matrix in Section 2.1.3).

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

Risk factors

The market shows a strong trend towards new forms of mobility such as car-sharing, car-pooling, and connected services. This creates opportunities that are also available to new market entrants, mostly from the digital industry. These players from outside the automotive industry seek a positioning in the automotive value chain that directly competes with the "natural" place of car manufacturers and helps said players take advantage of the margins offered by the new technologies. Insufficient control of the advances of these new players or the absence of the Group from these new markets and consequently its lack of exposure to these new business models would represent a risk to Groupe PSA.

Risk management and control processes

The Mobility Services Department addresses the need for the Group to participate in a strong and visible manner to the mobility and future connected services value chain.

In 2016, Groupe PSA announced the creation of its Free2Move mobility services brand which brings together all of its connected mobility services offerings, including:

- › B2C and C2C car-sharing;
- › B2B car-sharing;
- › networked fleet management;
- › smart services: with all advanced mobile services to customers, by creating an ecosystem with other partners;
- › rental activity.

Furthermore, the Group develops connected after-sales services and data service activities, primarily for cities.

The Free2Move application, launched in April 2017, is available in Europe and the United States. It incorporates urban car-sharing between private individuals, with single-click choice of the most appropriate transport mode. It offers a solution to every need, with options to rent a bicycle, scooter or vehicle from a consumer, a partner-operated service or Groupe PSA.

Customers' expectations and market risks (CSR macro-risk)

The Group takes action on the following CSR issues:

- › vehicles and services quality – customer satisfaction* (see 2.3 of the CSR Report);
- › responsible management of customer's data and relationships (see 3.2.2.2);
- › development of new mobility solutions* (see 2.2.1.4).

* Strategic CSR issues (see Materiality Matrix in Section 2.1.3).

1.5.1.4. CUSTOMER AND DEALER RISKS

Risk factors

Groupe PSA is exposed to the risk of customer and dealer default in the normal course of its distribution and lending activities. For sales with a buyback commitment, the risk concerns the difference between the vehicle's estimated resale price, as determined at the contract's inception, and the actual resale price. The provisions and charges recognised to cover these risks are presented in Note 12.2 for Banque PSA Finance and Note 11.2 for the manufacturing and sales companies in the notes to the 2018 consolidated financial statements, Section 5.6 below.

Risk management and control processes

Faced with the risk of customer default, the Group has placed particular importance on the security of the payments it receives for goods and services delivered to its customers. Banque PSA Finance has set up its own system for managing the credit risk associated with financing activities (see paragraph 1.4.3 below). When Banque PSA Finance is not involved, one standard sets the terms of payment that are to be applied by the Automotive division to customers, and specifies the approval level needed to grant an exemption from the rules set by the standard. Among these rules, protection mechanisms must be set up to fully guarantee the payment of amounts owed by foreign importers. Exemptions granted are subject to formal validation depending on authorised open credit limits. The Group monitors outstandings against authorised limits on an ongoing basis. This procedure is also put in place for the Opel Vauxhall entities as part of the process convergence programme. A system has also been set up for measuring the residual value of vehicles sold with a buyback commitment. An initial valuation is carried out in the contract negotiation phase and subsequent valuations are regularly performed throughout the term of the contract which enables the values to be adjusted for new contracts where required.

1.5.1.5. COMMODITY RISK

Risk factors

The Group's Automotive division is directly or indirectly exposed to the raw materials risk through its procurement of parts or jobs. In 2018, purchases of raw materials for Europe amounted to nearly €7.7 billion (or around 25% of the purchasing budget). The main raw materials used are: steel (36% of the total cost of production raw materials purchases), polymers and elastomers (29%) and aluminium (9%). The Group has identified two main types of raw materials risk:

1. procurement risk;
2. economic risk.

Risk management and control processes

For these risks, the Purchasing Department implements a number of action levers: optimisation of global sourcing, bulk purchases, searches for replacement materials, use of recycled and green materials, recovery and recycling of sub-products and implementation of financial hedging. The implementation of raw materials strategies is approved during reviews chaired by the Director of Quality and Engineering and the Director of Group Purchasing. It is deployed within joint technical networks organised by material. In order to limit the economic risk of traded commodities, the Group set up a process for financial hedging in 2009. Every quarter, recommendations, according to established governance rules, are submitted to the Chief Financial Officer and the Director of Group Purchasing for arbitration and approval. The Protection, Audit and Risk Management Department regularly audits this process. For additional information, please refer to Note 12.7 to the consolidated financial statements as at 31 December 2017, in Section 5.6 below.

Natural resources scarcity (CSR macro-risk)

In an era characterised by a shortage of natural resources, reducing the dependency on water and raw materials is both a question of responsibility towards environment, as well as being crucial to the Company's sustainability.

The Group takes action on the following CSR issues:

- ▶ wise use of material in the vehicle life cycle – including product recycling (see 2.2.1.3);
- ▶ sustainable water management: (see 2.2.2.4);
- ▶ optimisation of material cycles – including waste – in industrial processes (see 2.2.2.3).

1.5.1.6. SUPPLIER RISKS

Risk factors	Risk management and control processes
<p>The supplier contribution corresponds to more than 80% of the production cost of vehicles. These companies' technical, quality, logistical and financial performances contribute to Groupe PSA's overall performance. Any breakdown on the supplier's part carries a serious risk of halting production or delaying commercial launches.</p>	<p>Group suppliers are evaluated, selected and monitored according to various criteria including: competitiveness, quality, logistics performance, the ability to develop new products and manufacture them in large quantities, sustainability, exposure to natural risks, and environmental and social responsibility (CSR). The Purchasing Department leverages its expertise in production costing and commodity price management and its in-depth understanding of global markets to efficiently manage competitive bidding processes and supplier relationships. These suppliers, which operate worldwide, have become leading economic players whose responsibility weighs heavily on the subcontracting chain. Aware of this risk, the Group has established operating methods with these suppliers that guarantee the quality of the relationship over the long term by involving them in the process of securing the subcontracting supply chain in light of all the risks. Dedicated teams are responsible for preventive and curative management of the risks related to supplies' quality, logistics and sustainability and CSR for all suppliers. In 2018, the curative or preventive monitoring of high risk suppliers based on financial criteria covered 42 companies representing approximately 7.6% of annual purchases. The Purchasing Department analyses the financial results of the Group's main suppliers and compiles information about their industrial strategies, assesses the impact of Groupe PSA's make or buy policy, analyses the socio-economic impacts of industrial choices and verifies that suppliers comply with the Group's social and environmental specifications. This analysis has the benefit of avoiding awarding new contracts to suppliers experiencing financial difficulties and identifying all suppliers at high risk of insolvency (financial soundness, probity of shareholders, exposure to natural risks, etc.). The situation of these suppliers is reported on a monthly basis to the Purchasing Department's Risk Management Committee, which approves the action plans (including cash support, doubling production, search for rescuers or investors, stockpiling, etc.). Groupe PSA has set up a flexible organisation and scalable processes to ensure that contractual payment terms agreed upon with its suppliers are strongly respected. It has also put in place a dedicated process to address late payments.</p>
<p>Climate change (CSR macro-risk) Climate change requires a global response, which includes designing vehicles with lower CO2 emissions, reducing the carbon impact of manufacturing facilities, logistics and purchasing, and finally putting in place measures to offset carbon.</p>	<p>The Group takes action on the following CSR issue: ▶ environmental performance of the supply chain: Purchasing and Logistics (see 2.2.2.1.3 and 2.3.1.2.1).</p>
<p>Natural resources scarcity (CSR macro-risk)</p>	<p>The Group takes action on the following CSR issue: ▶ wise use of material in the vehicle life cycle - including product recycling (see 2.2.1.3).</p>
<p>Unbalanced economic development of territories (CSR macro-risk)</p>	<p>The Group takes action on the following CSR issue: ▶ local sourcing development in host territories (see 2.3.1.1).</p>
<p>Human rights and business ethics violation (CSR macro-risk)</p>	<p>The Group takes action on the following CSR issues: ▶ responsible information and marketing (see 7.5 of the CSR Report); ▶ human rights in the supply chain (see 2.3.1.2).</p>

1.5.1.7. INDUSTRIAL RISKS

Risk factors	Risk management and control processes
The occurrence of a major incident (such as fire, explosion or natural disaster) at a manufacturing site of the Group or of its supply chain could compromise the production and sale of several hundred thousand vehicles.	<p>The Group has implemented steps to lower the probability of occurrence of undesirable events and mitigate potential impacts on human, environmental and economic resources.</p> <p>Actions to manage risks and promote business continuity are conducted at each organisation by the operating entities assisted by risk management experts and the various business lines involved.</p> <p>The risk management processes and associated best practices are also implemented for the new technical centres or manufacturing sites.</p> <p>In the specific area of manufacturing processes, the regional risk management system is built on three pillars: the convergent trend towards the "Excellent Plant", the Global Risk Management System and the Manufacturing Management Control System, all of which serve to cover, monitor and control throughout the year all the major risks identified within the industrial entities.</p> <p>Lastly, concerning the quality of manufacturing processes, the assembly plants have been ISO 9001 certified by UTAC (except for Section 7.3 "Design and Development"), to comply with the requirements of European Directive 2007/46/EC, Annex X, "Conformity of production procedures".</p>
Climate change (CSR macro-risk)	<p>The Group takes action on the following CSR issue:</p> <ul style="list-style-type: none"> ▶ energy/industrial carbon footprint (see 2.2.2.1).
Natural resources scarcity (CSR macro-risk)	<p>The Group takes action on the following CSR issues:</p> <ul style="list-style-type: none"> ▶ sustainable water management: (see 2.2.2.4); ▶ optimisation of material cycles - including waste - in industrial processes (see 2.2.2.3).
Health/safety: growing demand of civil society (CSR macro-risk)	<p>The Group takes action on the following CSR issues:</p> <ul style="list-style-type: none"> ▶ biodiversity (see 5.6 of the CSR Report); ▶ control of industrial discharges and nuisances (see 2.2.2.2).

1.5.1.8. ENVIRONMENTAL RISKS

Risk factors	Risk management and control processes
Groupe PSA may be exposed to environmental risks arising from its manufacturing and sales activities.	<p>The Industrial Environment Department coordinates the deployment of the Group's environmental policy for manufacturing and research sites which aims to reduce the environmental impact of the Group's facilities. This unit manages a centralised reporting system monitoring each facility's environmental performance and promotes continuous improvement initiatives.</p> <p>At each major plant, an "environment" team is dedicated to complete operational risk control of the environmental risks, a special annual capital expenditure plan accompanies the deployment of the certification programme, and appropriate methodologies are used. All plants and the main R&D centres are ISO 14001 certified and are audited annually by third parties.</p> <p>For more information on the environmental risk provision and the Group's ISO 14001 certification process, please refer to Section 2.2.2 below.</p>
Health/safety: growing demand of civil society (CSR macro-risk)	<p>The Group takes action on the following CSR issues:</p> <ul style="list-style-type: none"> ▶ wise use of material in the vehicle life cycle - including product recycling (see 2.2.1.3); ▶ sustainable water management: (see 2.2.2.4); ▶ optimisation of material cycles - including waste - in industrial processes (see 2.2.2.3).
Natural resources scarcity (CSR macro-risk)	<p>The Group takes action on the following CSR issues:</p> <ul style="list-style-type: none"> ▶ biodiversity (see 5.6 of the CSR Report); ▶ control of industrial discharges and nuisances (see 2.2.2.2).

1.5.1.9. RISKS RELATED TO HUMAN CAPITAL, INCLUDING WORKPLACE HEALTH AND SAFETY

Risk factors	Risk management and control processes
<p>Groupe PSA is faced with a wide range of situations that could affect employee health, safety and well-being. Working conditions can cause situations of stress or discomfort that, in addition to their impact on health, can directly influence employee motivation. Shiftwork, involving physical demands, is the main cause of occupational illnesses. Moreover, commuting inside and outside of the Group's facilities may cause workplace or commuting accidents. Lastly, the use or presence of certain chemicals in production processes may lead to risks related to air quality, generate pollution or create a risk of explosion.</p>	<p>As part of its responsible development ambition, the Group leverages an Occupational Safety and Health Management System (OSHMS). The OSHMS aim:</p> <ul style="list-style-type: none"> ▶ to reduce risk of workplace accidents and occupational illnesses; ▶ to improve safety and well-being at work, particularly through stress detection measures. <p>This procedure relies first and foremost on the steady, frequently reaffirmed commitment of management (in 2018 all the members of the Executive Committee of Groupe PSA, including those from Opel/Vauxhall, signed the new Group Health and Safety Policy), structured guidance and resources to help all employees take charge of their health and safety on a daily basis. Our total lost-time incident frequency rate is one of the best in the automotive industry (demonstrating the effectiveness of our management system).</p>
<p>Human capital (CSR macro-risk) In an evolving context for the automotive industry's working framework (automation, the digital transformation etc.) the Company's competitiveness should be based on a wide pool of talents, social dialogue, the well-being of employees and occupational safety.</p>	<p>The Group takes action on the following CSR issues:</p> <ul style="list-style-type: none"> ▶ attracting and developing all talents (see 2.4.3); ▶ management of Company transformations and social dialogue (see 2.4.1 and 2.4.2); ▶ health, safety and well-being in the workplace (see 2.4.4); ▶ diversity and equal opportunity (see 2.4.5).

* Strategic CSR issues (see Materiality Matrix in Section 2.1.3).

1.5.1.10. RISKS ASSOCIATED WITH THE COOPERATION AGREEMENTS

Risk factors	Risk management and control processes
<p>To speed up its development and bring down engineering and production costs, Groupe PSA has implemented a policy of entering into cooperation agreements with other car manufacturers for both vehicle platforms and subassemblies. In addition, the Group regularly grants manufacturing licences to certain industrial partners. For more information on partnerships, please refer to Section 1.3.1.15 above. In the pre-signature negotiation phase for cooperation agreements, there is a risk that the partner concerned could use the information provided to it by the Group. In the negotiation phase, there is a risk that the Group could misjudge contractual risks. Once a cooperation agreement has been signed, the risks faced by the Group are mainly financial, i.e. penalties may be imposed in the event of a breach of take-or-pay clauses for vehicles or subassemblies, or to offset the negative impact on component purchase prices caused by reductions in volumes, or overruns or overestimates in respect of R&D expenditure or investments when the partner is acting as project manager. Cooperations can also pose a reputational risk to the Group's brands in the event of poor performance. Whenever a project's profitability is jeopardised, a provision for onerous contracts and/or an asset impairment loss is recorded in the consolidated financial statements to reflect the future costs that will be incurred. Other risks to which the Group is exposed in relation to its cooperation agreements include the risk of a partner granting licences to a third party without any consideration for the Group or the risk of a partner manufacturing faulty products, which would require Groupe PSA to undertake remedial action and have a negative impact on its products. Regarding the partnership with Dongfeng, the Group believes that strengthened cooperation should generate synergies for the Company. However, these synergies are based on a number of assumptions that may not materialise, including the successful conduct of the next steps in the manufacturing and sales plan defined by the Group and Dongfeng Motor Group Company Limited in the partnership agreement.</p>	<p>To reduce its risk in negotiating contracts, the Group uses control procedures applied to strategic projects via strict rules in terms of contract management. These procedures lay down the terms of liability, sequencing (mandate and framing, monitoring of negotiations, validation before signature, overseeing contract execution) and approval (Executive Committee, Managing Board). At operational level, the Finance Department and the Programmes and Strategy Department use a process for verifying that the partners involved in cooperation ventures comply with their contractual commitments. Part of this process entails setting up governance bodies for each venture, with a referral procedure for settling any disputes that may arise. The governance bodies allow regular reviews and shared decision-making, notably concerning action plans aimed at rectifying any potential situations of contractual non-compliance and as such mitigating the related risks. In addition, please refer to Note 8.3 to the 2018 consolidated financial statements, Section 5.6 below. Regarding the partnership with Dongfeng, in July 2014 the Group set up an Office of Strategic Partnership which consists of a joint Groupe PSA/Dongfeng team including managers from both companies. This Office of Strategic Partnership, which reports to the Director of the China-Southeast Asia region, is tasked with managing the operations of the partnership and is therefore close to day-to-day activities so as to anticipate risk situations and implement corrective actions.</p>

1.5.1.11. INFORMATION SYSTEM RISKS

Risk factors

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

Risk management and control processes

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

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

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

- › strengthening control over access to information and sensitive applications by reviewing the rights granted to Group employees and third parties;
- › implementing tools that employees can use to indicate the confidentiality level or their e-mails, which triggers the appropriate protection;
- › continuous awareness training of employees on the dangers and best practices in controlling information by the continuous deployment of an Information Control Management System (*Système de management de la maîtrise de l'information* - SMML);
- › intensifying research on security vulnerabilities in computer applications and implementing corrective actions;
- › deployment of Disaster Recovery Plans that guarantee that the Group would be able to continue its essential operations if a malfunction or major incident occurred at one of its IT centres;
- › compliance with regulatory and legal developments, specifically related to personal data;
- › introduction of safety measures for people and property in the embedded systems of networked vehicles similar to those already used in stand-alone systems;
- › instituting a cross-functional structure when it comes to the implementation of cybersecurity of connected vehicles.
- › implementation of the security operation center (SOC): a control tower improving our vision and detection of anomalies and attacks, and considerably leveraging our ability to take action.

1.5.1.12. CLIMATE CHANGE RISKS

Risk factors

Groupe PSA's industrial sites may, depending on the geographical areas in which they are situated, be subject to natural phenomena such as earthquakes or climatic phenomena such as hurricanes, cyclones and floods. Climatic events such as global warming need to be factored into the choice of new industrial sites of Groupe PSA, with means of protection provided for certain existing sites located in areas at risk.

Risk management and control processes

Beyond regulatory requirements, Groupe PSA is committed to active management of risks entailed in natural disasters and climate change, as exemplified by the institution of risk prevention and control actions for its plant, and the factoring-in of climate-change issues at its new industrial sites.

Climate change (CSR macro-risk)

The Group takes action on the following CSR issues:

- › vehicle CO₂ emissions (see 2.2.1.1);
- › energy/industrial carbon footprint (see 2.2.2.1);
- › environmental performance of the supply chain: Purchasing and Logistics (see 2.2.2.1.3 and 2.3.1.2.1).

* Strategic CSR issues (see Materiality Matrix in Section 2.1.3).

1.5.2. Financial market risks

Groupe PSA is exposed to liquidity risk, as well as interest rate risks, counterparty risks, exchange rate risk and other market risks related in particular to fluctuations in commodity prices. Note 11.7 to the 2018 consolidated financial statements provides information on risk management, which is primarily carried out by the Finance Department, as well as identified risks and the Group policies designed to manage them.

1.5.2.1. EXPOSURE TO CHANGES IN EXCHANGE RATES

Please refer to Note 11.7.A (4) to the 2018 consolidated financial statements, Section 5.6 below.

1.5.2.2. EXPOSURE TO CHANGES IN INTEREST RATES

Please refer to Note 11.7.A (2) to the 2018 consolidated financial statements, Section 5.6 below.

1.5.2.3. COUNTERPARTY AND CREDIT RISKS

Please refer to Note 11.7.A (3) to the 2018 consolidated financial statements, Section 5.6 below.

1.5.2.4. LIQUIDITY RISK

Please refer to Note 11.7.A (1) to the 2018 consolidated financial statements, Section 5.6 below.

1.5.2.5. CREDIT RATING

At 26/03/2019	Rating	Revision date	Previous rating
Peugeot S.A.			
Standard & Poors	BBB-/Stable	17/12/2018	-
Moody's	Ba1/Positive/NP	25/10/2018	Ba1/Stable/NP
Fitch	BBB-/Stable	13/11/2018	BB+/Positive
Banque PSA Finance			
Moody's ⁽¹⁾	A3/Stable/P-2	08/03/2017	Ba2/Stable/P-2

(1) Rating not requested since 11 February 2016.

Peugeot S.A.'s rating is based on criteria assessing the Group's competitiveness, geographic diversification, profitability and liquidity.

In 2018, Peugeot S.A.'s rating improved:

- on 13 November 2018, Fitch raised Peugeot S.A.'s rating to BBB-/Stable;

- Moody's Investor's Service also raised Peugeot S.A.'s rating on 25 October 2018, to Ba1/Positive.

Finally, S&P gave Peugeot S.A. a BBB-/Stable rating on 17 December 2018.

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

1.5.3. Risks related to Banque PSA Finance

Identifying, measuring, controlling and monitoring BPF's risks are a key dimension of risk management, which is led by a member of the bank's Executive Committee. This individual also reports regularly on its work to the Audit and Risk Committee, the Risk Management Committee and, where necessary, to the bank's *ad hoc* Transactions Committees.

In particular, risk governance covers:

- taking stock of risks related to the bank's business and assessing their potential criticality in light of the management policies applied, and the short-term economic circumstances;
- setting the desirable risk level and managing these risks, which are formalised and tracked in BPF's Risk Appetite Scoreboard, which is adopted by the Executive Management and approved by the Board of Directors;
- approving the measurement methods or models;

- implementing stress tests and/or mitigation measures for periodic risks as required or recommended by regulations (ICAAP, ILAAP, PUL, preventive recovery plan, etc.), which are approved by or brought to the attention of the bank's Board of Directors depending on the situation.

These items are submitted to, analysed and resolved by certain committees: the Risk Management Committee (bimonthly), the Asset-Liability Management Committee (monthly), the Model Committee (bimonthly) and the Audit and Risk Committee (every four months). The members of the executive body and the decision-making body participate in the meetings of these committees or are informed about their discussions.

Risk control in the joint operations with Santander and BNPP PF is the task of Joint-Union Global Risk Committees, with local Risk Committees formed in each JV local entity.

BPF identified 14 risk factors to which it is subject; they are described in detail in its 2018 Annual Report, which is available on its website, www.banquepsafinance.com.

1.5.4. Legal and contractual risks

Risk factors

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

Risk management and control processes

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

1.5.4.1. LEGAL AND ARBITRATION PROCEEDINGS

As at 31 December 2018, no Group company was involved in any claims or litigation that had a material impact on the consolidated financial statements.

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

of the Group's knowledge, no such proceedings are pending or threatened.

Concerning the provisions for commercial and tax litigation, and other disputes, please refer to Note 9 to the 2018 consolidated financial statements, Section 5.6 below.

1.5.4.2. LEGAL RISKS ASSOCIATED WITH ANTI-TRUST LITIGATION

Risk factors

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

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

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

Risk management and control processes

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

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

In 2018, these actions continued and expanded across the Group, which strengthened its competition compliance programme through several initiatives (11 commitments made to the French Competition Authority in 2014), including:

- ▶ the implementation of a whistleblowing system;
- ▶ training sessions (in-class and e-learning) for the employees concerned, to teach them the appropriate responses and the behaviours to avoid, using practical examples.

1.5.4.3. REGULATORY RISKS

Risk factors

The nature of the Group's activities and its international presence make it subject to a set of wide-ranging regulations. In particular, the development of new vehicles and subassemblies also exposes the Group to risks arising from constant changes in European and global regulations, particularly in the areas of safety and the environment. The overall trend is towards increasingly strict regulations. The Group's activities may be impacted by public authority policy incentives to purchase new vehicles, as well as by unfavourable changes in tax and/or customs regulations in the countries with which the Group trades.

Risk management and control processes

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

The strengthening of the compliance scheme set out in 2016 and the introduction in 2018 of the global workplace whistleblowing system also contribute to preventing the occurrence of and limiting regulatory risks.



1.5.4.4. FINANCIAL COVENANTS

The purpose of financial covenants is to protect lenders, and their non-compliance generally opens up early repayment or acceleration clauses. Peugeot S.A. and GIE PSA Trésorerie's €3 billion syndicated credit facility demands a level of the net debt of manufacturing and sales companies of less than €6 billion and a ratio of the net debt of manufacturing and sales companies to Group equity of less than one. As at 31 December 2018, these covenants were complied with. Faurecia's €1.2 billion syndicated credit facility demands a ratio of the net debt to EBITDA of less than 2.5. As at 31 December 2018, this covenant was complied with.

For more details, please refer to Note 11.7.A (1) to the 2017 consolidated financial statements, Section 5.6 below.

1.5.4.5. RISKS RELATED TO PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

In some countries, Group employees are eligible for supplementary pension plans, defined contributions or defined benefits (including schemes that stipulate a lump sum upon retirement). The Group's only obligation under defined contribution plans is to pay fixed contributions into the fund concerned. For defined benefit schemes, mainly in France, the United Kingdom and Germany, social commitments are recorded in the Group's financial statements. This directly impacts the Group's consolidated statement of income.

In order to effectively control the Group's overall pension liabilities, independent actuaries perform valuations every year in each country concerned, and the calculation inputs, including the discount rate applied to future cash flows, inflation rates and demographic assumptions (e.g. the rate of future salary increases, mortality tables and staff turnover, etc.), are regularly reviewed. The Group's pension funds (allocation of financial assets, underlying strength of the models used, returns, etc.) are monitored by the Finance Department. For more details, please refer to Note 11.7 to the 2018 consolidated financial statements, Section 5.6 below.

1.5.4.6. RISKS RELATED TO INTELLECTUAL PROPERTY RIGHTS

In the course of doing business, the Group must patent its innovations and grant or have granted exploitation rights for patents or other industrial or intellectual property rights.

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

In 2018, 1,074 new patent applications by Groupe PSA were published in France. For additional information on the Group's patent policy, please refer to paragraph 4.5.3.

1.5.4.7. OFF-BALANCE SHEET COMMITMENTS

Please refer to Note 16 to the 2018 consolidated financial statements, Section 5.6 below.

1.5.5. Risk coverage – insurance

The Group's Insurance Department takes out global insurance programmes on behalf of Groupe PSA (PCD + OV) with players with known financial solvency, namely:

- the property and casualty programme, under three policies providing aggregate cover of €1,500 million, with deductible excess amounts of up to €10 million per claim;
- the civil liability insurance programme, under three policies providing aggregate cover of €250 million, with a maximum excess of €1,000,000 per claim;
- the vehicle transportation and storage insurance programme, under two insurance policies of €72 million, with a maximum excess of €300,000 per claim;
- the fraud programme, under four policies providing cover of €65 million, with a maximum excess of €500,000 per claim.

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

SARAL is involved exclusively in insuring the Group's risks, and in particular, risks regarding property and casualty and losses attributable to business interruption (€20 million per claim and €24 million per year), automobile liability (€750,000 per claim), risks associated with the transportation of vehicles and their storage on parking lots (€20 million per claim and €40 million per year) and fraud risks (€5 million per claim and per year).

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

1.6. VIGILANCE PLAN

Object of the vigilance plan

Pursuant to Act No.2017-399 of 27 March 2017 on the duty of vigilance of parent companies and principals, **the vigilance plan set out in this section includes reasonable measures of vigilance designed to identify risks and prevent serious breaches of human rights and fundamental liberties, and to ensure the health and safety of persons and of the environment**, arising from:

- the activities of the Company and those of the companies it controls directly or indirectly;
- the activities of subcontractors or suppliers with which an established commercial relationship is maintained.

To ensure the fullest transparency, Groupe PSA chose to distinguish these two scopes in presenting the different measures⁽¹⁾ of its vigilance plan.

1.6.1. Mapping of the risks covered by the vigilance plan

The items set out below constitute Groupe PSA answer to measure No. 1: *"Risk mapping designed to identify, analyse and classify risks"*.

1.6.1.1. RISKS ARISING FROM THE ACTIVITIES OF THE COMPANY

While updating its materiality matrix, the Group identified seven macro-risks, of which Climate change, translated into 23 CSR issues (see 2.1.1). The Group relied on an external third party to guarantee fair and rigorous rating of each of the issues according to a uniform methodology (see 2.1.1).

The findings were submitted to appraisal by the Group stakeholders through interviews conducted with a representative sample. The new matrix (see 2.1.3) was validated by the members of the Executive Committee in September 2017.

1.6.1.2. RISKS ARISING FROM THE ACTIVITIES OF SUBCONTRACTORS OR SUPPLIERS

Groupe PSA has chosen to identify the risks entailed in the activities of its subcontractors and suppliers by commodities, for direct and indirect material. The methodology hinges on the EcoVadis Rating Framework (see 2.3.1.2.2). The CSR risk level established for each commodity is then enriched by:

- the CSR assessments performed by EcoVadis for suppliers of every commodity;
- the risks related to the host countries;
- other factors (amount of purchasing spending and strategic significance to Group commodity).

These factors in combination are used to position risks on six levels. This risks matrix is reviewed by the Purchasing Department and validated by the Managing Board.

1.6.2. Other measures under the vigilance plan

Scope: Activities of the Company and those of the companies it controls (subsidiaries)	Scope: Activities of subcontractors or suppliers
Measure No. 2: "Procedures for regular assessment of the situation in connection with risk mapping"	
<ul style="list-style-type: none"> ➢ Annual follow-up of the Global Framework Agreement (Self-assessment of the subsidiaries in association with the unions), Workplace Safety Management System, safety audits (STOP audits, ALT alerts), social barometer, stress assessment and monitoring, internal and external environmental audits, etc. (see 2) ➢ Procedures For internal control and management of risks (see 1.5.1) 	<ul style="list-style-type: none"> ➢ CSR assessment of suppliers by an external third party (EcoVadis) ➢ Audits of all suppliers to IATF (International Automotive Task Force) standard 16949 (vehicle certification requirement) ➢ External audits of critical suppliers (see 2.3.1.2.2)
Measure No. 3: "Appropriate actions to mitigate the risk of or to prevent serious breaches"	
<ul style="list-style-type: none"> ➢ Policies described by the departments in connection with the different CSR issues (see 2) 	<ul style="list-style-type: none"> ➢ Buyer trainings ➢ Criteria for supplier selection/training/penalties ➢ Signature of the Responsible Purchasing Policy by suppliers (see 2.3.1.2.2)

(1) Article L. 225.102.4.I. of the French Commercial Code requires a vigilance plan comprising five measures.

Scope:
Activities of the Company and those of the companies it controls (subsidiaries)

Scope:
Activities of subcontractors or suppliers

Measure No. 4:
"A mechanism for alerting and for gathering reports on the existence or materialisation of risks, laid down in consultation with the representative unions within the Company"

- | | |
|---|---|
| <ul style="list-style-type: none"> ➤ The Group has introduced a Whistleblowing procedure to enable employees to report confidentially any behaviour breaching the Group Code of Ethics, including upholding human rights and caring for the environment. (see 6.1.2 of the CSR Report). In addition, Speak4Compliance (see 6.1.3.1), rolled out in 2018 as a whistleblowing system is serving for securely and confidentially receiving, processing and managing reports regarding violations of the compliance rules of Groupe PSA. One category of reporting concerns non-respect and infringement of the rights and dignity of people, as well as verbal or physical abuse and harassment ➤ IndustriALL and the unions exercise continuous vigilance and can report non-compliance to the Head of Human Resources under the Global Framework Agreement | <ul style="list-style-type: none"> ➤ Meetings with suppliers are held once to twice a year ➤ The discovery report (an internal tool available to anyone within the Group who is visiting a supplier production plant: purchasers, quality auditors, supervisors, analysts) is used to report any non-compliance observed ➤ The Purchasing Department also extends a listening ear to feedback on these subjects from the Company's stakeholders (NGOs, journalists, unions) in particular during the consultations organized under the Global Framework Agreement (see 4.2.2.4 of the CSR Report) ➤ Global external whistleblowing system using a (whistleblowing) website has been set up with phased deployment planned to all countries. This website, already accessible to anybody online, will be progressively extended, on the basis of national regulations and needs, to our external partners - suppliers, NGOs, etc. - wishing to report to Groupe PSA breaches of the law or of international treaties (see 6.1.2.1 of the CSR Report) |
|---|---|

Measure No. 5:
"a system for monitoring measures implemented and for assessing their effectiveness"

- | | |
|---|---|
| <ul style="list-style-type: none"> ➤ The Group monitors the measures implemented to follow up the annual CSR Report (see 2) ➤ The effectiveness of the measures is assessed at the annual review of the global framework agreement (see 2.4.1) ➤ Internal control procedures (see 1.5.1) | <ul style="list-style-type: none"> ➤ Where a supplier is identified to be non-compliant with the requirements of the Responsible Purchasing Policy, the Group urges the supplier to launch corrective action plans ➤ The Group assesses the effectiveness of the measures by monitoring changes in the EcoVadis scores of its suppliers ➤ Internal control verifies the effectiveness of these systems (see 4.2.2.5 of the CSR Report) |
|---|---|

The report on the implementation of Vigilance Plan is publically available in the various sections of this Registration Document and the 2018 CSR Report, mentioned above.



DECLARATION ON EXTRA-FINANCIAL PERFORMANCE



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This section includes the main CSR risks and challenges identified by Groupe PSA based on a macroscopic risk analysis (see methodology presented in 2.1.1), covering the 45 categories included in Article R. 225-105 of the French Commercial Code.

This document includes CSR information specific to the Opel and Vauxhall companies only for the 2018 financial year, since their acquisition by Groupe PSA on 1 August 2017 meant that the exhaustive collection and consolidation of this information in a uniform manner could not be guaranteed before the 2018 financial year.

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

Within the Group, the Sustainable Development Department manages the CSR process with a cross-functional approach, backed by a network of correspondents in each of the Group's major departments. It reports to the Communications Director, who reports directly to the Chairman of the Managing Board. It

recommends the Group CSR commitments proposed by members of the Executive Committee, which validates them once a year and monitors their implementation. This information is presented to the Supervisory Board on an annual basis.

2.1.1. The Group's main CSR risks DPEF.b DPEF.15

In line with the sustainable development objectives of the United Nations Organisation, Law no. 2016-1691 of 9 December 2016 related to transparency, anti-corruption and modernisation of economic life and Law no. 2017-399 of 27 March 2017 related to the duty of care of parent companies and sourcing companies, the Group has identified the macro-risks it must face. Given the Group's business, each macro-risk translates into several CSR issues (see 1.5). Chapter 2 outlines the Group's response to each of these issues. The Group's CSR Report presents the same responses in more detail, as well the roadmap it is committed to following.

The Group has identified its macro-risks and CSR issues as part of its work to update its materiality matrix (methodology described in CSR Report - section 8.4.2). The new matrix (see section 2.1.3),

which prioritises the 23 CSR issues categorised into 7 macro-risks, was approved by the members of the Executive Committee in September 2017.

The identification of the CSR issues and macro-risks was conducted based on the business expertise of the Group's network of CSR correspondents representing all activities. The result was confirmed by a review of issues reported by industry peers (including the Global Reporting Initiative) and a review of information in the media, then submitted for evaluation by the Group's stakeholders by means of interviews conducted on a representative sample.

The Group relied on an external third party to guarantee fair and rigorous rating of each of the issues according to a uniform methodology.

2.1.2. The Group's CSR policy DPEF.15

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

SUSTAINABLE MOBILITY

As a pioneer in many technologies, Groupe PSA is demonstrating its social responsibility by developing a range of mobility solutions in response to changes in stakeholder expectations: not just for consumers but also for the host communities. Its strategy is **to have a presence across all mobility market segments**.

With this objective, it is mobilising its **innovation** resources to reduce the environmental impacts of mobility. Its strategy is based on rolling out the most effective technologies **across the greatest number of vehicles**, so as to constitute massive leverage in the fight against pollution and climate change.

From design through to manufacture, Groupe PSA is committed to **optimising the use of resources** by incorporating green or recycled materials into its vehicles, by guaranteeing their recyclability and by **limiting the environmental footprint of its production plants and dealership networks** in terms of energy, water and waste.

Vehicle use is the main cause of emissions. The Group also:

- widely fits its ranges with clean, **low carbon** efficient technologies that preserve **air quality**, and sells best in class combustion, hybrid and electric vehicles;
- is developing a range of **connected mobility services** in response to changes in **customer** behaviours and expectations;

Lastly, as a result of listening to the views of the general public, invents tomorrow's mobility solutions by making digital technology part of its ranges' DNA, by rolling out driver assistance systems offering increasing levels of safety and improved traffic flows, foreshadowing the autonomous vehicle.

ECONOMIC DEVELOPMENT OF ITS HOST COUNTRIES

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

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

DRAWING ON ALL ITS TALENTS AND CREATING THE RIGHT ENVIRONMENT FOR SUCCESS

Groupe PSA economic performance is bound up with its workforce-related performance. The aim is to pool energies to end up as the winning team. The Group relies on the quality of its relations with its employee representatives to design innovative **solutions and build trust and commitment**. Since 2006, in order to support its global expansion and the efficient implementation of its social commitment, it has used the global framework agreement on Social Responsibility as its reference framework.

Across all its sites, Groupe PSA is rolling out the principles of this reference framework, in response to its employment issues. The Group:

- draws on long-standing employee relations, taking a co-construction approach with employee representatives, in order to share its strategy and provide secure career paths for its employees *via* negotiated provisions and close support;
- reiterates the need to **guarantee workplace health and safety** and to develop well-being in the workplace;
- considers the expression and **development of talent** to be the cornerstone of its strategy;
- guarantees **equal opportunities** based on the recognition of individual merit;
- extends to its suppliers and partners its commitment to **respect fundamental Human Rights**;
- encourages all employees to comply with its **Code of Ethics** and its professional conduct rules.

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

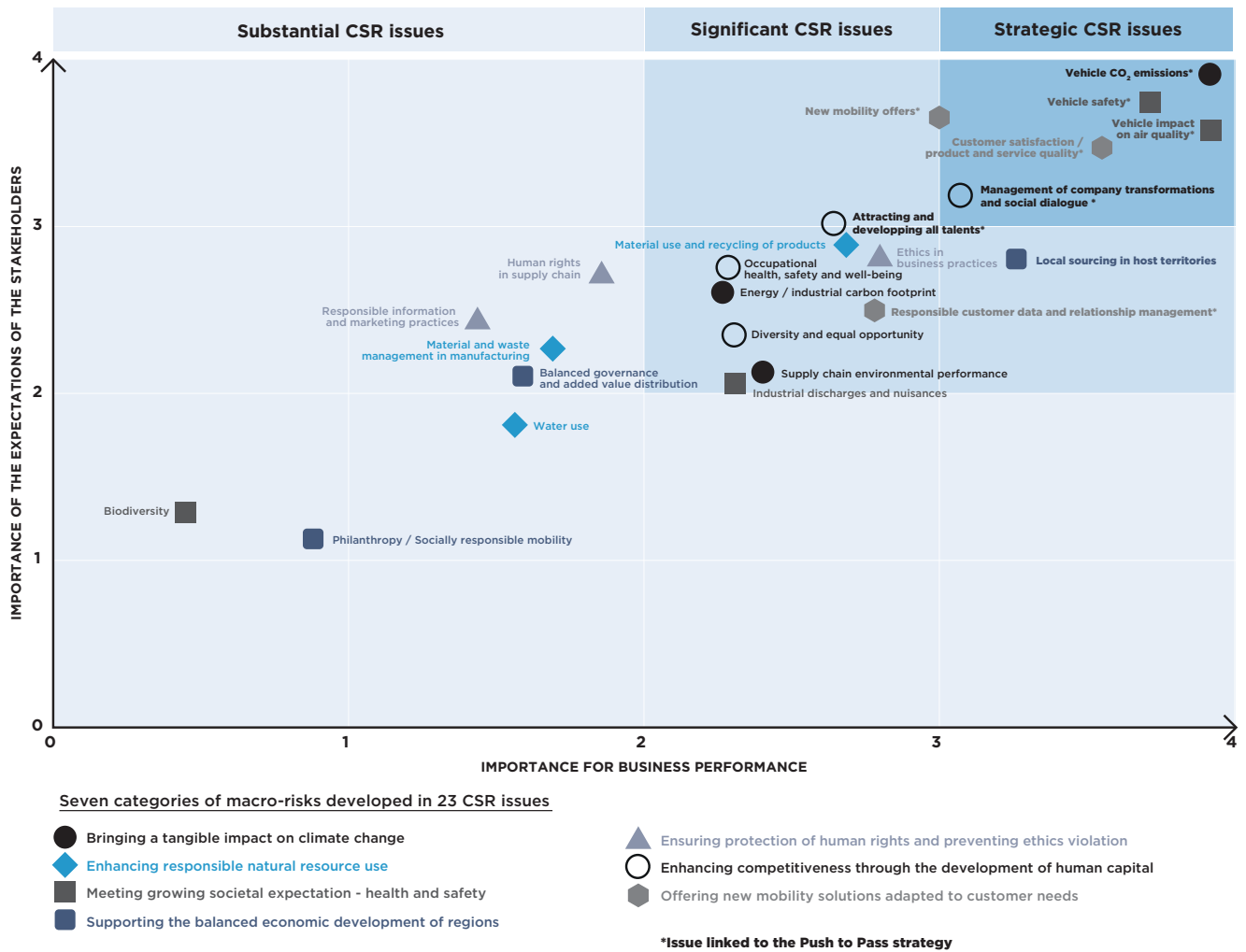
2.1.3. Dialogue with the Group's stakeholders DPEF.32

The Group – a player committed to the local communities where it operates – has maintained solid relations with all of its stakeholders for many years: employees, customers, shareholders and investors, suppliers, government and industry bodies, NGOs and local administrations (see CSR Report – 1.2.1.3.1 and 8.2).

These regular discussions with stakeholders enable social, environmental or economic challenges and risks to be better identified and influence the Group's response to sociological and technological changes in society. Stakeholders' dialogue was used to inform the materiality matrix of the CSR issues below.

In 2018, the Group's Chairman of the Managing Board also started a series of one to one dialogues with high level experts on the megatrends that will shape the future of mobility. The aim of these dialogues is to help building the future strategic plan of the Company. All dialogues are filmed to be transparently brought to the public. The first one, related to climate change, was made public in December 2018.

Groupe PSA materiality matrix



See CSR Report – section 8.4.2, for full explanation on the way the materiality matrix of CSR issues was compiled.

2.2. EMBRACING ENVIRONMENTAL ISSUES

2.2.1. Incorporating environmental issues into product and service design

The Group teams (including Faurecia's teams) are proficient in the eco-design process, which helps to shrink a vehicle's environmental footprint to a minimum at every stage in its life cycle, by improving fuel economy, reducing emissions of CO₂ and other pollutants, rationalising the use of natural resources and improving recyclability. In addition to ensuring that its vehicles comply with environmental legislation in the different markets, eco-design also ensures that the Group will stay ahead of the competition in terms of sustainable mobility.

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

- combating global warming and adapting to climate change by reducing vehicle CO₂ emissions and fuel consumption;
- reduction of vehicle pollutant emissions to preserve air quality;
- responsible use of material in the vehicle life cycle, from the extraction of raw materials to the recycling of end-of-life vehicles;
- development of new mobility solutions to meet all needs.

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

DPEF.15

Automotive division

The Quality and Engineering Department (QED), sitting on the Executive Committee, leads and follows up the Group's work on technological innovation in three strategic R&D strategic focus areas:

- cars that are ever more environmentally friendly (see 4.5.2.1);
- connected, autonomous cars to assist drivers during the most monotonous moments of driving (see 4.5.2.2);
- attractive, pleasurable cars, that match the DNA of each of the Group's three automotive brands.

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

As these projects develop, the Programmes Department keeps track of the solutions implemented, measuring their efficiency based on the proportion of green materials used and CO₂ emissions. A special unit is responsible for coordinating the Group's CO₂ programme. This monitors and reports on the emissions performance of vehicles developed by the Group.

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

RESOURCES COMMITTED TO PREVENT ENVIRONMENTAL RISKS AND POLLUTION

DPEF.16

Automotive division

Data (R&D budget, workforce, skills, partnerships) relating to the Automotive division are presented in section 4.5.4 of the Registration Document.

2.2.1.1. COMBATING GLOBAL WARMING AND ADAPTING TO THE CONSEQUENCES OF CLIMATE CHANGE

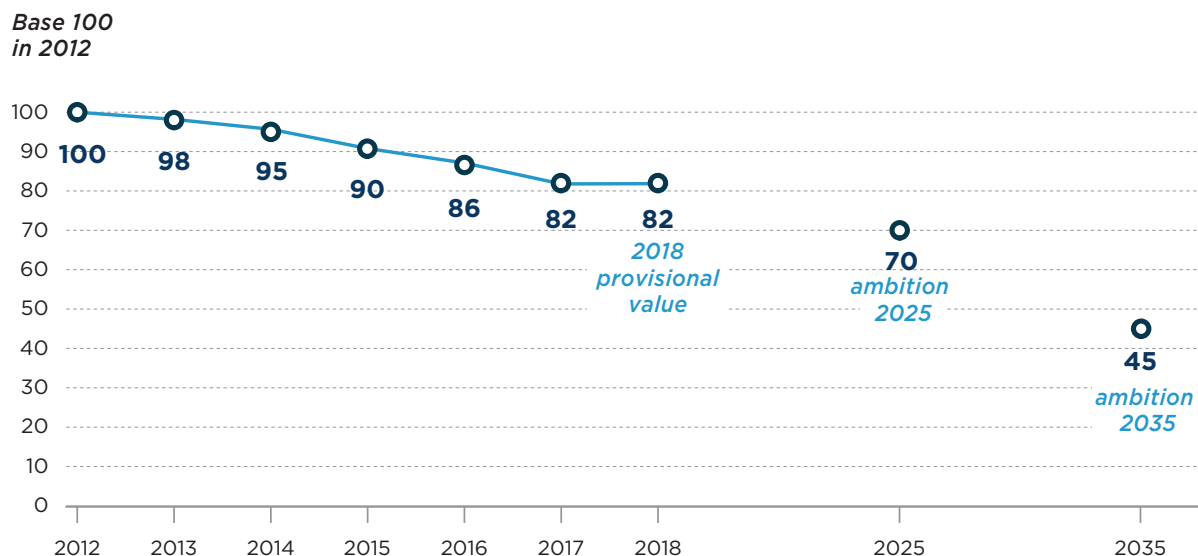
2.2.1.1.1. Technological innovation to combat climate risk **DPEF.16 DPEF.24 DPEF.27**

As an environmental pioneer in CO₂ emissions from passenger cars, the Group is continuing to develop a range of low-carbon cars to constantly meet the growing mobility needs of the individual as well as regulatory standards, identifying the most cost-effective technical solutions for its customers. A corporate CO₂ Committee chaired by the Chairman of the Managing Board is held every month with the Managing Board and the Executive Committee to decide action plans (technical enablers, product plan adaptation and strategy) to reach the Group's targets. See 4.5.2.1 for Clean-Tech strategy description, of which hybrid and electric technologies, optimisation of internal combustion engines, optimisation of gearboxes, use of alternative fuels, optimisation of vehicle architecture and equipment (multi-energy platforms, mass, aerodynamics, driver assistance...).

2.2.1.1.2. CO₂ performance of vehicles sold by the Group **DPEF.16**

The Group is committed to reducing by 55% the average emissions level of its vehicles marketed globally between 2012 and 2035.

The Group's worldwide CO₂ emissions average in 2018 is stable compared to 2017, despite Opel and Vauxhall (OV) integration. The improvements in other areas allow balancing the degradation in Europe, due to the reduction in sales of diesel vehicles, upscaling, and OV integration. By 2020, Groupe PSA will decrease drastically the CO₂ average thanks to Electric and Plug-in Hybrid vehicles deployment, to technical levers, and to portfolio updates.

The Group's CO₂ trend: average CO₂ emissions from vehicles sold worldwide

2.2.1.2. PRESERVING AIR QUALITY DPEF.16

DPEF.18 DPEF.36

Being proactive in the debate concerning mobility-related public health and environmental issues, Groupe PSA has incorporated the issue of air quality into its research and development programmes for many years now. This has enabled it to roll out engines and technologies across its ranges that drastically reduce:

- particulate emissions: inventor of the diesel particulate filter (DPF), which Groupe PSA began selling in 2000, more than nine years before Euro 5 standards which made it compulsory from September 2009;
- nitrous oxide emissions: Groupe PSA is the first car manufacturer to have opted to roll out the SCR (Selective Catalytic Reduction) solution, reducing nitrogen oxide emissions by up to 95% and marketed since 2013 on its Euro 6 vehicles.

Breakthrough technologies to reduce atmospheric pollutants from Groupe PSA vehicles are equally valid on combustion vehicles and hybrid vehicles.

The range of solutions to improve air quality also includes the electrification of vehicles, ranging from micro-hybridisation such as Stop & Start, and mild hybridisation (48V mild hybrid: addition of a starter-alternator and a small 48 volt battery), up to plug-in hybrid vehicles that can be recharged by the customer, as well as electric "zero-emission" vehicles (ZEV), using a battery (Battery Electric Vehicle) or a Fuel Cell.

With the PACE! plan, launched in November 2017, Opel and Vauxhall (OV) turned a corner on its journey towards electrification. With unrestricted access to Groupe PSA technologies, OV will be able to offer a complete range of electrified passenger cars in Europe by 2024. These vehicles will have a 100% electric or plug-in hybrid engine, to supplement efficient internal combustion engines. By 2020, OV will have four electrified carlines on the market, including the Grandland X PHEV and the next generation Corsa as a fully electric vehicle.

With its Push to Pass strategic plan and PACE! plan, the Group has committed to putting eight plug-in hybrid vehicles and seven electric vehicles on the market between 2019 and 2021. By 2021, 50% of the vehicles proposed by the Group worldwide will be available in electric or plug-in hybrid version. In 2025, 100% of models marketed will include an electrified version.

2017: Entry into force of two new protocols for measuring pollutant emissions, which are more representative of real-world driving conditions

Since 1 September 2017, under European regulation (EU 2017/1151), to obtain vehicle approvals two new measurement protocols must be applied (new step in the Euro 6 regulations):

- the WLTP (Worldwide harmonized Light vehicles Test Procedure), which is performed in a laboratory;
- the RDE (Real Driving Emissions) procedure, which is performed on the road in "real-life driving conditions", measures the pollutants emitted using a PEMS (Portable Emissions Measurement System) and defined the admitted conformity factors (the excursion permitted between real usage and the regulatory limits of the WLTP protocol). The NO_x conformity factor admitted has been 2.1 since September 2017 and will be changed to 1 in 2020 (excluding measurement dispersion, limited to 0.43).

For approval of its new vehicles in Europe, Groupe PSA committed to meet a NO_x conformity factor in RDE of less than 1 (excluding measurement dispersion, limited to 0.43, which is the margin value set by the regulation). This commitment has been made from 1 September 2017, i.e. three years before the 2020 regulatory requirement.

These new measurement protocols aim to be more representative of real-life driving conditions in order to reduce the discrepancy between the emissions determined in the laboratory and those in real-life driving conditions on the road.

Groupe PSA passenger cars were all certified under the WLTP new laboratory test before end of August 2018 thanks to sound technological choices made in anticipation of the regulations - SCR "Selective Catalytic Reduction" and GPF "Gasoline particulate filter".

Opel and Vauxhall will gradually adopt Groupe PSA pollutant emission reduction technologies (around 15% of the models in 2017 with the Crossland X and Grandland X, 40% in 2019 and 100% by 2024).

The Group's massive R&D investment policy aims to improve air quality and reduce greenhouse gas emissions (€1,150 million to develop powertrains in 2018). This approach is in synergy with the prevention of climate risks described in 4.2.5.1.

2.2.1.2.1. Groupe PSA particulate Filter: the only effective technology under all driving conditions

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

The question of fine and ultrafine particulates

The DPF effectively screens out both fine and ultra-fine particulate matter: 99.7% by number and more than 95% by mass; source Agency for the Environment and Energy Management (ADEME): particulate and NO_x emissions by road vehicles – May 2018). In the late 1990s, particulate emissions plummeted from more than 3,500,000 particulates per cm³ in an unfiltered diesel engine to less than 3,500 particulates per cm³ in a diesel engine with a particulate filter. The DPF removes particulates in all driving conditions. The DPF is a mechanical system, which is fully operational and effective throughout all phases of engine operation – load, warm engine/cold engine, urban/motorway driving – even when the filter is full.

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

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

A pioneer in this field, the Group had sold a total of 17.2 million diesel vehicles fitted with DPF by the end of 2018.

In 2018, vehicles equipped with DPF accounted for 91% of the Group's total diesel vehicle sales worldwide, compared to 97% in 2017 and 37% in 2009.

The second stage of Euro 6 (Euro 6d-TEMP) imposes a tougher limit in terms of number of particles for direct-injection gasoline vehicles (same limit as diesel engines) and a new constraint consisting in a emission reduction in real driving conditions.

To comply with the second stage of Euro 6, in addition to optimising injection systems, **in October 2017 the Group introduced a particulate filter system (GPF Gasoline Particulate Filter) with passive regeneration to reduce the number and mass of particulate emissions in its direct-injection gasoline engines.** This solution, which will be rolled out to all direct-injection gasoline engines, eliminates more than 75% (in number) of all particulate matter, both fine and ultra-fine, whatever the driving conditions.

At the end of 2018, the Group had sold a total of 280,000 direct-injection gasoline vehicles equipped with the GPF. In 2018, the direct-injection gasoline vehicles equipped with GPF accounted for 33.1% of all direct-injection gasoline vehicles sold.

Optimizations of direct-injection petrol engines have reduced particulate emissions by more than 50% from combustion chamber and further gains are expected in the future.

Finally, Groupe PSA has decided to launch an evolution of its GPF which still increases its efficiency of about ten points to reach around 85% (in number) with an additional decrease of the number of tailpipe particulates of about 40% more as a result. This evolution will be available from 2019 on some 1.2l gasoline engine and PHEV vehicles and progressively extended to a big part of the Groupe PSA production.

2.2.1.2.2. Selective Catalytic Reduction (SCR): the most efficient solution for reducing nitrogen oxides

The SCR after-treatment technology substantially reduces nitrogen oxide (NO_x) emissions by injecting a reducing agent (AdBlue®: a mixture of 32.5% urea and 67.5% water) into the exhaust line upstream a specific catalyst.

Integrated into new emission control architecture upstream the particulate filter, SCR helps to optimise fuel efficiency and CO₂ emissions of diesel engines.

To meet the requirements of the second stage of Euro 6, **Groupe PSA has developed a new after-treatment architecture which enables its diesel engines to treat more efficiently the nitrogen oxides in addition to the particulates, carbon monoxide and the unburned hydrocarbons.** This new BlueHDi line has been fitted as standard on all new vehicles with 1.5l diesel engines from October 2017.

Previously, AdBlue® was scheduled to be replenished in Groupe PSA vehicles during maintenance work at the frequency stated in the service manual. From now on, to improve the performance of the Group's new vehicles, (second stage Euro 6 vehicles), filling up with AdBlue® will be made easier through the use of an orifice that is conveniently placed in the fuel tank flap. However, this requires an extensive distribution network in France and Europe for urea (AdBlue®), the reducing agent used to convert NO_x into nitrogen.

In 2018, vehicles with BlueHDi line represented 83% of diesel vehicles fitted with DPF (including 80% of Groupe PSA original design and 3% of General Motors original design), with 4.3 million total vehicles sold in the world at the end of 2018 (including 4.2 million of Groupe PSA original design and 0.1 million of General Motors original design).

The BlueHDi technology is the subject of approximately 100 patents filed by Groupe PSA. The Group continues to refine its technologies, notably with the introduction into its commercial vehicles in 2018 and, in the future (third stage of Euro 6 – Euro 6d-ISC-FCM), into its passenger vehicles of an ASC (Amonia Slip Catalyst) for treating ammonia leaks (NH₃) thus increasing its efficiency in eliminating NO_x emissions treated by the upstream SCR system.

2.2.1.2.3. Forging new ground: being transparent and responsibly informing customers and communities

Not only is Groupe PSA a trailblazer when it comes to technological solutions, it also distinguishes itself in how it provides information to its customers.

Confident in the suitability of its technological solutions in the face of climate and air quality issues, in November 2015 it announced its **partnership with two environmental NGOs**, and together with them published the real-world fuel consumption for over 1,000 of the Group's vehicle models. The measurement protocol has proven to be extremely reliable for testing real-world fuel consumption and CO₂ emissions (see 2.2.1.1.1).

Backed by this success, the experiment was reproduced to measure NO_x and particulate emissions. In early March 2018 Groupe PSA published the first results of these tests. This new step contributes to further increase the reliability of automotive tests and measurements.

To date, Groupe PSA is the only car manufacturer to have made such a commitment of transparency towards its customers.

Being aware of the difficulty of informing its customers of the differences between measurements taken in the laboratory and measurements taken under real-world driving conditions, the Group continues to take an educational approach, supplying its customers with all the information they need to make an informed choice and to measure the impact of their mode of driving on their vehicle's emissions.

In addition, the results of the RDE test emissions of Groupe PSA recently certified vehicles are posted on the website <http://www.acea.be/publications/article/access-to-euro-6-rde-monitoring-data>

2.2.1.3. ENVIRONMENTAL IMPACT OF MATERIALS: THE CIRCULAR ECONOMY AND SUSTAINABLE MATERIALS MANAGEMENT

2.2.1.3.1. Responsible use of materials DPEF.23

In 2018, the Group used:

- 3,000,000 tonnes of steels, of which 720,000 tonnes directly;
- 460,000 tonnes of non-ferrous metals, of which 84,000 tonnes of aluminium directly;
- 700,000 tonnes of synthetic materials, polymers and elastomers.

These volumes come from the purchased masses of raw materials, parts assembled in the Group's own factories (excluding Latin America), spare parts and parts supplied to assembly plants operated in cooperation.

Proactive use of green materials

Groupe PSA has undertaken to incorporate, on average, 30% natural and recycled materials in the Group's vehicles.

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

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

The use of green materials is now standard in engineering design and in specifications for calls for tender from suppliers of components and parts. The incorporation of green materials is also one of the selection criteria used when choosing suppliers.

The latest vehicles to be marketed show the results obtained:

- the new Peugeot 508 has an average of 31% of recycled and natural-origin materials in the overall vehicle. Approximately 80 polymer parts incorporate recycled materials and materials of natural origin, like natural hemp fibres in windshield defrost ducts or recycled polypropylene in deflectors, Battery tray, or in storage box device for repairing tire;
- the Citroën C5 Aircross has an average of 31% recycled materials and materials of natural origin in the overall vehicle. Approximately 85 polymer parts incorporate recycled materials and natural-origin materials like hemp fibres in side door panel, recycled polyamide in the fan motor, filters and air exchanger, and recycled polyethylene in trunk carpet.

On average, the percentage incorporation of green materials on vehicles sold worldwide in 2018 was over 30% (weighted average on 2018 PCD volumes of vehicle sales in Europe).

Reducing hazardous substances DPEF.18 DPEF.36

Regulatory requirements, combined with the use of hazardous substances, are factored into all phases of vehicle life, from design and manufacture to use and end-of-life recycling, in close collaboration with suppliers. The Group asks its suppliers to provide a compliance certificate for each part delivered using the IMDS (International Material Data System) with regard to regulations on chemical substances. The integration of these requirements focuses on two major objectives:

- **the elimination of four heavy metals (lead, mercury, cadmium and hexavalent chromium):** for example, circuit board solder has been lead-free in new vehicles since January 2016;
- **compliance with the REACH regulation:** the Group has set up an organisation and a communication system to monitor its partners and suppliers and ensure that they comply with the REACH regulation. The Group has set itself the goal of minimising the use of substances on the REACH candidate list and anticipating the restrictions in Annexes XIV and XVII by working on new materials right from the research and innovation phase. For example, DEHP (Diethyl Hexyl Phthalate), used as a plasticiser in PVC sheaths for wiring harnesses, has been replaced.

Vigilant scrutiny of materials' criticality

Bearing in mind the growing scarcity and increasing cost of raw materials over the long-term, the Purchasing Department and the R&D Department are working together, via a Materials Strategy Committee, to manage and secure the Group's supply of materials over the long term and to direct the focus of its R&D towards replacement materials. This strategy, which was originally applied to source materials is now being extended to synthetic raw materials.

2.2.1.3.2. Eco-design for better recycling DPEF.20 DPEF.23

The Group's initiatives in this area come under European Directive 2000/53/EC of 18 September 2000 on end-of-life vehicles (ELVs), which sets out the requirements for vehicle design and the operational requirements for the treatment of end-of-life vehicles. It identifies three types of ELV recovery: reuse of parts, recycling of materials, and energy recovery. Up until 2015, it required vehicles to be overall 85% recoverable by vehicle weight (of which 80% is actually reusable or recyclable) and after that, vehicles had to be 95% recoverable (of which 85% reusable or recyclable).

To fulfil these obligations, Groupe PSA has set up a dedicated network. This highly cross-functional structure pools the expertise necessary for the upstream and downstream treatment processes. The activity is managed at two levels: upstream, which seeks eco-design solutions, and downstream, which involves monitoring the collection and treatment of end of life vehicles. These are handled in close collaboration with our partners, such as suppliers, recycling operators and car manufacturers associations.

Prevention measures: recyclability commitment

Upstream, the impacts of recycling end-of-life vehicles (ELVs) are taken into account in every new model and component. To ensure that its vehicles are highly recyclable, the Group is committed to:

- **using easily recyclable materials;**
- **reducing the variety of plastics in a car,** to facilitate sorting after shredding, optimise the related recovery processes and ensure their profitability;

- **using a single family of plastics per major function**, so that an entire sub-assembly can be recycled without prior dismantling;
- **marking plastic parts with standardised codes**, to ensure identification, sorting and traceability;
- **introducing green materials, especially recycled materials**, into vehicle design to support the emergence or development of new markets for certain materials;
- **integrating recycling considerations very far upstream**, starting with the innovation phases, with particular attention to new materials or vehicle parts;
- **designing in vehicle depollution or pre-treatment requirements, the first mandatory phase** of end-of-life vehicle disposal which consists of draining all fluids from the vehicle, neutralising pyrotechnical components and dismantling parts considered harmful to the environment so as to prevent any transfer of pollution during end-of-life vehicle disposal. As a participant in the *International dismantling information system (IDIS) project*, the Group provides recycling facilities with disassembly instructions for the Group's vehicle brands.

On 30 May 2018, the Group's UTAC certificate was renewed for three years, demonstrating its ability to implement the processes needed to meet the requirement of 95% recyclability/recoverability (by weight), of which 85% through reuse or material recycling: all Peugeot, Citroën, DS, Opel and Vauxhall vehicles are now certified to meet this requirement.

2.2.1.3.3. Management of end-of-life products: DPEF.16

In 2018, Groupe PSA has created a business unit dedicated to the circular economy in the aftermarket. All related activities are now gathered in a team that has all the required expertise from business development to manufacturing and marketing.

The goal of this business unit is to build a sustainable and profitable business based on circular economy principles everywhere (worldwide scope) and whenever (technical limitation) it makes sense.

This includes notably reusing or recycling of plant surplus, network damaged parts and end-of-life vehicle parts.

From 2019, a label will make any related offer recognizable.

Re-use and remanufacturing of parts

The Group participates in the circular economy by offering a standard exchange programme (remanufactured high-value parts and subassemblies), as well as second-hand spare parts (parts recovered from end-of-life vehicles). It has also introduced a new "repair & return" service. These programmes are described in greater detail in the CSR Report which is available on the Group's website.

Recycling of end-of-life vehicles (ELV)

Downstream, the Group has been involved in collecting and processing ELVs from its dealership networks for almost 30 years, through partnerships with vehicle demolition and shredding companies. Dismantlers (ELV Centres) are in charge of depolluting and partially or entirely dismantling end-of-life vehicles, while shredding companies extract then process scrap aluminium, copper and other important materials for sale in the international marketplace.

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

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

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

The Group's partners work with networks of certified dismantlers (331 ELV Centres at year-end 2018) that collect end-of-life vehicles, deregister and depollute them, and then dismantle them to resell certain parts for reuse.

Between 2008 and 2018, this strategy led to the collection and processing of more than 1,000,000 ELVs, sold through the Peugeot, Citroën and DS networks, and since August 2017 the Opel and Vauxhall networks.

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

Group performance in 2017 = 95%, of which 88% reused or recycled⁽¹⁾.

As previously reported, the most recent ADEME data (2017) at the national level reports overall performance in reuse, recycling and recovery to be 94.6% (of which 87.4% recycling and reuse).

In advance of the premium conversion that was introduced by the Ministry of ecological transition and solidarity in 2018, in October 2017, Peugeot France, Citroën France and DS France launched a programme to scrap diesel vehicles older than 16 years and gasoline vehicles older than 20 years when buying a new or second-hand vehicle. This Commercial Policy has removed in 2018 more than 80,000 vehicles based on older technologies, an increase of +283% since last year. These end-of-life vehicles are treated in accordance with Groupe PSA procedures to ensure 100% traceability and environmental performance exceeding 95%.

Groupe PSA made a major contribution to the drafting of a cross-manufacturer action plan for the re-absorption of historic stocks of ELVs, estimated at 60,000 vehicles in May 2015, in the French overseas territories where the French Environmental Code applies (Guadeloupe, St Martin, Martinique, French Guyana, Reunion Island, and Mayotte). This plan, which addresses the environmental and health issues that arise when vehicles are abandoned by their last owner, resulted in the signing on 24 October 2018 of a framework agreement between manufacturers.

On the European markets, in appliance of the EU End-of-Life Vehicle Directive, all vehicle producers are required to take back vehicles from last owners or holders, when the cars have reached the end of their life. For that purpose and by following the different national requirements, Groupe PSA has built up take back networks in each EU member state. The organisation between PCD and OV will be optimised in 2019.

After 18 years of successful implementation and execution of all legal requirements, the EU decided to review the EU ELV Directive and if deemed necessary, to come up with proposals for a revision until end 2020. Groupe PSA together with the other members of ACEA are currently focusing on defining country-specific best processes for treatment of ELVs, in order to ensure best environmental results within the framework of a self-sustainable ELV business.

In accordance with Directive No. 2006/66/EC, the Group has implemented collection and treatment procedures for its High Voltage batteries (HV Batteries) used in hybrid and electric vehicles sold in Europe. The battery technology in electric and hybrid vehicles requires specific handling methods.

⁽¹⁾ Since ADEME has not released official statements for the end of 2018 concerning ELV operators in France, the Group is not yet able to determine its performance for 2018.

Remanufacturing

To extend the use phase and to avoid the premature recycling of High Voltage Batteries, OV started the remanufacturing in 2012. Since then, more than 500 HV batteries have been remanufactured.

Groupe PSA will introduce a remanufacturing process for the new generation of High Voltage Batteries developed for all its brands from 2019. In case of a failure, the battery will be, after analysis by the dealer network, sent to a remanufacturing centre for repair. Thereafter, the battery remanufactured would be used in another used electric vehicle to maintain the electric mobility for our customer as much as possible.

Second Life

In addition to its battery recycling strategy, Groupe PSA is also working on solutions to reuse HV batteries in stationary storage facilities. As a proof of this plan, a first container including eight used batteries, from vehicles Peugeot-ION and Citroën C-ZERO, has been installed in Carrières-sous-Poissy in 2018. This container is connected to the site grid to explore energy services with stationary usage of second-life batteries. It will allow to optimise the building's energy consumption by many ways: load shifting, storage of energy during night to be used during daytime, or balancing services to the grid. Another project will be implemented at the Opel Test center in Dudenhofen, where a container based on used Opel E-AMPERA batteries will be put in place, to allow energy buffering for charging station used for driving test of electric vehicle, avoiding local power line reinforcement cost.

Recycling batteries from hybrid and electric vehicles

PCD has a contract for the entire European market with a single, efficient partner, whose recycling rates in 2017 were 77,4% for Li-ion batteries of electric vehicles and 84% for the Ni-MH batteries of hybrid vehicles. These rates are significantly higher than the 50% regulatory thresholds for materials recycling. The agreement covers all PCD dealership networks and industrial sites for all traction battery technology across all European marketing regions. In terms of battery legislation, the Group is closely involved in developing standards via the European Automobile Manufacturers' Association (ACEA). Outside Europe, particularly in China, Groupe PSA makes an active contribution in partnership with local joint ventures. OV is committed to applying the same strategy with the same partner from 2019.

Recycling Tyres

In France, based on the principle of extended producer responsibility, the Group's brands have implemented procedures for collecting and processing the tyres held by authorised ELV centres. In 2018, 5,357 tonnes of tyres from ELVs were at least 50% treated as "materials recovery" (for reuse, drainage solutions, granulation, etc.).

2.2.1.3.4. Vehicle life cycle and carbon footprint analyses DPEF.18 DPEF.19 DPEF.20 DPEF.27

Life cycle analysis to improve vehicles environmental footprint

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

The Group has set itself the goal of performing a life cycle analysis for each new family of vehicles. In addition, for each major technological change or strategic innovation, a study is carried out, in conjunction with suppliers, to assess changes in the environmental impacts of these modifications. As a result, in 2018, life cycle analyses covered 58,7% of the total fleet sold PCD and OV. The LCA methodology used was certified during a critical review by THINKSTEP, a firm specialising in life cycle analysis.

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

In 2019, the Group plans to conduct a life cycle analysis on the new DS3 Crossback, Peugeot 208 and Peugeot 2008 models, and will continue to study major innovations and the introduction of green materials or composite materials.

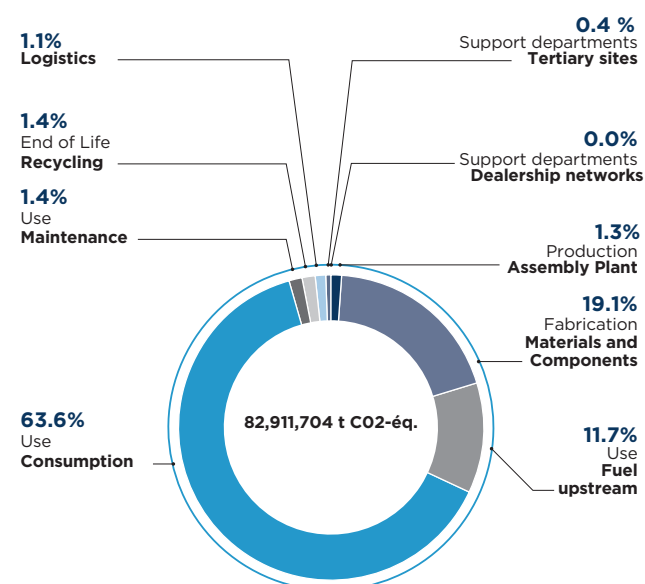
Monitoring the carbon footprint of a vehicle

Groupe PSA has begun a process to determine the total CO₂ equivalent of its operations in Europe.

This footprint considers, over a year of activity, emissions from the production of materials and components for the vehicles manufactured, emissions from the Group's production plants, service activities, fuel extraction and production necessary to use the vehicles manufactured, the use phase of the vehicles manufactured and ELVs.

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

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



The total CO₂ equivalent emissions of vehicles produced by the Group in 2018 (PCD+OV) amounted to 82,9 million tonnes.

The usage phase of the vehicle represents almost 80% of the vehicle's overall carbon footprint in terms of CO₂ equivalent emissions. Hence Groupe PSA is focusing its R&D efforts on the issues of fuel consumption and vehicle weight (see 2.2.1.1.).

2.2.1.4. THE DEVELOPMENT OF MOBILITY AND CONNECTIVITY SERVICES **DPEF.27 DPEF.36**

Groupe PSA reached a new strategic milestone in its role as a mobility service supplier.

In order to rise to new mobility challenges, Groupe PSA is continuing to roll out its "Push to Pass" plan with the construction of an ecosystem of fifteen or so partners and developers.

The Group's strategy, the aim of which is to offer sustainable, smart, safe and shared mobility solutions, guaranteeing freedom of movement for all, is being demonstrated by:

- the creation of a Mobility Services Department which coordinates the cross-functional oversight of all activities described in the "Push to Pass" plan;
- the launch of its new Free2Move mobility services brand which will bring together all of its connected and mobility service offerings;
- investment in Communauto, the North American car-sharing pioneer;
- the acquisition of TravelCar, a startup offering peer to peer carsharing, parking and car rental solutions;

- the launch of Free2Move Business Solutions. This brand is dedicated to corporate customers, with a connected fleet management system (Connect Fleet) and a carsharing service (Fleet Sharing);

- a partnership with IBM as part of the Smarter cities project currently being rolled out in the Nice Côte d'Azur, Lyon, Lille and Tours Metropolis, Gironde, Loire Atlantique, Val d'Oise, Seine et Marne, Yvelines and the Wallonia (Belgium) region.

- The launch of the Free2Move app, a mobility services platform for sharing cars, scooters or bikes. The app was launched in April 2017 and is now available:

- in Europe: 11 countries (Germany, Italy, Austria, Sweden, United Kingdom, Spain, France, Belgium, Portugal, Netherland and Denmark) and 32 cities;

- in the USA: Portland, Seattle and Washington.

The Free2Move app allows you to use the services of around 50 operators, including three which operate in partnership with the Group. End 2018, the app was downloaded 1,600,000 times.

2.2.2. Industrial ecology of Group

THE GROUP'S ENVIRONMENTAL PROTECTION POLICY AT THE INDUSTRIAL LEVEL

The environmental policy of the Industrial Department applies to all industrial entities of the regional divisions. It aims to be among the best in terms of operational efficiency by 2025. This vision requires all Group plants to embrace the "Excellent Plant" concept, on a par with the world's leading car manufacturers.

The Industrial Department's environmental policy contributes to six issues below:

- **Energy/Industrial carbon footprint and Environmental performance of logistics:**
 - Reducing the carbon footprint of industrial activities based on two key priorities: reducing plant energy consumption and optimizing logistics operations.
 - Advocating the use of renewable energy wherever feasible.
- **Control of industrial discharges and pollutants:**
 - Managing the environmental impacts associated with industrial activities, particularly the use of chemicals (such as emissions from paint shops, and the risks associated with the use of these products), and reducing the impact on local residents.
- **Optimization of materials cycle in industrial processes (including waste):**
 - Developing the circular economy through research and implementation of waste treatment schemes with the assistance of the Group's partners in this area.
- **Sustainable management of water:**
 - Managing water consumption, usage and treatment in industrial processes.
- **Biodiversity:**
 - Protecting the species identified, with a view to reducing the Group's impacts.

A solid and proven organisational structure that gives thought to environmental issues in processes **DPEF.15**

Automotive Activities

The Group has been engaged in proactive environmental stewardship at its production, research and development sites, with a commitment to ensuring that their operations comply with local regulations, fully safeguarding the surrounding natural environment and the quality of life of host communities.

The Group's industrial strategy combines environmental stewardship with a commitment to continuous improvement based on a disciplined organisation, a methodology structured around environmental management (ISO 14001) and the allocation of significant financial resources. Environmental data reporting has been in use for long time and since 2015, is done with a new tool, also implemented in OV facilities in 2018, which supplements and harmonizes Group applications used in this area. The history acquired since 1989 is saved, thus enabling the Group to prioritize and effectively tackle the major environmental issues associated with its activities.

In all, some 500 people are directly involved in managing the Group's manufacturing environment.

Automotive Trade

The Group site environmental policy is also being rolled out at brand dealership networks. The Brand Department encourages its points of sale to manage their environmental indicators (water, energy, waste) so as to improve performance.

The brands' vehicles are distributed both by points of sale owned by the Group and headed by PSA Retail, as well as by independent dealerships.

The Group also engages its own dealership network and its independent dealership networks in its sustainable development initiative by providing leadership from a network of representatives for each brand subsidiary.

Since 2008, the Group has used an information system to collect, monitor and consolidate environmental data from across its proprietary network. Since 2016, a multi-year capital expenditure budget has been introduced to maintain the assets position, and also to incorporate new technologies such as LED lighting and the energy self-sufficiency of buildings, and thus streamline the energy footprint.

An active certification policy **DPEF.15**

Automotive division

In place for more than 15 years (1999), the certification process is now fully implemented in all the production plants PCD and OV, which are all ISO 14001 certified, according to new standard entered into force in 2015. Automotive industry cooperation agreements with Toyota, Dongfeng Motor Corp., Mitsubishi in Russia and Fiat in Italy are also certified.

Faurecia

Faurecia's strategy about ISO 14001 certification is detailed in Faurecia CSR Report. It can be noted that the share of ISO 14001 certificated facilities increases in 2018.

Actions taken to train and inform employees about protection of the environment **DPEF.10**

Automotive division

Within the Automotive division, to ensure that the targets are met, the Group has identified Environment as a key function within the business channels developed to cover all of its core operations. According to this conclusion, necessary skills are listed and the training path for every major environmental contributor are defined, thus contributing to the full completion of his or her activity. These training courses include face-to-face sessions, enabling the sharing of experience (5 minutes talks representing around 10,000 hours), in particular in Opel and Vauxhall plants, where specific environmental items are explained to production teams, together with e-learning courses and the monitoring of learning to ensure knowledge is maintained at an optimum level. In 2018, 45,520 hours of training were provided to people in the plants.

On operational level in each facility an Environmental Engineer is in charge to implement and manage the Environmental Management System according to Groups' generic commitments, and compliant with ISO 14001 standard. He relies on representatives appointed in each workshop, and is part of a network of specialists in Environmental management coordinated by Environment Central Department.

The Environmental Central Department is in charge to help the facilities in legal compliance and to coordinate Environmental Management System of all facilities to ensure compliance to ISO Standard and continuous improvement in line with the environmental targets above mentioned.

Measures for the prevention of environmental risk, pollution or effluents at sites **DPEF.18**

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

On that basis, the environmental component of the Excellent Plant has led to ambitious targets being set for the five industrial and one logistics issues listed in the introduction to section 2.2.2 and to the implementation of appropriate resources.

Resources implemented **DPEF.16**

Production plants

The Industrial Department's environmental vision is developed starting with the design of new means of production, so that its environmental impact can be considered. It can thus be estimated that 1% of the amount of investment in manufacturing tools corresponds to taking their environmental impact into consideration. In addition, the Industrial Environment Department manages an annual investment plan that provides for plant compliance operations relating to regulatory changes and the reduction of pollution and environmental risks.

Provisions for environmental risk **DPEF.17**

Automotive division

In accordance with Decree No.2012-633 of 3 May 2012, since July 2014 the Group has established financial guarantees of €1 million as security for some installations of its French facilities classified as environmentally sensitive. By 2019, the Group will have financial guarantees of approximately €5 million. Similar regulation is now implemented in Spain, but the 3 Spanish plants remain below the threshold.

Faurecia

Detailed information on the provision (€3,100 thousand) made by Faurecia are available in Faurecia Registration Document.

Compensation paid pursuant to a legal decision for environmental damage

PSA Automobiles SA did not have to pay any such compensation in 2018.

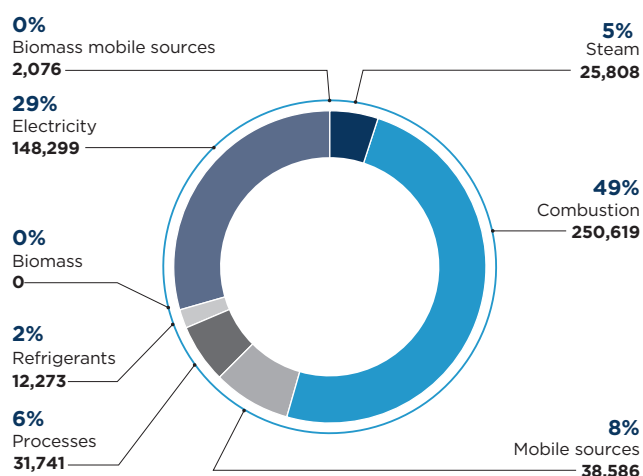
2.2.2.1. ENERGY PERFORMANCE AND REDUCTION IN CARBON FOOTPRINT IN THE FACE OF CLIMATE CHANGE

Like the product strategy, where the emphasis is on the development of low-carbon vehicles, the Industrial Department has, through its environmental policy, promised to participate in the Group's efforts to reduce its carbon footprint in relation to energy consumption. Within the Automotive division, vehicle production uses energy for a wide range of industrial processes, such as casting, machining, paint curing, heat treatment, etc. The Group has developed an energy management plan for all its production plants based on best available techniques that has helped since 1995 to reduce per-vehicle energy consumption by 36% and greenhouse gas (GHG) emissions by 53%.

Surveys of greenhouse gas (GHG) emissions of French facilities

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

This study will be updated in 2019 with data from 2018. Up to this new version, the conclusions of the study can be summarized like below:



An action plan covering the period from 2015 to 2017 was attached to each assessment, the total expected gain being estimated at over 41,000 tonnes of CO₂ equivalent. The actions adopted came from either the energy management plan (e.g. reduction of electricity or gas consumption), or specific actions to reduce GHG emissions (e.g. use of refrigerants with a low Global Warming Potential).

This second iteration of the GHG assessment, conducted in 2015, using the same methodology, provides points of comparison with the first study conducted in 2011. A decline of 80,000 tonnes of CO₂ emissions was observed, showing that the action plans were brought off successfully, since they called for a 60,000 tonnes reduction. This represents an 8.5% decline in CO₂ emissions produced per car in France between these two iterations.

2.2.2.1.1. Managing energy consumption

DPEF.24

In 2015, updates of GHG emissions reports performed in France have bolstered the action plans adopted by the Industrial Department to reduce the carbon footprint of plants. These results confirmed that 83% of greenhouse gas emissions emitted by the Group come from primary and secondary energy consumption. Analysis of GHG emission profiles of the Group's other industrial sites outside France shows a similar breakdown, exacerbated by the fact that local electricity production generates higher emissions than French electricity production. It makes sense therefore to tackle energy efficiency in order to reduce the carbon footprint of the Group's industrial activities. On that basis, and in line with COP 21 objectives aiming to limit global warming to 2°C, Groupe PSA has compiled projections of its industrial CO₂ emissions to 2025. The areas that need to be worked on were identified, with a view to reducing emissions in accordance with COP 21 commitments based on 2010 figures.

This management plan is essentially based on:

- mapping the energy performance of all industrial sites to optimize their energy use. Today, the Group's commitment to managing energy consumption has come to maturity. 7 plants are ISO 50001 standard certified and the exchanges of experiences between plants confirm and improve the robustness of the internal energy-control procedures; and do not impose extension of the certification to other facilities;
- reducing surface areas and optimizing means of production within the framework of plans to make plants more compact;
- increasing the proportion of renewable energy in industrial processes, when an economically viable opportunity occurs;
- logistics-related CO₂ emissions with an action plan extending until 2022, even though this item is not included in the GHG Report.

Overall energy consumption

DETAILED ENERGY CONSUMPTION

(unit: MWh NCV)	Year	Combustible energy					Non-combustible energy			Total energy consumption
		Non-renewable			Renewable		Non-combustible energy			
		Heavy fuels	HHO	NG + LPG	Coke	Biomass (wood)				
Automotive Activities (PCD + OV)	2018		1,477	2,272,343	86,946	17,190	3,100,239	763,858	6,242,053	
o/w OV	2018		168	495,268			863,649	601,115	1,960,200	
o/w PCD	2018		1,309	1,777,075	86,946	17,190	2,236,590	162,743	4,281,853	
(PCD)	2017		794	1,770,364	86,733	15,968	2,226,320	159,603	4,259,782	
(PCD)	2016		2,947	1,758,271	80,430	16,881	2,175,096	154,815	4,188,082	
Automotive Trade (PCD + OV)	2018	419	4,464	91,191			77,217	1,865	175,156	
(PCD)	2017	417	4,383	103,764			85,517	2,485	196,566	
(PCD)	2016	432	7,290	103,540			100,090	2,542	213,893	
Faurecia	2018	1,102	7,380	556,284		5,363	1,457,681	21,572	2,049,382	
	2017	971	6,546	529,731		5,843	1,392,968	21,973	1,958,031	
	2016		9,201	512,978	0	5,499	1,311,402	22,127	1,861,207	
TOTAL	2018	1,521	13,321	2,919,818	86,946	22,553	4,635,137	787,295	8,466,591	
	2017	1,388	11,723	2,403,859	86,733	21,811	3,704,805	184,061	6,414,380	
	2016	432	19,078	2,374,789	80,430	21,467	3,586,588	179,484	6,263,081	

Heavy fuels = HSFO + LSFO + VLSFO.
 HHO = Home Heating Oil.
 HSFO = High-Sulphur Fuel Oil.
 LPG = Liquefied Petroleum Gas.
 LSFO = Low-Sulphur Fuel Oil.
 NG = Natural Gas.
 VLSFO = Very Low-Sulphur Fuel Oil.

Automotive Activities

2018 is the first year of complete integration of OV activities and their environmental impacts. Due to the fact that OV operates 3 cogeneration plants, which produce electricity and steam or hot water from gas, the profile of energies consumption and CO₂ emission of Groupe PSA has significantly changed, in particular because part of the energies produced, mostly electricity is sold to external customers. The figures provided above represent the energies consumption in all the plants for car production. In addition, we can also indicate that 1,685,417 MWh NCV of gas were used to produce electricity (639,139 MWh) and steam or hot water (555,855 MWh). Half of the electricity, and 15% of the steam produced have been sold to external customers.

The average result of energy consumption per car produced is just below 2 MWh for Groupe PSA. PCD continues to reduce its own consumption per car at 1.93 MWh with a stability on each energy use, confirming the good control in all facilities, and the continuous improvement through best practices implementation, and other actions like Led lighting for electricity reduction, surface reduction in plants, improvement of paintshop for gas consumption. Coke consumption deals only with cast iron production in Sept Fons foundry and is linked with scrap reuse, in circular loops. OV result is at 2.13 which is the first data reporting.

Automotive Trade

The actions started in 2016 with bulk purchase of energy, control of consumption, implementation of new technologies are continued in 2018, and despite the extension to OV dealerships, the decrease of energies consumption is maintained on gas and electricity.

Data from Groupe PSA brands related on average to 100% of sites in 2018 for direct energy consumption compared with 100% in 2017 and 98% in 2016) and 97% of sites in 2018 for indirect energy consumption (compared with 100% in 2017 and 98% in 2016).

Faurecia

Detailed information about energy performance of Faurecia are available in the Registration Report of Faurecia.

The data covers 97% of Faurecia sites for direct energies consumption and 100% for indirect energies.

2.2.2.1.2. Reducing industrial greenhouse gas emissions **DPEF.26 DPEF.27 DPEF.28**

Automotive Activities

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

Direct air emissions from combustion plants

Nota: Direct emissions are calculated based on the direct energy consumption by applying emission factors acknowledged by the greenhouse gas emissions trading system (EU ETS) in compliance with the Decree of 31 October 2012 or European Decision 2012/601 in the case of CO₂ and the circular of 15 April 2002 for all other gases. Changes in emission levels are thus directly related to changes in energy consumption. To make reading easier, the Group used the same emissions factors in 2014 as for the five previous years. These components will next be updated in 2019.

SCOPE 1 AND 2 GREENHOUSE GAS EMISSIONS (GHG)

(unit: tonnes)	Year	CO ₂	N ₂ O	CH ₄	Indirect GHG emissions in CO ₂ eq. (Scope 1)	GHG emissions from renewable sources (CO ₂ eq.)*	Indirect GHG emissions in CO ₂ eq. (Scope 2)	Total GHG emissions in CO ₂ eq. (Scope 1 + Scope 2)
Automotive Activities (PCD + OV)	2018	845,348	35.74	58.73	857,661	5,693	416,827	1,274,488
o/w OV	2018	445,213	19.49	31.18	451,910		248,053	699,963
o/w PCD	2018	400,135	16.25	27.55	405,751	5,693	168,775	574,526
(PCD)	2017	398,201	16.17	27.28	403,786	5,289	160,080	563,866
(PCD)	2016	394,434	16.08	27.21	399,991	5,591	161,513	561,504
Automotive Trade (PCD + OV)	2018	20,072	0.85	1.34	20,352		19,116	39,468
(PCD)	2017	22,633	0.96	1.52	22,951		22,468	45,419
(PCD)	2016	23,375	0.97	1.53	23,697		25,456	49,154
Faurecia	2018	118,796	5.07	7.58	120,466		596,327	716,793
	2017	111,947	4.81	7.20	113,530		567,253	680,783
	2016	108,604	4.66	7.03	110,139		551,124	661,263
TOTAL	2018	984,216	41.66	67.65	998,479	5,693	1,032,270	2,030,749
	2017	532,781	21.94	36.00	540,267	5,289	749,801	1,290,068
	2016	526,413	21.71	35.77	533,827	5,591	738,183	1,272,010

* Greenhouse gas emissions from the combustion of biomass (wood at the Vesoul site) are not included in direct emissions in accordance with the GHG Protocol guidelines.
GHG emissions expressed in tonnes of CO₂ eq. are calculated by applying coefficients (global warming powers) of, respectively, 298 for N₂O and 21 for CH₄ (source: IPCC Reports, 2006 and 1995 respectively). Indirect emissions are calculated based on the purchase of electricity and steam in compliance with emissions factors obtained from steam suppliers and by using the same factors as the year before for electricity.

This year, all emission factors have been updated for the first time since 2014, in order to start on the same basis for all facilities, including OV. For PCD, the new factors do not drastically differ from the previous ones, then comparison from one year to the other makes sense.

Three OV facilities operate cogeneration plants. The data above integrate the emission from all the combustion plants, and include also these cogeneration in scope 1 of emissions. Part of the electricity and steam produced by these equipment are sold to external customers. The amount of energy sold represents 112,000 tonnes of CO₂ as a complement electricity produced by one of these cogeneration plants feeds also other OV plants, and the emissions linked are 21900 tonnes of CO₂. It could also be mentioned that the electricity produced and used in plant has a lower content in CO₂ than the electricity which is provided by external suppliers.

If 2018 is a starting point for the new perimeter of Groupe PSA, including OV, some comparison with previous years can be done for PCD plants. The stability of energy consumption and CO₂ emission of industrial activities confirms the strong management of energies in all the PCD plants, and the average result per car produced is now at 258kg/car produced, instead of 259kg/car in 2017. For OV plants the ratio, when excluding the part of emission generated by energies production for external customers is 651kg per car. The result for Groupe PSA is 372kg/car.

The use of renewable energies in 2018 was 17.2% of the electricity consumed by the Group throughout the world.

The Automotive Trade data provided in the previous table was reported from the same percentage of sites as for energy consumption (see 2.2.2.1.1). The share of renewable energy consumed is 22.3%.

Participation in the CO₂ emission allowance scheme

The Group qualifies for the CO₂ emission allowance scheme set up in application of European Union Directive No. 2003/87/EC, amended, on greenhouse gas emissions trading, due to its combustion activities within its main units (heating and processes) on the one hand and, on the other hand, to its casting activities. As regards the third phase of the CO₂ emission allowance scheme scheduled from 2013 to 2020, 14 facilities are involved in this regulation (Sochaux, Mulhouse, Rennes, Poissy, Vesoul, Sevel Nord and Sept Fons in France, Madrid and Vigo in Spain for PCD; Luton and Ellesmere Port in UK, Rüsselsheim and Eisenach in Germany, and Zaragoza in Spain for OV).

During the first years of Phase 3, the scorecard showing quotas for and emissions from the above-mentioned 14 sites (9 for PCD, minus Vélizy in 2018, which went below the threshold, and 5 for OV) was as follows:

Year	Allowances (quotas)	Emissions* (tonnes of CO ₂)
2015	359,8&02	257,558
2016	353,181	265,816
2017	361,375	273,664
2018	553,543	668,653
<i>of which OV</i>	<i>186,784</i>	<i>409,950</i>
<i>of which PCD</i>	<i>366,759</i>	<i>258,703</i>

* Sum of verified Groupe PSA emissions and theoretical emissions related to purchased steam, for which the Group receives allowances.

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

2.2.2.1.3. Environmental optimization of logistics

The logistics operations are identified as having a core impact on the carbon footprint of the Group's manufacturing operations.

They represent 1.5% of the Group's total CO₂ emissions.

Supply chain ambition for carbon footprint has been defined on a long term horizon for both OV and PCD. It aims at reducing carbon emission for logistics per vehicle of one third between 2016 and 2035, in continuation with previous carbon footprint roadmap. This means an average 2.1% decrease per year.

In 2016, PCD and GEFECO signed a new exclusivity agreement under which the car manufacturer entrusts GEFECO with the management and optimisation of its entire global manufacturing supply chain. For OV, a new contract was established with GEFECO in 2018, starting as of January 2019 based on the same exclusivity concept.

As a strategic supplier, GEFECO is requested to be fully involved in the Group's strategy for assessing social and environmental performance. Its results are regularly monitored at the Executive level of the Company under a Corporate Business Review. 23 GEFECO subsidiaries have ISO 9001 certification (concerning 255 sites), and 15 have ISO 14001 certification (concerning 59 sites).

GEFECO is committed to implementing a strict sustainable development policy with the following aims as agreed in the contract with Groupe PSA:

- make every effort to use the least polluting transport methods available, in line with the most stringent environmental standards;
- prioritise alternatives to road transport and make proposals to reduce CO₂ footprint of transport.

Actions undertaken by the Groupe PSA and associated results are presented in the CSR Report (Section 5.2.5.1).

Greenhouse gas emissions per type of shipment

The methodology to assess greenhouse gas emissions is implemented by GEFECO in collaboration with Eco Transit World. Energy consumption is determined for each traffic flow and by mode of transport, by using an emission factor corresponding to this energy. This measurement is performed in CO₂ equivalent (thus including other greenhouse gases). The scope for downstream distribution includes capillary flows to the dealers.

		CO ₂ eq. emissions in tonnes – 2016 (PCD)		CO ₂ eq. emissions in tonnes – 2017 (PCD)		CO ₂ eq. emissions in tonnes – 2018 (PCD)		CO ₂ eq. emissions in tonnes – 2018 (PCD + OV)	
TOTAL		534,506		541,473		569,185		879,344	
Upstream transport	Road	331,185	85%	356,694	88%	365,065	85%	479,086	74%
	Air	41,722	11%	32,740	8%	41,947	10%	133,952	21%
	Rail	0	0%	670	0%	3,877	1%	8,668	1%
	Sea	15,186	4%	14,986	4%	16,130	4%	29,696	5%
	Total	388,094	100%	405,090	100%	427,019	100%	651,401	100%
Ratio of kg of CO ₂ from transport/vehicle produced upstream		192		186		186		204	
Downstream transport	Road	107,670	74%	102,530	75%	112,484	79%	182,494	80%
	Rail	5,755	4%	5,265	4%	4,955	4%	7,547	3%
	Sea	32,987	23%	28,589	21%	24,727	17%	37,900	17%
	Total	146,413	100%	136,383	100%	142,166	100%	227,941	100%
Ratio of kg of CO ₂ from transport/vehicle distributed downstream		71		63		63		62	

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

2.2.2.2.1. Controlling atmospheric emissions

DPEF.18

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

Volatile organic compounds

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

Within the Automotive division, overall emissions of VOCs from the Group's paintshop facilities remain marginal compared with the total VOCs discharged into the atmosphere. As an illustration, VOC emissions of Groupe PSA French plants represent less than 1% of total emission in France (source CITEPA: emissions inventory of atmospheric pollutants and GHG in France 2014, or 689 kt). Despite this fact, VOC emission are the major environmental challenge with regard to emissions on a site-by-site basis.

VOC Emissions from paintshop facilities

Nota: VOC emissions from paintwork and presses (emissions attributable mainly to separating agents) are determined by a material balance method compliant with the principles of the 1999/13/EC Directive.

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

- optimising paint shops by using equipment with higher application efficiency to reduce the use of conventional paints and related solvents, by selecting low-solvent paints and by recycling used solvents;
- designing low-emission paint shops in the new plants by manufacturing a narrower range of products (reducing the primer stage);
- installing air treatment equipment that incinerates VOCs on site when necessary;
- encouraging the sharing of experience and best practices among Group plants.

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

Continued systematic implementation of the best technologies at cost-effective prices is enabling the Group to steadily improve its performance. VOC emissions per vehicle produced have been below 3kg since 2013.

(in tonnes)	Year	VOCs	Ratio (in kg vehicle produced)
Automotive Activities (PCD + OV)	2018	9,294	2.97
o/w OV	2018	2,928	3.25
o/w PCD	2018	6,366	2.86
(PCD)	2017	6,139	2.82
(PCD)	2016	5,506	2.70
Faurecia	2018	2,086	
	2017	1,933	
	2016	1,638	
TOTAL	2018	11,380	
	2017	8,072	
	2016	7,144	

For the Automotive Activities in 2018, comparison with performance of previous years is difficult due to OV integration. Emission from OV plants are above PCD emissions, due to a large part of cars painted in solvent based workshop. On PCD side, the slight increase of VOC emission in kg/car is directly linked with car's size increase (from 99m² in 2017 to more than 101m² in 2018), due to success of Light Commercial Vehicles, and of two colours cars. On another hand painting process improvement in Mulhouse and Rennes (short process) and Mangualde (robotisation) and internal exchanges of Best Practices about reduction of solvent used for cleaning in Zaragoza and Rüsselsheim for example contribute to reduce the average emission of VOC per m² of around 1% at 28.1g/m² for PCD cars, while OV is at 32.5g/m².

Other regulated atmospheric pollutants

In addition to limiting CO₂ emissions as described above, the gradual replacement of conventional high-sulphur fuel oil with low-sulphur fuels and natural gas has helped to substantially reduce worldwide sulphur dioxide (SO₂) emissions from the Group's power plants. Since 2012 and the permanent elimination of fuel oil usage, SO₂ emissions are marginal and around 9 tonnes per year including OV data. At the same time, nitrogen oxide (NO_x) emissions have also declined sharply thanks to improvements in thermal power stations, and the choice of fuels (natural gas as a substitute for fuel oil). NO₂ emissions approach 850 tonnes per year, and the emissions are evenly distributed over all the sites, generating a very limited local impact.

Other direct emissions

SO₂/NO₂ emissions have been calculated from fossil fuel energy consumption (fuel oil, coal, coke, natural gas and LPG), using emissions factors as recognised by the regulations.

(in tonnes)

	Year	SO ₂	NO ₂
Automotive Activities (PCD + OV)	2018	9.03	864.53
o/w OV	2018	4.39	467.83
o/w PCD	2018	4.64	396.7
(PCD)	2017	4.42	394.18
(PCD)	2016	5.05	392.87
Automotive Trade (PCD + OV)	2018	2.47	21.56
(PCD)	2017	2.46	24.25
(PCD)	2016	3.49	25.25
Faurecia	2018	7.64	124.82
	2017	5.71	117.31
	2016	5.93	114.04
TOTAL	2018	19.14	1,010.91
	2017	12.59	535.74
	2016	14.47	532.16

The above-mentioned data from brands and Faurecia was reported from the same proportion of sites as for indirect energy consumption (see 2.2.2.1.1).

2.2.2.2.2. Protecting the soil **DPEF.18 DPEF.25**

Automotive Activities and Faurecia

Strict procedures are applied to prevent soil pollution, in particular through the use of retention basins for liquid storage and limiting, to the extent possible, the use of underground pipelines for fluids transport and conducting checks and maintenance on the existing underground pipelines.

In addition, it aims to discover what past pollution may be present in the soils of its sites.

Either at the instigation of public authorities or at the Group's initiative, soil contamination has been assessed at a large number of sites. After extensive investigations, some sites studied are being monitored. Depending on the site, these surveys were supported by a small number of one-time remediation or prevention programmes.

Automotive Trade

Since 2016, the Automotive Trade Department has chosen to carry out soil studies on the installations identified as potentially the most polluting at the time of sale or transfer. Particular attention is paid

to all points of sale with underground structures. The objective is to ensure that the Group's installations are perfectly well-maintained. In case of proven pollution, the Group implements an action plan to treat this pollution, in compliance with regulatory constraints. For France to date, we have a coverage rate of 77%.

2.2.2.3. WASTE AND MATERIALS CYCLES: PRODUCTION PROCESSES DESIGN TO REDUCE USE OF RESOURCES AND INCREASE WASTE RECOVERY

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

2.2.2.3.1. Reducing material consumption via optimised manufacturing processes **DPEF.23**

Efforts to reduce materials consumption are largely focused on the product design phase (see 2.2.1.1.1). Work on reducing vehicle mass entails an overall reduction of material mass, particularly steel, in the production of the Group's vehicles (see 2.2.1.3.1).

In addition to efforts to reduce product mass, Groupe PSA plants' stamping business line has developed an approach to the Material Use Coefficient (MUC) which optimises consumption of sheet metal during the process of forming body parts. This action contributes directly to keeping the main source of industrial waste under control, as two thirds of the 654,636 tonnes of waste metal are scraps from stamping. Even though all of these scraps are recycled in foundries, their reduction remains a major issue. The MUC strategy helps people to measure the progress made in stamping design. It quantifies the proportion of stamped material used to produce the cars compared to the amount of sheet metal that was received. As a result, this coefficient increased from 47% for the Peugeot 207 to 55% for the Peugeot 208. It reached 60% for the new Peugeot 3008 and for the Opel Corsa the MUC went from 52.8% up to 55.3% for the new model. This methodology is used for all new models.

For the other third of waste metal, which consists essentially of machine shavings, the development of aluminium parts and pressure die casting design have been determining factors in reducing the quantities of machining waste. Pressure die casting, which limits the thickness of materials, is now widely used to produce the Group's engine blocks. Chips, which are dried and compressed into briquettes to recover the cutting fluids reintroduced into the machining process as much as possible, are then returned to the Group's foundries or to steelmakers.

As for production processes, paint solvent regeneration is a process that has been in place for many years. Technical cleaning and purging solvents used by facilities are recovered and regenerated at a service provider before reintegration into the same cleaning process. Accordingly, operations related to the painting of the cars are carried out with solvents following a circular economy process.

2.2.2.3.2. Reducing waste production and promoting recycling by introducing circular economy loops **DPEF.20**

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

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

- the weight of waste per vehicle processed outside of Groupe PSA sites has been reduced by more than 63%;
- analysis and characterisation of waste produced during the different stages of production (casting, foundry work, mechanical parts manufacture, stamping, paint and final assembly) have made it possible to identify processing channels that provide an alternative to landfill. The gradual deployment of new outlets, depending on locally available treatment solutions, is driving a steady increase in the waste recovery and on-site recycling rate, which is now above 91%.

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

When waste metal is taken into account, Group plants reclaim or recycle 97% of their industrial waste.

For Automotive Trade in Europe, the Group is reinforcing its ambition to sign framework agreements with specialist hazardous and non-hazardous waste management providers. This approach makes it possible to optimise waste monitoring and to ensure its traceability within treatment networks and is one of the performance objectives for personnel responsible for overseeing business and financial performance within PSA Retail Management bodies.

Pursuant the action already engaged, a better characterization of the waste gives the opportunity to reduce the amount of waste landfilled, of almost 30% in 2018 compared with 2017.

Total weight of waste by type and disposal method

PCD AUTOMOTIVE ACTIVITIES (EXCLUDING WASTE METAL – ALMOST ALL OF WHICH IS RECYCLED)

(in tonnes)	Year	Landfilling	Recovery and recycling	Other disposal methods	Total	On-site recycling
Foundry waste	2018	0	58,539	2,104	60,644	103,313
	2017	1,511	52,819	794	55,124	103,320
	2016	4,830	43,671	0	48,501	95,946
Non-hazardous process waste	2018	3,400	73,986	5,589	82,975	1,478
	2017	4,328	67,386	4,013	75,727	1,744
	2016	4,570	58,962	2,413	65,946	2,240
Hazardous process waste	2018	311	22,289	14,051	36,651	
	2017	278	19,060	11,839	31,177	
	2016	461	16,515	12,652	29,628	
TOTAL	2018	3,711	154,814	21,745	180,270	104,791
	2017	6,117	139,265	16,646	162,028	105,064
	2016	9,861	119,148	15,065	144,075	98,186

DECLARATION ON EXTRA-FINANCIAL PERFORMANCE

Embracing environmental issues

OV AUTOMOTIVE ACTIVITIES (EXCLUDING WASTE METAL – ALMOST ALL OF WHICH IS RECYCLED)

(in tonnes)	Year	Landfilling	Recovery and recycling	Other disposal methods	Total	On-site recycling
Foundry waste	2018	0	0	9	9	0
Non-hazardous process waste	2018	833	38,353	525	39,711	
Hazardous process waste	2018	168	5,600	2,797	8,565	0
TOTAL	2018	1,001	43,953	3,322	48,285	

The table above does not include waste metal (654,600 tonnes in 2018), nearly all of which was recycled.

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

In 2018, the total quantity of waste output by the Automotive division is at a ratio of 107kg/car, with 128kg/car for PCD (including foundry waste, and 53,8 without foundry waste) and 53.5 for OV plants.

Compared with 2017 results, for PCD activities, it can be noted a strong reduction of waste in landfill. The biggest part of hazardous waste transferred in this way of treatment are waste with asbestos, result of demolition of buildings according to the programme of footprint reduction of the plants. For the non hazardous waste in landfill, 40% comes from South America and Russia where

alternatives ways of treatment are not so developed, and the remaining quantities are waste from mechanical plants. Nowadays landfill represent only 1.6kg/car, compared to 2.12kg/car in 2017.

The increase of waste per car is homogeneous between the different types of waste, but the causes differ. Hazardous waste and foundry waste increase due to production increase, especially waste from paint shops, and machines dismantling as result of plants compaction, while non hazardous waste comes from packaging waste, in line with numerous launches of new products. The success of these new cars has imposed to find substitution packaging to follow the ramp up.

In addition, the industrial sites of Vigo and Rennes and most of OV facilities meet the plants of Trnava, Sochaux, Mulhouse, Poissy, Hérimoncourt, Valenciennes and Saint Ouen as landfill free plants (except the tiny fraction required by law to be buried).

AUTOMOTIVE TRADE – OWN BRAND NETWORK SCOPE (EXCLUDING WASTE METAL)

(in tonnes)	Year	Landfilling	Recovery and recycling	Other disposal methods	Total
Non-hazardous process waste (PCD + OV)	2018	717	5,039	55	5,812
(PCD)	2017	991	6,448	102	7,541
(PCD)	2016	346	8,892	58	9,296
Hazardous process waste (PCD + OV)	2018	52	2,620	124	2,796
(PCD)	2017	53	3,242	156	3,450
(PCD)	2016	24	3,221	201	3,447
TOTAL (PCD + OV)	2018	769	7,659	179	8,608
(PCD)	2017	1,043	9,690	258	10,991
(PCD)	2016	370	12,113	259	12,742

Major efforts to define waste treatment processes were conducted in the PCD dealership network since 2016 in order to assign treatment processes to the waste produced, thus helping to reduce the amount of waste going to landfill by default. Although the data showed a decline in this area, efforts continued in 2018 and extended to OV dealership. The above-mentioned data from brands was reported from an average 93% of their sites in 2018 (92% in 2017 and 97% in 2016).

This table does not include waste metal (1,609 tonnes in 2018, recycled at 97%).

FAURECIA (EXCLUDING WASTE METAL, 100% OF WHICH IS RECYCLED)

(in tonnes)	Year	Landfilling	Recovery and recycling	Other disposal methods	Total	On-site recycling
Non-hazardous process waste	2018	46,854	99,223	10,065	156,143	2,067
	2017	45,591	91,020	4,215	140,826	2,517
	2016	48,073	81,548	4,649	134,270	13,419
Hazardous process waste	2018	1,420	7,514	8,760	17,694	126
	2017	1,310	7,586	7,281	16,177	63
	2016	1,444	6,721	7,062	15,227	-
TOTAL	2018	48,273	106,737	18,825	173,837	2,193
	2017	46,901	98,607	11,496	157,003	2,580
	2016	49,517	88,269	11,711	149,497	13,419

This table does not include waste metal (74,827 tonnes in 2018), 100% of which is recycled.

2.2.2.4. CONTROLLING THE WATER CYCLE ON FACILITIES

2.2.2.4.1. Reducing water consumption **DPEF.22**

For the Automotive division, saving water is a challenge for every manufacturing plant. As with energy, each plant has its own water consumption management plan based on metering systems, the display of the least water-intensive operating parameters for each

workstation and the deployment of recycling systems. Since 1995, these measures have led to a 75% reduction in water consumption per vehicle produced in PCD plants, thereby helping to conserve resources.

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

WATER USE

(in m ³)	Year	City water	Surface water	Underground water	Total
Automotive Activities (PCD + OV)	2018	2,511,557	6,096,420	3,313,731	11,921,708
o/w OV	2018	648,464	2,708,158	803,310	4,159,932
o/w PCD	2018	1,863,093	3,388,262	2,510,421	7,761,776
(PCD)	2017	1,870,739	2,914,497	2,711,309	7,496,545
(PCD)	2016	1,776,519	3,151,690	2,836,853	7,765,061
Automotive Trade (PCD + OV)	2018	329,203			329,203
(PCD)	2017	404,806		0	404,806
(PCD)	2016	457,421			457,421
Faurecia	2018	2,090,818	381,770	894,854	3,367,442
	2017	1,947,167	72,511	1,092,910	3,112,588
	2016	1,905,407	401,170	1,091,899	3,398,476
TOTAL	2018	4,931,578	6,478,190	4,208,585	15,618,353
	2017	4,222,712	2,987,008	3,804,219	11,013,939
	2016	4,139,347	3,552,860	3,928,752	11,620,959

The data provided above do not take into account 62,824,013m³, at 99.9% from surface water used for cooling cogeneration plants. This abstracted water is directly rejected in the river, and the sole impact on quality is a slight increase of the temperature, largely below 1°C. The average water consumption per car produced is around 3.81m³/car which is the new starting point for Groupe PSA, with 3.49 for PCD and 4.63 for OV. PCD performance decrease despite the fact that all plants reduce their consumption per car produced. This is only the result of change in production repartition, with a huge increase in production in Sochaux, due to the success of 308

and 3008. Sochaux is the oldest plant of Groupe PSA, with long and old underground water pipes, with leakages hard to find and plug and is then the PSA' highest consuming plant per car produced.

For Automotive Trade, water consumption continues to sharply decrease, with a new drop of around 20% compared to 2017.

Data was reported from 99% of sites in 2018 (90% in 2017 and 94% in 2016). Water consumption at dealerships was mainly for sanitary use and vehicle maintenance for points of sale with their own car wash.

2.2.2.4.2. Water treatment

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

effluent from the car plants, the risk of eutrophication and acidification is negligible. Additionally, the continued application of the nickel-free surface treatment process (Green STT) undertaken for several years now in the body factories has made it possible to significantly reduce the quantities of this heavy metal in the factories' end waste.

GROSS DISCHARGES INTO WATER FROM PLANTS **DPEF.18**

(in kg/year)	Year	COD	DBO5	MES
Automotive Activities (PCD + OV)	2018	1,849,692	579,551	242,527
o/w OV	2018	252,599	19,723	18,572
o/w PCD	2018	1,597,094	559,828	223,954
(PCD)	2017	1,498,471	564,996	271,341
(PCD)	2016	1,467,091	511,104	260,032
TOTAL	2018	1,849,692	579,551	242,527
	2017	1,498,471	564,996	271,341
	2016	1,467,091	511,104	260,032

BOD5 = biochemical oxygen demand in five days; COD = chemical oxygen demand; SM = suspended matter.

Nota: Data for Faurecia have not been consolidated because the differences in regulatory requirements worldwide mean it is not possible to consolidate indicators in a uniform manner.

For Automotive Activities, around than 10% of the effluent presented above is released into the environment after full treatment in an integrated plant. The remainder is channelled to public waste water plants for further treatment. Polluting discharge remains generally constant, as shown by PCD results during the 3 last years, thus illustrating the stability and performance of internal treatment facilities.

At Faurecia, when water is contaminated during the manufacturing process and must be treated before discharge, the sites most often use the collective network (for 60% of water discharged). Other sites have in-house installations (14% of discharges). Other, uncontaminated water is discharged directly into the natural environment.

2.3. SOCIETAL COMMITMENT TO SUSTAINABLE DEVELOPMENT

2.3.1. Responsible supply chain management

2.3.1.1. SUPPLIERS: VITAL LINKS IN THE VALUE CREATION CHAIN **DPEF.30**

Type of automotive purchases

The Group's purchases include:

- direct material parts: purchases of direct vehicle parts and mechanical subassemblies, direct purchase of materials. Purchasing of serial parts represent more than 75% of production cost of a vehicle;
- spare parts and accessories;
- indirect machinery & equipment: SG&A, services, commercial facilities, competition, information technology and telecoms.

WORLDWIDE PURCHASES IN 2018 BY REGION

(in million euros)	Europe	Latin America	Eurasia	Middle East Africa	China	Total
Direct parts	30,776	549	133	81	68	31,607
Spare parts	1,830	32	-	-	-	1,830
Indirect Machinery & Equipment	7,549	179	27	35	425	8,215
TOTAL	40,155	728	160	116	493	41,651

Groupe PSA Automotive division purchases amount in 2018 reached €41 billion, which corresponds to 55% of the Group's revenue.

Faurecia has a special status – on the one hand being a subsidiary, on the other also a supplier to other car manufacturers which are direct competitors of Groupe PSA. This requires these units to be strictly separated, including the purchasing function. However, the principles of responsibility within the Group and a strategic supplier apply.

Groupe PSA suppliers

Long-term relationships with its suppliers are crucial for Groupe PSA. The Purchasing Department pursues on creating a "win/win" situation. The aim of this approach is that each partner will share its know-how and establish a long-term relationship through an ongoing improvement process.

The Group aims to surround itself with suppliers who, by virtue of their sound financial structure and capacity for innovation, are capable of supporting the Group's global expansion.

Purchasing as part of the Group's strategy

Purchasing is a key function for the Group's international development and its integration in the industrial landscape of all countries having local operations. Chapter 4 of the Group's CSR Report contains the following in detail.

Local sourcing is a key element of Groupe PSA procurement policy

Given the economic challenges of its presence in host countries, the Group is committed to make supplier relationship management a key element of its strategy. It believes that deploying a responsible purchasing policy means sourcing suppliers as close as possible to its production plants. This enables to:

- reduce the Group's carbon footprint by means of environmental optimization of upstream logistics;
- enroll suppliers in a forward-thinking approach to technology, logistics and CSR;
- increase the Group's due diligence by virtue of operational proximity to its partners.

The local sourcing ratio is the value of purchases for a region from Tier 1 suppliers divided by the total value of the purchases for this region. For example, the local sourcing rate is 86.9% in Europe and 57.5% in Latin America.

Groupe PSA is a full-fledged partner to its host countries. Thus, it commits to continue to enforce its strategy to source as close as possible nearby its production plants, which also contributes to maintain subcontracting activities on-site.

The "Origine France Garantie" label is a guarantee for consumers that the product they purchase is French-made. In total, 14 Group vehicles are currently certified.

Thanks to its deep manufacturing roots in France (1.2 million vehicles produced in France in 2018, an increase of 6.4% vs. previous year), the Group has once again made a strong positive contribution to France's trade balance, with nearly €5 billion surplus and a positive import-export balance of 362,000 vehicles in 2018.

A strong commitment: supplier clusters

Focusing on the Moroccan cluster: Groupe PSA is building an engine and vehicle assembly plant at Kenitra (near Rabat) in Morocco. The production plant will be built on an area of 100 hectares, of which 40 are reserved as supplier cluster. Work on the plant is set to finish in 2019, and in 2020 the plant will already increase capacity from 90,000 to produce 200,000 vehicles. The local sourcing rate is initially estimated at 60%, but will eventually rise to 80%. The goal is to create, at the end of 2019, approximately 2,200 direct jobs for Groupe PSA, 3,700 direct jobs with our suppliers and 20,000 indirect jobs.

2.3.1.2. SUPPLIERS: LINCHPINS OF THE SUSTAINABILITY CHAIN DPEF.30 DPEF.34 DPEF.35

Groupe PSA believes that there can be no performance without responsibility. As a member of the United Nations *Global Compact*, the Global Purchasing procurement policy contains the rules set by the International Labour Organization (Human Rights, child and forced labour), health and safety standards, environmental practice standards (ISO 14001) and strict regulations on the use of materials and substance emissions (REACH regulations for example). Procurement of specific materials such as conflict minerals is also the subject of particular attention. This policy is published and can be accessed on the Group's website.

Considering the limited sphere of influence though the entire supply chain, Groupe PSA expects all its suppliers to share the equal due diligence in regard to CSR risks in their entire downstream supply chain as well.

2.3.1.2.1. Groupe PSA procurement policy: performance and responsibility

The Purchasing Department determines and manages procurement policies and strategies globally and acts as interface between Groupe PSA and its suppliers. Its role is to build and maintain a robust supplier data base at the best technical, industrial and economic level. It also guarantees the quality and security of the Group's supplies, by ensuring that suppliers comply with Group standards, particularly in terms of quality, logistics and sustainable development. The Purchasing Department is responsible for purchasing of all departments of the Group (excluding Faurecia).

Procurement policy social, ethical and environmental standards **DPEF.42**

CSR is implemented globally. This enables to bring all stakeholders together to ensure that progress already made will be long-term persistent and will be valid and respected across the entire supply chain. By joining the United Nations Global Compact in 2003, Groupe PSA pledged to uphold and promote, and to encourage its suppliers to uphold and promote the ten principles inspired by the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption.

Incorporating workforce-related and social criteria into the purchasing process: focusing on Human Rights

Groupe PSA Human Rights policy is implemented in line with OECD recommendations. For further details, please refer to Chapter 4 of the CSR Report.

For example: Groupe PSA policy on conflict minerals.

A specific clause has been added to the general purchasing terms and conditions (Article 14), stipulating that suppliers must provide details of the composition of materials used in the manufacture of the parts supplied as well as of any changes to this composition. In addition, suppliers must provide in writing all information required in order to comply with current legislation, in particular with regard to consumer protection and conflict minerals. The Purchasing Department, supported by the Research and Development Department responsible for sensitive products, systematically approaches the entire panel of approved suppliers in order to identify the suppliers potentially using conflict minerals. These are requested to complete the CRMT template (former EICC-GeSI). In case if materials are identified that potentially might be shipped from non-compliant or illegal sources, an alternative source or supplier must be found. Groupe PSA thus intends to exercise its duty of care and take part in the introduction of sustainable procurement.

Suppliers largely contribute to achieve Groupe PSA environmental objectives

Most of the Group's suppliers are from industries that are faced with the same environmental challenges as the Group itself: reducing their carbon footprint and water consumption, curbing their industrial emissions, improving waste recycling or preserving biodiversity. Groupe PSA involves them in initiatives that follow its environmental roadmap.

The Group's environmental objectives for its products are translated into contractual commitments via specifications and purchasing policies targeting two areas: the nature of the materials used and CO₂ emissions generated.

Moreover, collective catering service providers of Groupe PSA are committed to struggle against food waste.

Groupe PSA strong commitment to the adapted sector

For over 20 years, Groupe PSA has been sourcing direct parts (e.g.: instrument panels, interior trim, pedals, etc.) from the sheltered sector. Subcontracting to this sector is one aspect of the Group's agreement for the social and occupational inclusion of people with disabilities. The sixth agreement was signed on 21 February 2017.

Nowadays, suppliers from the sheltered sector are expected to meet the same criteria as the rest of the Group's suppliers in terms of quality, reactivity, economic performance, etc. The Purchasing Department, alongside with all other Groupe PSA departments, supported these suppliers to evolve in order to achieve this level of performance. As a result of this support, improved expertise

enabled some sheltered workgroups/companies to demonstrate their know-how to other clients and other business segments (railways, aeronautics, etc.).

Steps taken by Monozukuri with certain sheltered workgroups/companies helped to further improve this type of partnership (example: integration of an Adapei du Doubs team on the Groupe PSA Sochaux site, decision to integrate workers with disabilities from the supplier Bretagne Ateliers into the La Janais plant at Rennes in 2018 where they will perform all assembly functions).

Key figures:

- services purchased from the adapted and protected sector represent €49.8 million in added value;
- 100% of cars manufactured by the Group in Europe include at least one part manufactured by the sheltered and adapted sector.

2.3.1.2.2. Exercising due diligence **DPEF.35**

Groupe PSA follows OECD Directives on exercising a duty of due diligence within its supply chain.

This is based on analyzing risks (mapping) to identify and prioritize the actual, or potential, negative impacts of its suppliers' activities (section 4.2.2.1 of the CSR Report). If risks are identified, Groupe PSA has a prevention system which includes implementing and monitoring specific action plans with the suppliers in question, to prevent or mitigate any impacts. In the event of actual incidents, Groupe PSA is set up to contribute to remedial actions in resolving the issue. To enable full transparency, diligence, measures taken, and results obtained are published in the annual CSR Report.

Identifying CSR risks in the supply chain

The numerous crises experienced by the automotive industry over the last few years have enabled the Group to develop its risk analysis process to improve the ability on early risk prevention and be more reactive once a risk has been identified.

In line with the Group's risk policy (see 1), purchases can be broken down into 710 different commodities to which the Purchasing Department applies a multi-criteria (quality, logistics, financial, CSR, etc.) risk analysis to define "Technical and Industrial Purchasing Policy" for each commodity. The policy is drawn up by the buyers in collaboration with experts from other divisions of the Group: financial analysts, logistics experts, quality experts, engineers, etc.

Steps taken to prevent risks: training and systematic CSR Performance evaluation for suppliers

Buyer trainings

Every year, the Group's purchasing school organizes training sessions for new buyers in Europe and in Latin America. A special CSR module, annually updated, is deployed for this occasion. Since 2008 534 PCD people have been trained in Europe and in Latin America. 78% of Global Purchasing & Supplier Quality division (GPSQ) population got trained up from 65% in 2017. In 2018, additionally more than 307 OV people were trained all over Europe on the Groups' CSR approach and how to perform CSR.

In addition, each operational buyer is trained on an ongoing basis in developments in regulatory constraints, best practices, tools responsible purchasing (including ethics, Human Rights, environment, etc.).

Following the Group's decision to have its entire approved supplier panel assessed by an external provider, EcoVadis, all buyers were trained in the changes to the CSR regulatory framework and the Group's expectations.

Supplier training

Ambition of Groupe PSA is to have 90% of its suppliers trained in the Group's CSR risks and requirements by 2025. To achieve this objective, it supports its suppliers by providing them with lots of information and training tools to enable them to improve their practices.

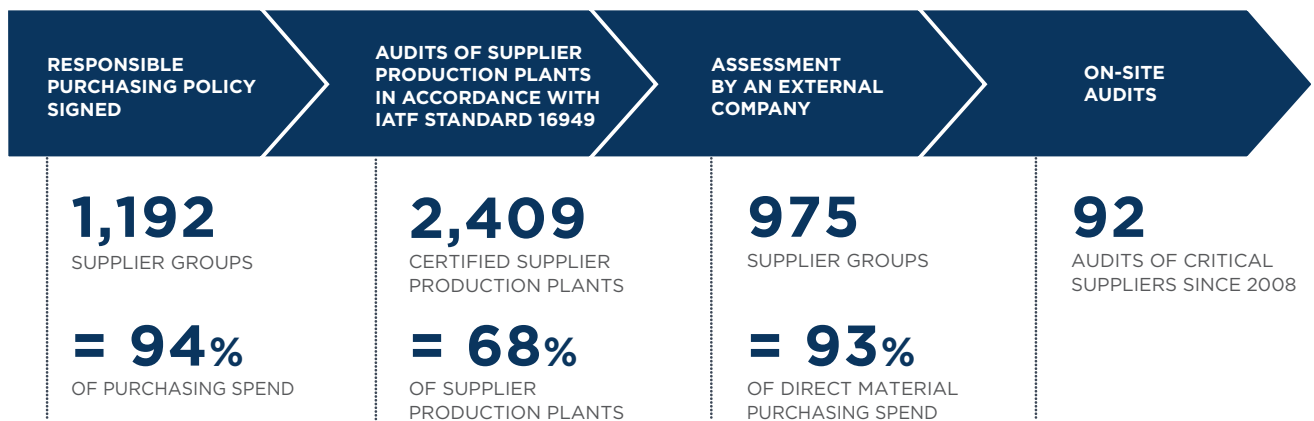
- supplier information meetings are organized on a monthly basis to inform suppliers about the latest developments in CSR, to let them know about the Group's expectations in terms of CSR and to inform them of legal and regulatory changes regarding CSR matters.

- an e-learning training course on CSR principles is available on their CSR performance evaluation platform.

Formal commitment from suppliers and evaluation of their CSR performance

Evaluation of suppliers' CSR performance is a key factor for the Group when it comes to selecting suppliers during calls for tenders. More than 90% of supplier selections were made with a strong CSR assessment in 2018. This assessment consists comprises suppliers' commitment to comply with CSR requirements of the Group and the results of assessment questionnaires and audits.

Supplier CSR assessment process



Signature of the Responsible Purchasing Policy

In 2017, charter **"Groupe PSA requirements on social and environmental responsibility with respect to its suppliers"** was revised and renamed. It outlines the Group's CSR policy and sets out the commitments that suppliers working with Groupe PSA must abide by, including respect for animal welfare (see 4.2.2.2 of CSR Report). The policy is available in several languages on the Group's B2B portal.

The Group's CSR requirements:

- are based on a personal commitment to monitoring: since 2010, the Group's Code of Ethics has specifically mentioned the integration of ethical and environmental criteria into the supplier relationship;
- are gathered in an *ad hoc* reference guide for suppliers: these requirements make explicit reference to the Global Compact, the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on the Environment and the United Nations Convention against Corruption;
- are distributed to the most important suppliers of the Group and to suppliers associated with high-risk countries or commodities. These suppliers are asked to formally commit to comply with Groupe PSA guidelines or to demonstrate their compliance with equivalent guidelines. As of end 2018, 1,192 suppliers had made this commitment, accounting for 94% of the purchasing spend managed by the Purchasing Department;
- are incorporated into the fundamental principles of supplier relationship management, in contractual documents such as purchasing contracts and purchasing terms and conditions, and in the Group's purchasing processes.

74% of the revenue generated by Mister Auto (equivalent to 0.32% of the annual value of Groupe PSA's purchases) consists of parts purchased from major equipment manufacturers who have signed the "Responsible Purchasing Policy" as tier 1 suppliers.

Audits of supplier production plants to IATF (International Automotive Task Force) standard 16949

Groupe PSA requires that supplier production plants are certified to IATF 16949. This certification is awarded for three years and the certifying body conducts an annual audit to check compliance. Major non-compliances result in suspension of the certificate and supplementary audits to rectify non-compliances. 68% of supplier production plants are certified to ISO/TS 16949 or IATF 16949, and remaining sites have at least ISO 9001 certification.

External assessment

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

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

In 2018, 975 supplier groups, or 93% of the amount of purchases, were assessed.

Audits of critical suppliers

In addition, social and environmental audits are conducted at selected suppliers' plants in accordance with the risk level associated with their country, product or process. Since 2008, 92 social and environmental audits have been performed at tier 1, 2 or 3 suppliers. Chapter 4 of the CSR Report presents the results of these audits in detail.

2.3.2. Consumer safety and protection DPEF.36

2.3.2.1. COMMITMENT TO ROAD SAFETY

The safety of each individual road user has always been the primary priority of Groupe PSA.

At all stages of the vehicle lifecycle, Groupe PSA implements and maintains a global state-of-the-art safety approach.

The Group is continuously improving three aspects of vehicle safety: primary, secondary and tertiary. It is also carrying out vital work on the vehicle resistance to intrusion and new threats linked to cyber security of the connected vehicle.

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

Primary safety: avoiding accidents

Groupe PSA develops devices to improve:

Chassis systems

- ABS (Anti Blocking System)
- EBA (Emergency Brake Assist)
- ESC (Electronic Stability Control)
- TPMS (Tyre Pressure Monitoring System)

Control of trajectory and safety distances

- LDWS (Lane Departure Warning System)
- LKA (Lane Keeping Assist)
- LPA (Lane Positioning Assist)
- The front collision warning function
- ACC (Adaptive Cruise Control)
- SLI (Speed Limit Information)
- ISA (Intelligent Speed Adaptation)
- AEBS (Autonomous Emergency Braking System)
- DAA (Driver Attention Alert)

Ability to see and be seen better

- Lighting to support the safety functions (including automatic activation of emergency flasher lights in the event of sudden deceleration, LED daytime running lights and automatic dipped beam/main beam switching).
- A Blind Spot Monitoring system that indicates the presence of a vehicle (particularly a motor bike) in a blind spot zone through a pictogram in the wing mirror; the Blind Spot Monitoring system and LKA can be linked up to warn the driver of the presence of a vehicle in the blind spot when changing lane.

Ergonomics and Human-Machine Interface (HMI)

- HMIs enable diagnosing the state of alertness of the driver and suggest interactions that will enable to refocus him on driving.
- Through a collaborative project called SCOOP@F (which succeeded SCOREF) investigating "car to x" applications of NTIC (New Technologies for Information and Communication), researchers are looking at ways to send drivers targeted information that may either warn them about risks of an accident (suggested speed, weather alerts, traffic, identified obstacles, etc.) or provide a service (service stations, recommended route, etc.).

The project is in its experimental phase and the results of the user tests will allow Groupe PSA to provide in the near future a new V2X ergonomic experience (vehicle to infrastructure) in a 5G environment to follow the regulation evolution.

Secondary safety: protection during an accident

The *Laboratoire d'Accidentologie, de Biomécanique et d'Étude du comportement humain* (LAB) is a road safety association created jointly by Groupe PSA and Renault. Unique in its kind, LAB has conducted, since 1969, research projects (27,582 accidents in its database) to enhance understanding of accident mechanisms and their related injury mechanisms.

Groupe PSA is primarily working in two areas:

- **chassis and body structure:** to make the passenger compartment a real survival cell by reducing strain and intrusion;
- **airbags and restraint systems:** to ensure a reduction in the impact on occupants in crashes through sophisticated restraint systems.

Tertiary safety: post-accident emergency response

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

- **emergency call system:** implementing the devices before European regulation PE/112 comes into effect on 30 March 2018, the Group is the only mainstream car manufacturer to have deployed since 2003 a wide-scale, location-aware emergency call system, without a subscription or any cut-off date and operational 24/7. In the event of an accident in an ATB-equipped vehicle, the system automatically alerts a dedicated assistance centre that can accurately locate the vehicle. In case of medical emergency or aggression, the occupants can manually alert the assistance centre. This saves time and allows for more effective assistance to be provided. According to the European Commission, equipping every vehicle on the road with such a system would save more than 2,500 lives a year in Europe. The emergency call system is particularly useful when accidents occur in isolated areas with no eyewitness. Confidential information on customer movements is not retained.

Motorway control centres in France are automatically warned of any accidents on their roads via the emergency call service in equipped Peugeot, Citroën, DS Automobiles and Opel vehicles. It is a legal constraint in France. Drivers can also use eCall from their vehicle to alert the emergency services if they witness an accident. Other drivers can then be warned of potential dangers ahead via messages displayed on motorway signal boards.

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

- **victim removal instructions and rescue sheets:** to facilitate the job of first responders after a casualty, the Group works with French rescue teams to prepare victim removal instructions for each of its models. Meanwhile, Groupe PSA steered ISO work on defining an international standard for victim removal instructions. This standard has been applicable since January 2015 and will become an international standard. ISO standardisation work continued in 2017 with the drafting of a safety manual standard (all vehicle types), which is currently being validated: the Group is actively involved in this work which is overseen by the CTIF (international association of firefighters and rescue teams).

The Group also contributes to the future EuroNCAP evolutions on tertiary safety.

Results of NCAP programmes tests

The Group vehicles tested by the NCAP organisations in the different regions were awarded strong scores, reflecting the high safety standards we offer to the customers of the Peugeot, Citroën, DS, Opel and Vauxhall brands.

The perimeters of these programmes change over time to take into account new requirements. For instance, in Europe:

- since 2009, a new Euro NCAP rating system has been in place: vehicles tested are now awarded an overall rating that *takes* into account results such as the protection of adults, pedestrians and children (so far, these had been awarded three different scores), as well as the presence of road safety features;
- from 2014, Euro NCAP took into account not only secondary vehicle safety performance but also the performance of primary

safety systems, such as the Lane Departure Warning and automatic emergency braking system for vehicles. This more stringent test adversely affected the Euro NCAP rating: a five-star rating is now only awarded to vehicles also fitted with this type of equipment while a four-star rating is awarded to vehicles with a high level of secondary safety;

- from 2016, the Euro NCAP also assessed the performance of the automatic emergency braking systems for pedestrians and the Lane Keeping Assist;
- from 2018, Euro NCAP highly strengthened the requirements and coverage of ADAS evaluations.

The Euro/China/Australian/Latin/Korean/Asean NCAP performances of the Group's vehicles are set out in Section 2.3.2.6 of the 2018 CSR Report. There are no results for US NCAP and IIHS since no models were sold in the US, nor for Japan NCAP, since no models were tested.

Cybersecurity of the connected vehicles

Faced with the emergence of new threats linked to malicious attacks on vehicle computer systems (hacking), Groupe PSA has introduced operating safety guidelines and a set of procedures, together with a special operating safety organisation, based on the work of a group of experts who are also working on drafting international standards on operating safety and personal data such as the General Data Protection Regulation (see 2.3.2.2). The organisation is tasked with compiling immediate responses in the event that risks are detected at the design stage, or by customers on existing vehicles, and with constructing a secure onboard electronic architecture for future Group vehicles, beginning with the driverless connected vehicle. The Group is in particular involved in research work on transport safety (IRT SystemX) to define security solutions.

2.3.2.2. CONSUMER PROTECTION

Protection of personal data

For Groupe PSA, the collection and processing of personal data is essential to build, maintain and personalise the link between customers and the organisation, to enable us to offer them the services and products they want. These processes must respect the principles of lawfulness, fairness and transparency, to ensure that consumers trust the use that will be made of their data, in the context of the new European privacy regulation (General Data Protection regulation - GDPR) which applies since 25 May 2018.

Beyond the compliancy with the regulations, the processing of personal data is therefore an issue of trust and competitiveness.

For many years, Groupe PSA committed to an active process with the French Data Protection Commission, CNIL, which led to the publication of a "conformity package for connected vehicles" in October 2017, which explains how the new regulations apply to the vehicle and connected services.

The Group is also represented in local or European bodies such as CCFA (*Comité des Constructeurs Automobiles Français*), VDA (*Verband Der Automobilindustrie*), ACEA (European Automobile Manufacturers' Association), in order to work with the European authorities to define how the GDPR will be applied to car manufacturers' activities.

Groupe PSA has designated two Group Data Protection Officers (DPO): one for PCD and one for OV.

On their respective perimeters within Groupe PSA, they are in charge of monitoring compliance with the rules of protection of

personal data, to inform, advise and issue recommendations, establish the respective data protection culture and cooperate with the respective responsible authorities of supervision (e.g. CNIL in France) on issues related to the processing of personal data.

Two networks of in-house representatives back up the Group DPOs:

- one dedicated to business divisions: the network of Internal Control and Risk managers;
- and one for European National Sales Companies: the Privacy Champions. (Until the convergence of OV and PCD organisations in 2019, OV National Sales Companies keep their existing local DPO.).

Managers of Groupe PSA ensure integration by design for the protection of personal data and compliance when processing the affected activities, even when working with external subcontractors or services. Each employee is involved in respecting the Group's Data Protection Policy.

Indeed, Groupe PSA published an internal Group Data Protection Policy in March 2018. The main purpose of this Policy is to ensure Groupe PSA set up appropriate governance and control structures, methods and procedures, regarding the protection of personal data:

- by giving transparent information to customers:
 - periodic update of all privacy statements;
- by improving the efficiency of the consents' management:

DECLARATION ON EXTRA-FINANCIAL PERFORMANCE

Societal commitment to sustainable development

- permanent check of the privacy statements to detect non-compliant consents, design & implementation of a central tool for consent management;
- by facilitating exercise of consumers' rights on their personal data:
 - call centres procedures implemented for May 2018 to answer to the rights of access, to be forgotten, etc.;
- by implementing Privacy by Design/by Default principles during projects:
 - guidelines released in 2018, Groupe PSA projects methods adaptation in 2018-2019, strong Information System Security Policy in force since several years;
- by ensuring the same level of data protection from its subcontractors:
 - OV-PCD converged Data Processing agreement templates defined in 2018, adaptation of purchasing process;
- by permanently making aware or training the managers and the employees:
 - more than 18,000 PCD employees trained with the 30 mn awareness module in 2018;
- by monitoring and periodically auditing the organisation:
 - yearly Internal Audit (first in April 2018), GDPR self-assessment launched in November 2018;
- by constantly improving the security of its data storage and networks:
 - use of the latest cybersecurity techniques to protect against malicious intrusions;
- by monitoring potential security breaches and applying data breaches procedures:
 - SOC (Security Operational Centre) monitoring Information Systems and Networks, data breaches procedure tested and validated;
- by maintaining close and confident relationships with Data Protection Authorities:
 - dedicated point of contact for the respective responsible Supervisory Authorities, in particular for the French CNIL and for the responsible German Supervisory Authority.

Consumer credit

The distribution of retail credit, which accounts for nearly 70% of loans distributed by Banque PSA Finance subsidiaries and branches (approximately 70% of retail credits for customers and companies and 30% to dealers), has been subject to specific legislation to protect consumer rights, particularly in the European Union since the adoption of the Consumer Credit Directive 2008/48/EC, which has now been transposed into national law by the various EU member states.

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

2.3.3. Ethical practices – anti-corruption DPEF.37

The Group's history has engendered a corporate culture based on respect and responsibility. This ethical outlook is formalised through policies, signing of agreements (global framework agreement) and adhering to international standards (Global Compact). Groupe PSA reaffirms its ambition to be the industry benchmark for responsible development. This ambition implies compliance by leaders and all employees with shared ethical rules of conduct.

THE GROUP'S ETHICS POLICY AND ITS REFERENCE DOCUMENTS

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

The Code of Ethics includes detailed information regarding the prohibition of anti-competitive practices and corruption, the prevention of conflicts of interest, gifts and non-interference with political activities. The Code is expanded and includes a foreword on the formal commitment made by the Group's executive managers, which has been signed by the Executive Committee. It was slightly updated in 2017. The Code is accompanied by an illustrative document "Daily ethics", an operational guide comprising examples of situations that might occur in respect to each rule. These documents are available on the Group's intranet and internet site. They form part of the new employee documents given to all new staff.

In 2017, Groupe PSA adopted an anti-corruption Code of Ethics annexed to the internal rules and applicable to all employees. The Code sets out the Group's **zero tolerance policy with regard to corruption in all its forms**: active corruption, passive corruption, direct or indirect, influence peddling, corruption in public or private

organisations, facilitating payments, favouritism, extortion, collusion with a supplier, client or partner, money laundering, misappropriation of funds, excessive gifts or advantages, given or received, which may compromise the impartiality of a supplier, customer or partner.

In 2018, a comprehensive anticorruption programme including elaboration of a Group risk mapping, validated by ECXOM, roll out of this Code in all countries, implementation of the whistleblowing system, training of around 17,700 people, enhancement of Due Diligence process of partners with notably a new screening tool, etc. is being rolled out (see 6 of CSR Report).

A set of precise educational internal control procedures which deal with the major themes of business ethics and compliance (anti-corruption, compliance with competition law, Data Privacy, export control) are available for the different departments. As part of its internal control measures, the Group's structuring processes are assessed to ensure that they incorporate, in particular, the principles intended to prevent corruption: segregation of tasks, double or triple validation, proper treatment of conflicts of interest, verification of partner integrity, declaration of gifts, etc.

GOVERNANCE, WHISTLEBLOWING AND MONITORING SYSTEM

In 2010, the Group created an **Ethics and Compliance Committee, which reports to the Executive Committee**. It is chaired by the Group General Secretary and brings together the Director of Human Resources, the Head of Protection Audit and Risk Department and the Chief Legal Officer. If a case of non-compliance poses a major risk to the Company, this committee alerts the Managing Board, which then decides whether to inform the Supervisory Board's Finance and Audit Committee.

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Since 2017, the Ethics and Compliance Committee relies on five compliance officers who are tasked respectively with ensuring compliance with competition law, anti-corruption law, data privacy, vehicle certification compliance and export control. Led by the Chairman of the Ethics and Compliance Committee, to which they report, they have a network of internal control and risk coordinators (ICRCs) to ensure the rollout of the compliance programme of which they are tasked with verifying.

In 2017, in the desire for convergence with Opel's organisation and methods, the compliance officers teamed up to work on each theme, one officer from Opel and one from PCD taking the role of leader or deputy. The METRIC (Management of Ethics, Risks, Internal Control and Compliance) team overseen by the Corporate Secretary assists the Compliance Officers and supervises the ICRCs.

These **23 internal control and risk coordinators (ICRC) - one representative per department reporting to the Chairman of the Managing Board-** are, **under the leadership of their Head of department**, who stays responsible for ethics and compliance in his department, ICRCs are tasked with ensuring deployment, creating and monitoring the corruption risk mapping and the related action plans, and for ensuring compliance of the operations. They are supported by the Fraud Detection Managers, who are responsible for fraud risk mapping (including external fraud), analysing deficiencies, adapting corrective and prevention measures and leading action plans to fight against fraud. The anti-fraud system is structured, under the control of the Ethics and Compliance Committee, around processes for prevention, detection, investigation and treatment, as well as continued improvement.

Group Executive Management are called to evaluate, within their sphere of activity, by means of annual METRIC (Management of Ethics, Risks, Internal Control and Compliance) reviews, the risks of fraud and their own practices with regard to the Company's ethics and compliance. Reporting directly to their Head of department and led by the network of Internal Control and Risk Coordinators, they are responsible for applying the Anti-corruption Code of Ethics in their area and for implementing suitable prevention systems.

Finally, **the Protection, Audit and Risk Management Department checks that the processes have actually been implemented.** Each year it conducts several Compliance audits (for example, compliance with competition laws in 2016, 2017 and 2018, export control in 2017, and audit of the anticorruption compliance programme in 2018, etc.) Each audit of a site or subsidiary includes a section focusing on risk analysis.

In 2018, **Groupe PSA considerably strengthened its whistleblowing system by implementing, with the help of an external supplier, a global alert system.** This provides all Group employees with a completely secure means, to report their concerns *via* a website. These reports relate to actions that are contrary to law and could have an impact on the Group's reputation, its business or results.

The system is designed to ensure that procedures are in place and efficient processing of these reports, while ensuring complete confidentiality.

SITUATION IN 2018

(consolidated Group, excluding Faurecia)

- No major conflicts of interest or cases of non-compliance with competition law were reported in 2018:
 - in July 2015, the Spanish Markets and Competition National Commission ruled that 21 car manufacturers had exchanged sensitive commercial and strategic information. The Spanish

subsidiaries of the Peugeot España Group and Citroën España were fined €15.7 million and €14.7 million respectively. The Group exercised its right of appeal before the Spanish courts,

- in December 2015, the French competition authority handed down overall fines of €672.3 million to courier companies, of which €30.6 million on GEFCO, for breach of competition law. Groupe PSA is involved because GEFCO was a wholly-owned subsidiary at the time of the events. Both companies have appealed this decision.
- In December 2016, the *Openbaar Ministerie* (the Dutch National Office of the Public Prosecutor) announced that ended the cases of corruption in which Peugeot Netherlands was suspected in a settlement. By agreeing to pay the sum of €2 million, Peugeot Netherlands avoided prosecution for bribery of a Defence official in the 2001-2012 period. The Company fully cooperated with investigators and took measures to strengthen its compliance and enforcement systems. The settlement with Peugeot Netherlands is part of a larger investigation concerning calls for tender for official Police and Defence vehicles. This investigation involves a number of car manufacturers.

Tax policy of the Automotive division

Compliant with the Code of Ethics, based on long-term objectives and in line with its global strategy and targets, the Group's tax policy complies with rules of transparency and responsibility. It is based on the following principles:

1. fiscal policy always complies with applicable laws and regulations. It is guided by relevant international standards (for example OECD Guidelines). Groupe PSA aims to comply with the spirit as well as the letter of the law. Tax filings and payments as well as book-keeping and tax reporting are carried out in compliance with all local regulations in the countries where the Group operates;
2. the Group addresses all tax matters with integrity and transparency. It strives to maintain constructive partnerships with the tax authorities as this can result in the more timely resolution of any disputes. Tax legislation and procedures are, however, complex areas: when it is not possible to resolve a disagreement with the tax authorities quickly and professionally, the Group uses all the available remedies to assert its rights and its interpretation of the law;
3. in all the countries where the Group operates, it manages its tax matters in a pro-active manner:
 - it does not use contrived or abnormal structures that are intended for tax avoidance, have no business justification (tax haven) and do not meet the spirit of local or international law,
 - it strives to meet a two-fold objective: increases the values created for its shareholders and comply fully with all relevant legal and regulatory requirements in line with stakeholder expectations;
4. the Group's fiscal policy also attests to its responsibility. It pays the taxes and duties legally due in the countries where direct economic value is created within the normal course of its industrial or commercial activity. Consequently, all transfers of goods and services among Group companies are conducted under arm's length conditions. The prices of these operations are based on market conditions and reflect the commercial nature of transactions.

For more details on the Group tax organizational structure, see 6.2.2 of CSR Report.

2.3.4. Partnerships and sponsors to promote local community development **DPEF.31 DPEF.33**

Groupe PSA is firmly convinced that mobility is a global societal challenge and a fundamental right, as a cause of autonomy, progress and innovation. Groupe PSA commitment is demonstrated through the actions of its Corporate Foundation and deepened by the discussions that take place within the *Laboratoire de la Mobilité inclusive*. The mobility access experiments conducted also allow the Group to explore new, more inclusive business models.

Through its Foundation, the Group supports actions to remove obstacles to mobility for fragile or precarious groups, promote social integration, strengthen social ties, expand access to culture and education. Some of the projects supported contribute to the fight against precariousness, which leads to lack of food.

Detailed information is available in Section 7.2 of the Group's CSR Report on the PSA Foundation site: www.fondation-psa.com

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2.4. HUMAN RESOURCES: DRIVING GROUPE PSA TRANSFORMATION

Leading the Group's transformation relies on its human resources. The Group must have competitive teams throughout the world to challenge its best competitors. The integration of Opel and Vauxhall teams and the development of new talent in its new technological and geographical boundaries are highlights of 2018 and a pillar of Groupe PSA sustainable performance.

For Groupe PSA, company performance and social performance are bound together. Recognising talent and ensuring equal opportunities are based on merit, to reward individual and collective results. Offering everyone the opportunity to develop and reach their potential provides the Company with major leverage for boosting performance.

To ensure the success of its strategic plan, Groupe PSA also relies on the shared willingness of employee representatives to co-build the future and support change within the Company. This constructive dialogue with employee representatives is a competitive advantage for the Company.

Groupe PSA human resources policy aims to offer an employee experience based on well-being at work, by preparing the future with new working methods and giving a creative space to express individual and collective talents. The goal is to foster sharing, agility and cross-functionality. Digitalisation offers in particular an opportunity to boost collaborative work arrangements and flexibility, and to provide solutions to make employees' everyday lives easier.

Groupe PSA is willing to apply its human resources policy worldwide, using as its foundation the Groupe PSA global framework agreement on social responsibility.

This policy applies to all companies excluding Faurecia, which has complete management autonomy and specific policies described in Faurecia's Registration Document.

For further information on social achievements at Groupe PSA (Automotive division and other activities not including Faurecia), please refer to the Corporate Social Responsibility Report.

2.4.1. Social dialogue

Groupe PSA has shown that co-construction by means of social dialogue within the Company contributes to performance and protects employees. Based on a responsible relationship built on trust and transparency, quality social dialogue helps reconcile economic performance and social performance by implementing the most suitable and pragmatic solutions. This ability is held as a competitive advantage for the Group, in an increasingly demanding environment.

The Group acknowledges the central role of unions in the Company's social dialogue and cohesion. It actively supports employee freedom of association and representation and is committed to respecting the independence and pluralism of unions at all its facilities and implements an active collective agreements policy. 98% of employees are represented by unions or by employee representatives. Employee representation is part of the Group governance (see 3.1.2).

2.4.1.1. CO-CONSTRUCTION WITH SOCIAL PARTNERS

Company agreements **DPEF.8 DPEF.9**

Groupe PSA is committed to driving a collective agreements policy based on a sound understanding of the Company, which looks for innovative solutions and shows its capacity to conciliate the Company's economic and social priorities. In 2018, 183 Company agreements were concluded, 99 within PCD and 84 within OV.

Worldwide, 94% of Group employees are covered by a collective bargaining agreement at sectorial and/or Company level.

Each industrial site, both within PCD and now OV, has its own site project aiming for sustainable performance, supported by a performance collective agreement co-constructed with unions' representatives.

The Global Works Council

The Global Works Council is the body bringing together employee representatives of Groupe PSA at global level. It is part of the co-constructing efforts conducted at international level, with employee representatives from the all with at least 500 employees. The Global Works Council comprises a European body (Group European Works Council) and an extra-European body. Through the extra-European body, all Groupe PSA employees benefit from global representation.

The Global Works Council met once in 2018 and the European Works Council or its Liaison Committee met 9 times.

The joint Union-Management Strategy Committee

This international body resulting from the initiative of a Company agreement allows more and earlier involvement of the employee representatives in the Group strategy. The Group has stepped up communication with the Committee with a view to increasing sharing, exchanges and transparency upstream in relation to strategic topics such as the product plan, the guidelines of the three-year medium-term plan and the industrial strategy.

The French representative organisations and the main unions of the non-French European companies are represented on the committee. The Joint Union-Management Strategy Committee met twice in 2018.

2.4.1.2. HUMAN RIGHTS **DPEF.8 DPEF.14** **DPEF.32 DPEF.37 DPEF.38 DPEF.39 DPEF.40** **DPEF.41**

The Global Framework Agreement on Groupe PSA social responsibility

Groupe PSA has chosen to get a wide range of stakeholders involved in the corporate social responsibility process by signing a global framework agreement on corporate social responsibility in 2006.

On 7 March 2017, Groupe PSA and the trade union federations IndustriALL Global Union and IndustriALL European Union signed a new agreement in Geneva. This new agreement reflects Groupe PSA's desire to co-construct its future with employee representatives on a global scale and to involve all employees in its global human resources policy. It applies to all Group companies controlled by the Group, excluding Faurecia, and was contractually extended to its partners, suppliers and dealer networks.

This agreement is made up of two parts. The first part gives a formal framework to Groupe PSA social responsibility policy, enrolls stakeholders and sets forth its social requirements in terms of supply chain. The second part adds the goal of introducing an international human resources policy that develops talent and skills, quality of life and well-being in the workplace, with respect for diversity and equality of treatment. In addition, the agreement

reinforces the global dimension of the Group Works Council and its mission to share economic and social issues on a worldwide scale.

Groupe PSA thus has an adapted framework to efficiently and transparently implement the United Nations Guiding Principles on Business and Human Rights ("Ruggie Principles") and the OECD Guidelines for Multinational Enterprises.

Since 2006, the application of this global framework agreement is monitored and assessed on an ongoing basis using a structured system. IndustriALL and all unions exercise continuous vigilance and can report non-compliance.

The agreement has been translated into 14 languages. Employees are kept regularly informed of progress. The text of the agreement is public and available on the Internet.

Management of salient human rights issues

With the Global Framework Agreement, Groupe PSA undertakes to go beyond simply complying with local and national standards and to work within a framework for fundamental human rights. The agreement refers to conventions 87, 135 and 98 of the International Labour Organization respectively on freedom of association and protection of the right to organise, on workers' representatives, on the right to organise and to bargain collectively, conventions 29 and 105 on the abolition of forced labour, convention 138 and 182 on the abolition of child labour and the minimum age for admission to employment, convention 111 on preventing discrimination, convention 100 on equal compensation and convention 155 on occupational safety and health.

Since joining the United Nations' Global Compact in 2003, the Group committed to respecting and promoting its ten principles as well as the Universal Declaration of human rights, the ILO Declaration on Fundamental Rights and Principles at Work, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption, the United Nations Guiding Principles on Business and Human Rights ("Ruggie Principles") and the OECD Guidelines for Multinational Enterprises.

The annual monitoring process of the Global Framework Agreement provides trade unions with the opportunity to report non-compliance regarding human rights.

Groupe PSA is committed to ensuring that respect of human rights is a determining factor in selecting its suppliers and has implemented a due diligence plan with regard to respect of human rights in accordance with the recommendations of the OECD. By signing Groupe PSA "Responsible Purchasing Policy" the Group's suppliers agree in particular not to use forced or obligatory labour or child labour. This practice has been applicable since 2006, well before the entry into force of regulations such as the UK Modern Slavery Act.

Groupe PSA is committed to respecting privacy and to protecting employee personal data, which is held as a fundamental right. Its global policy in this matter complies with the European Union regulation while respecting local laws and regulations. In addition, Groupe PSA has introduced in 2018 extensive information and training for employees and has updated for employees the means of exercising their rights.

2.4.2. A responsible employment policy

To achieve its transformation plans, the Groupe PSA engages in ongoing dialogue with employee representatives and promotes a contractual approach. The Group operates according to a policy of

responsible employment, with a will to anticipate transformations and boost its workers' employability by safeguarding careers.

DECLARATION ON EXTRA-FINANCIAL PERFORMANCE

Human resources: driving Groupe PSA transformation

Workforce

NUMBER OF EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS OVER THREE YEARS BY REGION **DPEF.1.a**
DPEF.1.d

(at 31 December)

		Europe	Rest of the world	Total
Automotive division (PCD + OV)	2018	110,081	7,252	117,333
o/w OV	2018	34,179	72	34,251
o/w PCD	2018	75,902	7,180	83,082
(PCD)	2017	78,480	7,317	85,797
(PCD)	2016	82,545	7,382	89,927
Faurecia	2018	46,052	46,832	92,884
	2017	44,445	41,874	86,319
	2016	42,981	36,837	79,818
Other Activities	2018	785	11	796
	2017	800	11	811
	2016	400	11	411
TOTAL	2018	156,918	54,095	211,013
	2017	123,725	49,202	172,927
	2016	125,926	44,230	170,156

At 31 December 2018, there were 211,013 employees within the Group of which 194,939 were on permanent contracts (92% of the workforce). 74% of employees work in Europe.

The fixed-term contracts include apprenticeships, skill-acquisition contracts and PhD student contracts.

The headcount was broken down into 21% managers, 18% technicians and administrative employees and 61% operators.

The workforce is quantified on the 31 December of each year without scope adjustment.

The increase in Faurecia's workforce by 6,565 employees in 2018 was particularly significant in Asia, mainly due to the integration of Coagent in China, and in Europe with the integration of Hug Engineering and Parott Automotive and hiring in Central Europe.

EMPLOYEES UNDER PERMANENT AND FIXED-TERM CONTRACTS BY REGION AND GENDER **DPEF.1.b** **DPEF.1.d**

(at 31 December)

	Europe		Rest of the world		Total	
	Women	Men	Women	Men	Women	Men
Automotive division	18,746	91,335	1,336	5,916	20,082	97,251
o/w PCD	14,594	61,308	1,321	5,859	15,915	67,167
o/w OV	4,152	30,027	15	57	4,167	30,084
Faurecia	14,568	31,484	14,453	32,379	29,021	63,863
Other Activities	380	405	0	11	380	416
TOTAL	33,694	123,224	15,789	38,306	49,483	161,530

EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY AGE GROUP AND GENDER **DPEF.1.b** **DPEF.1.c**

(at 31 December)

	< 30 years old		30-39 years old		40-49 years old		50 years and +		Total	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Automotive division	2,901	10,003	5,289	18,638	6,354	30,356	5,538	38,254	20,082	97,251
o/w PCD	2,303	6,796	4,016	13,775	5,318	23,244	4,278	23,352	15,915	67,167
o/w OV	598	3,207	1,273	4,863	1,036	7,112	1,260	14,902	4,167	30,084
Faurecia	9,012	19,947	8,965	18,839	7,138	14,446	3,906	10,631	29,021	63,863
Other Activities	47	41	82	80	137	165	114	130	380	416
TOTAL	11,960	29,991	14,336	37,557	13,629	44,967	9,558	49,015	49,483	161,530

Cross-functional management of Group job families and professions

The job family and profession strategy developed by Groupe PSA is central to the Group's human resources development policy to manage talent and skills, today and tomorrow. This skills management at global level is based on 20 job families and 102 professions throughout all of the Group's organisations.

Each of the Group's 20 job families creates the forward-looking vision of the professions by anticipating strategic changes and identifying the skills that the business line will need in the future. This strategy makes it possible to prepare for transitions and design appropriate skill development programmes and training plans. It gives employees points of reference to help them construct their career paths. It also allows for recognition by experts in order to retain them and to prepare the future according to the needs of the Company.

PERMANENT CONTRACT HIRINGS BY REGION

Including transfers from fixed-term to permanent contracts

		Europe	Rest of the world	Total
Automotive division (PCD + OV)	2018	4,726	681	5,407
o/w OV	2018	925	17	942
o/w PCD	2018	3,801	664	4,465
(PCD)	2017	3,038	490	3,528
(PCD)	2016	1,562	208	1,770
Faurecia	2018	6,906	12,103	19,009
	2017	6,168	12,137	18,305
	2016	3,501	7,639	11,140
Other Activities	2018	36	1	37
	2017	31	2	33
	2016	20	1	21
TOTAL	2018	11,668	12,785	24,453
	2017	9,237	12,629	21,866
	2016	5,083	7,848	12,931

FIXED-TERM CONTRACT HIRINGS BY REGION

(at 31 December)

	Europe	Rest of the world	Total
Automotive division	6,512	412	6,924
o/w OV	229	0	229
o/w PCD	6,283	412	6,695
Faurecia	4,192	10,419	14,611
Other Activities	44	0	44
TOTAL	10,748	10,831	21,579

A youth employment policy to foster integration into the labour market

Groupe PSA implements a voluntary youth employment policy based on a responsible commitment. The aim is to develop young people's employability through training and facilitate their hiring at

2.4.2.1. RECRUITMENT DPEF.2.a

The Group has been hiring actively worldwide, with the recruitment of 24,000 permanent contracts and more than 2,500 apprentices.

Almost 80% of these hirings took place at Faurecia. More than half of these hirings were related to the Group's international development and involved all sectors (R&D, Industrial, Commerce/Marketing, Purchasing, IT, Digital, etc.) for plants whose activity was increasing. They also involved junior positions as well as more experienced positions and fell within all socio-professional categories: engineers, technicians, operators.

Integration processes have been deployed within the Group across different countries to support the arrival and integration of these new talents.

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INTERNSHIPS AND WORK-STUDY CONTRACTS

	Interns (Cumulative Total 2018)		Work-study contracts (A 31 December 2018)		o/w skill-acquisition contracts		o/w apprenticeship contracts	
	Workforce	% of Women	Workforce	% of Women	Workforce	% of Women	Workforce	% of Women
Automotive division	3,048	34%	2,854	26%	578	31%	2,276	25%
o/w PCD	2,402	36%	2,288	30%	578	31%	1,710	30%
o/w OV	646	24%	566	10%			566	10%
Faurecia	2,808	41%	1,293	30%	166	47%	240	31%
Other Activities	66	39%	50	52%	1	100	49	51%
TOTAL	5,202	36%	4,197	28%	745	34%	2,565	26%

The Group's employment policy for young people also includes contracts for PhDs students (CIFRE) and international corporate volunteering contracts (VIE).

To attract a diverse range of talents, PSA University currently partners thirty scientific and management schools and universities in Europe, China, Brazil, the United States and Morocco.

2.4.2.2. ANTICIPATING THE COMPANY'S NEEDS

Groupe PSA wants to secure its sustainability and the employment of its employees based on operational excellence, performance and agility. The Group leads a policy of responsible employment, with a will to anticipate transformations and demands for skills, and to boost its workers' employability. As such, the Group offers employees secure careers internally, such as through retraining, and externally.

A joint body implemented by the Group, the Professions and Skills Observatory, helps develop a prospective vision of the evolution of Group professions and establish shared analyses of professions in high demand (unmet needs) and at-risk professions (downsizing and retraining needs). The Observatory implements ongoing action plans to restore balance among the business lines.

Internal career paths are safeguarded through the global internal reconversion programme "Top Competences". Since 2012, more than 4,000 employees have had the opportunity to train in a new Group profession, through courses lasting 80 hours on average, over periods of 18 to 24 months.

Safeguarding career paths also means promoting external professional mobility accompanied by schemes to help employees find new employment, retrain for a new activity or set up a business. A similar responsible employment policy is deployed at OV and several agreements have been signed in different countries with unions in order to ensure a sustainable future for the Company.

LEAVERS UNDER PERMANENT CONTRACTS BY REGION **DPEF.2.b**

(at 31 December)

	Europe	Rest of the World	Total
Automotive division	13,674	827	14,501
o/w PCD	7,800	822	8,622
o/w OV	5,874	5	5,879
Faurecia	6,082	10,605	16,687
Other Activities	29	1	30
TOTAL	19,785	11,433	31,218

2.4.2.3. ORGANISATION OF WORKING HOURS

In every host country, working hours are equal to or less than the legal work week or industry practices.

Short-time work **DPEF.4**

Short-time work provides leverage for the Group to avoid job losses during a period of recession in the automotive markets that calls for significant and rapid adjustment of activity.

The Group has set up schemes for modulating working hours, also called banks of hours, in most countries where it has industrial or logistics facilities. Thus, in these countries, working hours are determined on an annual or multi-year basis.

In 2018, the number of short time work hours amounted to 2,869,852: PCD 86,905, O/V: 2,121,907 and Faurecia, 661,040. This scheme allowed Opel and Vauxhall to recover profitability within the PACE! plan.

Absenteeism **DPEF.5**

In 2018, based on 319 million hours worked, absenteeism for sickness stood at 2.9%. Moreover, 922,319 hours of maternity leave and 404,078 hours of absences related to accidents were recorded.

PAID ABSENCES FOR SICKNESS

		Europe	Rest of the world	Total
Automotive division (PCD + OV)	2018	6,039,235	174,511	6,041,095
o/w OV	2018	2,938,231	2,678	2,940,909
o/w PCD	2018	3,101,004	171,833	3,272,837
(PCD)	2017	3,146,400	184,847	3,331,247
(PCD)	2016	3,403,046	205,484	3,608,530
Faurecia	2018	2,445,096	584,701	3,029,797
	2017	2,269,270	784,477	3,053,747
	2016	2,219,994	816,251	3,036,245
Other Activities	2018	1,860	152	2,012
	2017	3,942	-	3,942
	2016	4,794	128	4,922
TOTAL	2018	8,486,191	759,364	9,245,555
	2017	5,419,612	969,324	6,388,936
	2016	5,635,433	1,021,863	6,649,697

2.4.3. Developing human capital

Groupe PSA aims to offer the best opportunities for development and employability to all its employees and intends to build talent. The success of the Push to Pass plan is due to the management of talent at each level of the organisation.

The aim is to allow each individual to express their talent on an individual and collective basis. The human resources ambition is summed up in the slogan: "Unleashing the power of our talent to win". The talent development programmes aim to constantly encourage initiative and creativity and to reward performance based on results.

2.4.3.1. TALENT MANAGEMENT DPEF.10

Contributing directly to the Company's strategy, the talent management implemented by Groupe PSA aims to diversify profiles and experiences, identify talent more extensively within the organisation, assign young talent to key positions, support new businesses, protect expertise and know-how, promote and develop local skills, and objectify and reward performance.

Groupe PSA talent management priorities are to identify and develop key talents, especially in the view of Opel and Vauxhall

integration, increase the number of women and international profiles in top management as a lever of performance, promote expatriation for high potentials while developing local talent, implement specific development actions of key talents.

A fundamental part of the Talent Management Cycle, Talent Review provides all levels of management (including the Executive Committee) with an opportunity to identify and evaluate the talents within the organisation to ensure that succession plans are ready for all of our key and/or strategic roles.

Development plans exist for all levels of employee within Groupe PSA and are updated as part of a mid-year professional development review, this action allows the Group to focus on specific development actions to help to reach operational objectives, e.g. career plans for key local talents or women, retention actions, annual promotions, etc.

The Annual Appraisal is a fundamental strategy to assess individual performance and development. Groupe PSA applies the same process globally for all staff and manager level employees using a common IT system around three key milestones: objective setting, professional development review, annual appraisal.

2.4.3.2. PROFESSIONAL TRAINING DPEF.10

PSA University, launched to support employees as the Group's dynamic changes, is a powerful lever for performance and the development of human capital within the Group. The purpose of PSA University is to pass on expertise and know-how to all the women and men working for Groupe PSA worldwide. The University is committed to developing the employability of employees and contributing to cultural change, both of which are essential to ensuring success.

PSA University is structured in four academies: Research & Development Academy, Industrial Academy, Sales & Marketing Academy and Corporate Academy. They act to implement job families objectives by providing an adequate learning offering and organising the rollout of this offering according to the priorities of the business lines concerned throughout the diverse countries.

In 2018, common activities were developed to create further synergies between PCD and OV and to support growing together as one company, Groupe PSA. Some examples are the alignment of digital learning offers or the aligned deployment of "Learning Booster" global event also at Opel and Vauxhall.

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To support change, PSA University seeks to transform the Group into a "learning organisation" and give employees ownership of their own development. As part of the ongoing update of knowledge and skills, employees have access to new educational resources, in particular through digital training.

To promote the digital culture within the Group, PSA University has developed a programme called "Do you speak digital". It is based on digital "passports" and "trips", "happy digital conferences" and workshops on social networks. The training offering changes

regularly thanks to thematic modules or gamification to develop new ways of gaining skills and to integrate more countries.

The Leadership Academy, part of PSA University, runs programmes that are specially designed for managers. The "Leadership In Action" programme, which works on leadership concepts and is based on collective intelligence, was designed to help managers become motivating leaders for their teams who can keep up with the cultural changes under way by adopting new values and behaviours. This programme is implemented internationally, notably in Latin America and Asia.



NUMBER OF TRAINING HOURS BY REGION **DPEF.11**

(at 31 December)

	Total hours of training (in thousands of hours)			Average hours of training per employee*	
	Europe	Rest of the world	Total	Europe	Rest of the world
Automotive division	1,894	202	2,096	18.9	28.0
o/w PCD	1,650	202	1,852	24.0	28.2
o/w OV	244	0	244	7.8	1.4
Faurecia	634	1,204	1,838	14.3	33.4
Other Activities	13	0	13	16.6	2.1
TOTAL	2,541	1,406	3,947	17.5	32.6

* Employees present (excluding reclassification leave and job retention leave for seniors).

AVERAGE HOURS OF TRAINING PER EMPLOYEE BY SOCIO-PROFESSIONAL CATEGORY AND GENDER **DPEF.11**

(for the year) – Number of training hours based on present employees* on fixed-term contracts and permanent contracts

	Operators and Administrative Employees			Technicians and Supervisors			Managers			Total (all categories combined)		
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	TOTAL
Automotive division	25.2	19.1	19.9	18.3	18.7	18.6	22.5	18.9	19.6	22.2	19.0	19.5
o/w PCD	26.9	24.4	24.7	22.8	23.5	23.4	26.6	24.0	24.5	25.6	24.1	24.4
o/w OV	17.0	9.0	9.6	5.9	5.9	5.9	3.7	3.6	3.6	9.5	7.6	7.8
Faurecia	18.9	19.8	19.5	26.0	28.1	27.5	35.4	33.0	33.6	22.6	24.0	23.6
Other Activities	2.6	1.0	1.9	14.7	4.2	11.4	22.8	15.0	18.2	19.8	13.6	16.4
AVERAGE	20.7	19.4	19.7	20.8	21.3	21.2	29.2	25.1	26.0	22.4	21.0	21.3

* Employees present (excluding reclassification leave and job retention leave for seniors).

Each employee received an average of 21.3 hours of training in 2018. More than 3.9 million hours of training were delivered throughout the Group, representing an investment of €119 million.

2.4.3.3. COMPENSATION POLICY

Groupe PSA compensation policy aims to be coherent, competitive and fair in relation to the reference markets of the different countries in which it operates.

The aim is to design a global compensation policy that comprises a variety of components and brings together wage costs and recognition of individual and collective performance.

This reward policy will apply to Opel and Vauxhall. Harmonization has started and the path will follow three main rules: respect for the interests of employees and social dialogue, respect for fair treatment of employees allowing equivalent remuneration for comparable responsibilities, respect for sustainable collective performance consistent with good market practices.

Variable compensation **DPEF.3**

Collective variable compensation is a component of the comprehensive compensation offered by Groupe PSA to its employees. The variable compensation schemes target all categories of employees and aim to compensate collective performance and engage employees in value creation for the Company.

These collective compensation schemes may be specific to certain countries, as is the case in France with non-discretionary and discretionary profit-sharing, and in Brazil with the *Programa de Participação nos Resultados*. In the other countries, the Group has instituted a Collective Local Performance Incentive (CLPI) scheme. The CLPI, which is deployed on the basis of the Group's economic performance, is distributed among the countries involved on a shared basis and is paid out according to terms defined by each country based on collective economic performance achievement.

criteria. In 2017, this collective bonus schemes was expanded and its calculation was improved. The last stage of this extension: in 2018, the CLPI was expanded to Morocco and Slovakia. CLPI is not in place in Opel and Vauxhall subsidiaries.

In addition to this fixed and variable compensation, there is an individual bonus scheme. The Group's determination to reward merit was expressed through the expansion of the bonus schemes. Since 2017, all managers in the world are eligible to individual bonus. This made it possible to motivate employees around individual and collective targets that contribute to the Company's performance. In 2018, 19,441 Group employees were eligible to receive bonuses.

Groupe PSA offers a long-term incentive for limited top managers and key talents. Based on long-term company ambitious performance criteria, LTI schemes is important to retain and attract key talents. Two schemes were built in 2018, with a specific for Opel and Vauxhall beneficiaries, in order to motivate them on OV performance targets.

Employee savings schemes

Employee saving schemes enable PCD employees in several countries to invest in the Group's shares or other diversified instruments (shares, bonds, monetary) with a varied yield/risk ratio depending on the instrument. At the end of December 2018, employee savings schemes represented €553.5 million.

Employee shareholding operation: Accelerate

In order to involve employees in the Group's profitable growth strategy and the resulting value creation, Groupe PSA performed two successful shareholding operation reserved for employees, branded Accelerate in 2015 and in 2017. Through these programmes, which were enacted in 15 countries, PCD employees had a chance to buy Peugeot S.A. shares under preferential terms, receiving a discount on the reference price, an employer matching contribution and a guaranteed investment opportunity as part of rules filed with the Financial Markets Authorities (AMF).

Wage costs DPEF.3

(in million euros)		Europe	Rest of the world	Total
Automotive division (PCD + OV)	2018	6,515	280	6,795
o/w OV	2018	2,305	4	2,309
o/w PCD	2018	4,210	276	4,486
(PCD)	2017	4,208	329	4,537
(PCD)	2016	4,325	317	4,642
Other Activities	2018	139	4	143
	2017	100	5	105
	2016	73	4	77
Faurecia	2018	1,932	1,372	3,304
	2017	1,849	1,328	3,177
	2016	1,991	1,293	3,284
TOTAL	2018	8,586	1,656	10,242
	2017	6,158	1,662	7,820
	2016	6,389	1,614	8,003

In 2018, total wages paid came to €8,240 million, while related payroll taxes amounted to €2,002 million. Annual median salary in France is €38,667.

Healthcare, death & disability coverage

The Group initiated a partnership with an international insurance broker several years ago. The Company is thus able to run its health and welfare schemes worldwide throughout the year and optimise the cost/services ratio for the benefit of the Company and the employees who make partial contributions. Several calls for tender were issued in 2018 to limit the increase in premiums and to improve insurers' service quality, such as the case in the Netherlands, Russia and Turkey. Opel and Vauxhall health and disability insurance is operated through another scheme of a unique Insurance Company. Continuity of employee health and disability cover had been successfully guaranteed during the takeover period.

Pension

At the end of 2018, the commitments recorded in the Group's accounts under defined-benefits pension schemes were €6,314 million and were covered by outside funds of €6,143 million. These evaluations are conducted annually, in accordance with the IAS 19 standard, by an international actuary firm, based on theories audited by the Group's Statutory Auditors.

A large number of defined benefits plans had been inherited from Opel and Vauxhall integration, mainly located in Germany, Austria, United Kingdom, Belgium, and Switzerland.

The Group has set up defined-contribution pension schemes in all countries where necessary according to market practices and available resources. Such plans are in place in Germany, Belgium, Spain, France, Japan, the Netherlands, the Czech Republic, Slovakia, the United Kingdom and Turkey. Managed by local joint Labour Management Committees, these plans are designed to provide beneficiaries with additional retirement income on top of regulatory provisions. In addition, specific pension schemes exist in Brazil and Argentina alongside statutory requirements.

GROUP MINIMUM WAGE *VERSUS* LOCAL STATUTORY MINIMUM WAGE BY COUNTRY **DPEF.30 DPEF.31**

(Scope not including Faurecia, at 31 December, base 100)

Country	Ratio	Legal minimum wage
Germany	119%	Minimum legal salary of country
Argentina	228%	Minimum legal salary of country (ratio = 110 over minimum salary of UOM Convention)
Austria	100%	Sector-based agreement
Belgium	121%	RMMMG (Guaranteed Minimum Average Monthly Salary)
Brazil	152%	Minimum legal salary of country
China	Wuhan: 436% Shanghai: 336%	Minimum legal salary of region
Spain	126%	Minimum legal salary of country
France	119%	SMIC (Minimum legal salary of country)
Hungary	142%	Minimum legal salary of country
Italy	103%	Minimum legal salary of country
Morocco	100%	Minimum legal salary of country
Poland	114%	Minimum legal salary of country
Portugal	103%	Minimum legal salary of country
UK	100%	Minimum legal salary of country > 21 y.o. (hourly)
Russia	260%	Minimum legal salary of region (Kaluga)
Slovakia	156%	Minimum legal salary of country
Switzerland		No minimum legal salary, no sector-based agreement

Information is reported for countries representative of the Group's organisation (not including Faurecia), where there are more than 300 employees.

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

2.4.4. **Well-being, health and safety at work** **DPEF.6**

Groupe PSA health and safety results are among the best of the manufacturing sector thanks to its policy that places health preservation as the first requirement.

Groupe PSA is committed to taking all the necessary steps to guarantee the health and safety of everyone who is part of the Group's business, everywhere in the world. This commitment is manifested in a structured guided approach designed to reduce risks and control safety in every workplace scenario. The Group is bolstering these actions in order to enhance all employees' health capital throughout their working lives and their well-being at work.

A Global Health and Safety Policy revamped at the beginning of 2018 was signed by all members of the Executive Committee. This policy is applicable both within PCD and OV and is displayed at every site.

This policy asserts the following principles: Groupe PSA lives values that return people home healthy: every person, every site, every day. Its vision is to eliminate occupational fatalities, disabilities, injuries and illnesses for every individual working for the Group: employees, temporary employees and contractors. Its strategy aims at:

- protecting people;
- engaging people;

- promoting Health and Wellbeing.

Three behaviours support this policy:

- setting an example;
- vigilance;
- responsiveness.

"We all care" is the new motto to rally to this policy, launched in October 2018 during the first Group Health and Safety week, gathering initiatives from every region where the Group operates and disseminating good practices of vigilance and prevention.

2.4.4.1. **GROUPE PSA WORKPLACE HEALTH AND SAFETY MANAGEMENT SYSTEM** **DPEF.6**

The Group's Workplace Health and Safety Management System (WSHMS) is based on the principle that safety can be designed for, planned for and implemented everyday. Management at all levels of the Company ensures that fundamentals are respected at all times and that the principles set out in the health and safety policy are rolled out in a rationale of continuous improvement.

With the WHSMS, Groupe PSA is in compliance with the occupational health and safety recommendations of the International Labour Organization (ILO-OSH 2001) and performs its obligations in all countries. This management system was designed and rolled out in 2009, with the roadmap being applied methodically to ensure step-by-step acquisition and control of its requirements.

The five essential steps to maturity included in the roadmap (raise awareness, change mind-sets, change behaviours, change habits and align the corporate culture) are essential to bringing about lasting change.

In 2018, the Group's Health, Safety and Working Conditions Department performed 14 cross audits alongside safety standards compliance checks carried out by all sites.

The WSHMS, which has taken over all OHSAS 18001 areas, supports evaluation, monitoring and risk control. The WSHMS goes even further and also includes specific requirements regarding policy, commitment and the role of the Health and Safety Committee. These requirements are in effect at all sites and at all levels. The WSHMS also includes a description of personal protection equipment, the modus operandi for handling external visitors and contractors. It also outlines various risks (psychosocial risks, chemical risks, musculoskeletal disorders, commuting risks, etc.). Thus, with regard to the principles described in OHSAS 18001, the WSHMS appraises them according to six maturity steps, facilitating support for and control of their progression. The Group's best practices are also incorporated into the reference guide before being shared with other entities and becoming a standard.

The WHSMS is operational in all PCD facilities.

In OV companies, a specific Health and Safety management system is grounded in 18 standards organized through a "Plan Do Check Act" approach. Having aligned the Health and Safety policy for the Group in 2018, the ongoing project consists in merging PCD and OV Health and Safety systems in 2019, through adjusting safety standards to the best practice, both systems currently providing excellent safety results.

Performance in safety and workplace accident prevention **DPEF.7**

The Group achieved a total lost-time accident frequency rate of less than one for the second time, result now including OV. This 1-point target rate was set in 2010 with the launching of the Workplace Health and Safety Management System.

The Group has among the best performance in industry. These results reflect safe practices by both permanent and temporary employees.

Since 2009, with a view to ensuring the protection of all employees, the Group decided to manage this indicator (TFI Management) by using the total lost-time incident frequency rate including Group employees and temporary employees. With emphasis on training from the first day on the job and to the attention paid to all categories of workers, the lost-time accident frequency rate for temporary workers is now as low as for Group employees.

TOTAL MANAGEMENT LOST-TIME ACCIDENT FREQUENCY RATE (TFI MANAGEMENT)

(Scope not including Faurecia, at 31 December)

	2016	2017	2018
Automotive division	1.2	1	0.8
o/w PCD	1.2	1	0.9
o/w OV	N/A	N/A	0.5
Other Activities	0.3	0	1
TOTAL	1.2	1	0.8

Management lost-time accident frequency rate includes Group employees and temporary employees. It corresponds to the "number of lost-time occupational accidents multiplied by one million divided by the number of hours worked".

Concerning Faurecia, in 2018, it reached a FR0t rate of 0.95 point (number of workplace accidents involving a Faurecia employee or an interim employee and resulting in a stoppage of work for one million hours worked). In 2018, the FR0t accident rate remained steady and Faurecia remained at the level of the best practices worldwide.

SEVERITY RATE

(Scope not including Faurecia, at 31 December)

Severity rate	Europe	Rest of the world	Total
Automotive division	0.08	0.00	0.08
o/w PCD	0.11	0.00	0.10
o/w OV	0.03	0.00	0.03
Other Activities	0.01	0.00	0.01
TOTAL	0.09	0.00	0.08

The severity rate corresponds to the number of consecutive days lost to accidents multiplied by 1,000 divided by the number of hours worked.

Occupational illnesses

Good health is essential to sustaining the performance of human resources and business operations.

Ergonomists, doctors, safety engineers and health and safety experts work together with management to set specific operational action plans toward preventing occupational illnesses and controlling the frequency rate of occupational illnesses (including musculoskeletal disorders).

Preventing Musculoskeletal disorders (MSD), which account for most of the Group's occupational illnesses, is a priority for the workplace health and safety policy, and in particular involve setting up rating tools for workstations, analysing why MSD occur and finding solutions in preventing them. Every year, action plans are set and implemented in all Group plants, especially based on the Work Related Alert ("ALT") process, allowing every worker to escalate any difficulty that he faces at workstation. From 1999 to the end of 2018, the proportion of "heavy" work stations fell from 35% to 9%, while "light" work stations rose from 26% to 58%. It is the Group's ambition to make further progress in this area and reach a level of 60% "light" workstations in 2019.

Preventing chemical risks is a major focus of the Group health and safety management. All chemical products have to be approved by the Group Toxicology Department, led by a toxicologist physician. All manufacturing, R&D and sales facilities have a surveillance plan for air quality indoor.

Preventing psychosocial risks (PSR) and, more generally, promoting well-being in the workplace are not only critical to keeping employees healthy and safe at work but also have a direct impact on the Company's performance. With support from the occupational health services, Groupe PSA has, since 2007, developed expertise in detecting stress and identifying motivation factors, and accordingly a constant ambition to decrease stress and improve motivation. Using these evaluation tools, the Company reports publicly its results on stress frequency rates and on the related improvement objectives.

The Stress Measuring and Monitoring Programme is based on individual questionnaires. It is operational in Europe, Latin America and, since 2018, in Russia in PCD scope. In 2018, 16,159 confidential surveys were completed and revealed that the work-related stress frequency rate was 6.6%. Moreover, the Group is extremely focused on providing managers with psychosocial dedicated training, "Creating the conditions for sustainable performance", which is mandatory for every manager worldwide.

Preventing road risks

As a car manufacturer, the Group naturally puts a high priority on road safety. **In collaboration with employee representatives, the Group renewed in 2010 a work-related road Risk Prevention Charter setting out the principles to be respected.**

Awareness-raising initiatives, training and monitoring helped lower the number of road accidents resulting in days lost by 20% over two years.

Joint management-worker health and safety agreements and committees **DPEF.9**

In most host countries, joint management-worker organisations are in charge of monitoring the application of employee health and safety practices.

More than 97% of Group employees are represented by Joint Management-Worker Health and Safety Committees (indicator not including Faurecia).

The Group is also committed to implementing the best workplace health and safety standards and practices, which led to 16 health and safety agreements signed in 2018.

2.4.4.2. QUALITY OF LIFE AT WORK **DPEF.4**

When it comes to quality of life and well-being at work, Groupe PSA is an expert in workstation ergonomics and the assessment of. In 2016, Groupe PSA stated a new ambition to offer an employee experience based on well-being at work by laying the groundwork for the future with new work methods and consequently providing a space for individual and Group talent to blossom.

Health capital

Groupe PSA views health as a state of physical, psychological and social well-being, and as a foundation of its performance.

Its policy aims to maintain and improve employee health capital. It is based on following priorities:

- health monitoring through the health services, to highlight the main health determinants;
- targeted communication and trainings regarding those determinants. For example, four health topics have been promoted during the year 2018: blood pressure, diabetes, tobacco, sleep, with the support of public partnerships;
- ergonomic study of workstations, their design and their management in daily life;
- a structured approach to reporting difficulties experienced in the workplace, the work-related alerts (ALT). A few thousands of them are issued every year. On top of that, some plants experience an original problem-solving process (BEST *Bien-Être en Situation de Travail* or Wellbeing at the Workplace), based on the self-treatment of the difficulties expressed by the working teams. Providing every participant the occasion to express difficulties and contribute to solve them by themselves, it shows interesting results in terms of social relations and motivation.

Work-life balance

The Group endeavours to apply teleworking at global level on a volunteer basis and as a flexible organisation improving working conditions.

Teleworking: the Group has been rolling out teleworking practices since 2014. There are now nearly 4,800 teleworkers worldwide.

Remote working: an employee annual account of 25 remote working days was created in France in 2017. This innovative arrangement enables employees to occasionally work from their primary residence or other personal residence in France, or even from a third-party location. 10,000 employees have benefited from remote working in 2018.

Part-time employees **DPEF.4**

Employees' requests for part-time work are approved whenever possible, with individualised solutions that align employee needs with efficient team performance. Part-time contracts are chosen by employees and not dictated by the Group.

PART-TIME EMPLOYEES (PERMANENT OR FIXED-TERM CONTRACTS)

(at 31 December)

	Europe	Rest of the world	Total
Automotive division	10,393	1	10,394
<i>o/w PCD</i>	<i>7,739</i>	<i>1</i>	<i>7,740</i>
<i>o/w OV</i>	<i>2,654</i>	<i>0</i>	<i>2,654</i>
Faurecia	613	10	623
Other Activities	34	0	34
TOTAL	11,040	11	11,051

At 31 December 2018, the Group had more than 11,000 part-time employees worldwide (3,154 half-time): 36% of these were women and 64% were men.

Maternity, paternity and parental educational leaves DPEF.4 DPEF.12

Groupe PSA takes parenthood into account as part of its respect for gender equality in the workplace. By supporting a work environment encouraging employees to return to work after maternity leave, Groupe PSA policy helps parents-employees

achieve a better work-life balance. It also ensures employees are informed on the various parental leave options, encouraging both mothers and fathers to take advantage of it.

2.4.5. Diversity and equal opportunity

By encouraging equal opportunity and founding its practices on objective criteria based on skills and results, the Group is encouraging the commitment and motivation of each employee and developing a culture of performance and economic efficiency.

This societal challenge concerns all the Group's host countries. Stakeholders were included in this commitment through the signing of a global framework agreement on corporate social responsibility which sets out non-discrimination and equal treatment rules. All stakeholders are thus involved in practising inclusive management, taking skills into account in hiring and career development, recognising merit and preventing all forms of discrimination and intolerance towards differences.

2.4.5.1. GENDER EQUALITY DPEF.12

Groupe PSA has adopted for the past 15 years a proactive policy to promoting gender diversity and professional equality between men and women. In view of its traditionally male sector of activity, Groupe PSA considers the feminisation of its core businesses and key positions as a fundamental objective of its responsible and sustainable development as well as the quality of life of its employees at work.

At the end of 2018, the Group has designed a new long-term objective to this policy. It is based on a business case of gender diversity held as a challenge for the transformation of the Company through creativity, performance and development of new businesses in digital activities. This objective is broken down into two indicators and is planned for the medium and long term as follows (indicators not including Faurecia):

- gender diversity of top management: 20% by 2021, achieving an equal ratio that eliminates women under-representation in top management. 30% by 2035 for doing better and supporting Company transformation;
- feminisation of our recruitment and development of our attractiveness: 30% by 2021 by developing a women's friendly employer brand. 50% by 2035 to look like our customers.

Considering that the presence of women in management positions is of particular importance to bring about cultural and sustainable change, the indicator of feminisation of senior and executive managers is a key indicator of the Group. In 2018, the proportion of female senior and executive managers was 15.3%. Groupe PSA has a comprehensive policy that includes all professional levels and measures progress: The feminisation rate is 16.7% for the Executive Committee, 14% for the Top 100, 19.8% for managers, figures to be compared with an overall feminisation rate of 17.3% for all Group employees (not including Faurecia).

The French law of 5 September 2018 introduces new measures for professional equality between men and women. In particular, it imposes an obligation of results on companies by measuring an index that measures equal pay. For PSA Automobiles, the index stands at 89 points for 2018, out of a scale of 100. This index shows the absence of pay gaps between women and men, at comparable positions and ages, and the same chance of having a pay increase or promotion for women as for men, in the Group. This outcome is the result of the policy applied for 15 years within the Company.

Groupe PSA was the first company to receive "Workplace Equality" certification in France in 2005. The renewal of this label in 2017 marks the Group's long-term commitment and ongoing progress. In Spain, Groupe PSA was awarded the Equality label from the Ministry for Social Affairs and equality in 2013 and for its sales subsidiaries for the first time in 2015.

DECLARATION ON EXTRA-FINANCIAL PERFORMANCE

Human resources: driving Groupe PSA transformation

PERCENTAGE OF FEMALE EMPLOYEES ON PERMANENT OR FIXED-TERM CONTRACTS BY SOCIO-PROFESSIONAL CATEGORY

		Operators and Administrative Employees	Technicians and Supervisors	Managers	Total
Automotive division (PCD + OV)	2018	9,210	6,662	4,210	17.1%
o/w OV	2018	1,523	1,858	786	12.2%
o/w PCD	2018	7,687	4,804	3,424	19.2%
(PCD)	2017	7,729	4,871	3,438	18.7%
(PCD)	2016	8,113	5,013	3,492	18.5%
Faurecia	2018	20,842	3,197	4,982	31.2%
	2017	18,616	2,974	4,464	30.2%
	2016	16,850	2,828	3,983	29.6%
Other Activities	2018	25	59	296	47.7%
	2017	27	68	278	46.0%
	2016	13	48	135	47.7%
TOTAL	2018	30,077	9,918	9,488	23.5%
	2017	26,372	7,913	8,180	24.6%
	2016	24,976	7,889	7,610	23.8%

Women account for 21.7% of engineers and managers, 26.4% of technicians and supervisors and 23.2% of operators and administrative employees.

2.4.5.2. ANTI-DISCRIMINATION POLICY AND PROMOTION OF DIVERSITY **DPEF.14**

On an international scale, the global framework agreement on Groupe PSA social responsibility is committed to exceeding local legal requirements in applying and promoting the fight against racism, sexism, xenophobia and homophobia and, more generally, against intolerance of differences and ensuring respect for privacy.

The hiring channels are diversified, in particular in building partnerships with academic organisations and state employment services, developing online job offers and using social networks to reach a wider public. The Group strives to ensure that no stages in the hiring process are discriminatory. A best practice guide is given to recruiters and a service agreement concluded with line managers involved in recruitment, setting out the assessment procedures. Candidates are selected objectively using tools such as the skill-based and simulation-based recruitment method.

The Group contributes to the formulation of public policies put in place in various countries to promote diversity and prevent workplace discrimination. In France, in 2009, the Group was one of the first French companies to obtain the Diversity label in recognition of the Group's human resources policy and best practice in promoting diversity, equal opportunity and preventing discrimination. Since obtaining this label in 2009, Groupe PSA has maintained its commitment and obtained this label again in 2012 and February 2018. Similarly, in Spain, the Group was awarded the *Diversidad* label in 2009 and again in 2012 and 2015.

Preventing all forms of discrimination, bullying and violence in the workplace

The Group condemns all infringements of respect for individual rights and dignity, verbal or physical abuse, harassment, workplace violence and discrimination. This type of behaviour is liable to sanctions and specific measures have been set in every country to prevent it. Employees are regularly informed about these policies and a large number of managers have participated in awareness raising campaigns.

A standard handling and tracking procedure aligned with the local legal framework has been introduced in every host country. When a problem is identified, the information is reported to the Human Resources Department and a review is conducted. In 2018, 81 cases of harassment, discrimination and violence in the workplace were handled via this procedure.

In addition, Speak4Compliance rolled out in 2018 is a whistleblowing system serving for securely and confidentially receiving, processing and managing reports regarding violations of the compliance rules of Groupe PSA. One category of reporting concerns non-respect and infringement of the rights and dignity of people, as well as verbal or physical abuse and harassment.

2.4.5.3. PROMOTING THE EMPLOYMENT AND INTEGRATION OF PEOPLE WITH DISABILITIES **DPEF.13 DPEF.33**

The Group has 7,493 employees with disabilities worldwide. Disability recognition is specified by various local laws. 77% of employees with disabilities are manual workers, 16% are technicians and administrative employees and 7% are managers.

This policy is deployed globally through the global framework agreement with the aim of helping disabled employees remain at work, implementing preventative actions and fostering their integration into the labour market. Such actions are also actions for the collective and help boost Company performance.

Today, thanks to the various initiatives conducted, and taking as an example France in its Automotive division, Groupe PSA has achieved a rate of employment of disabled persons of 7.2%, above the 6% legal requirement. This employment rate increases to 10.2% when taking into account sheltered workshops.

In France, the 6th agreement on employment for handicapped within the Group was signed on 21 February 2017, confirming Groupe PSA strong determination to step up its existing efforts in that direction.

This agreement is structured around four main areas of application:

- changing how we look at disability;
- promoting recognition of the status of disabled workers;
- taking action to integrate and retain disabled;

- mobilising all those involved in coordinated.

"Disability week" and occasional events related to disability provide a forum for discussing acknowledgement as a disabled worker no matter what the work entity (office facilities, R&D, manufacturing).

2.5. GROUPE PSA CSR PERFORMANCE

The Group has demonstrated its sustainability by being included in various specialised socially responsible investment indices such as FTSE4Good, the **four Vigeo Eiris indices (World 120, Eurozone 120, Europe 120 and France 20)**, **Euronext Low Carbon 100**, **Ethibel**, **Dow Jones Sustainability Index World**, **Stoxx**, **CDP Climate A List**, **Oekom Prime**. The Group's performance as scored by non-financial ratings agencies is presented in details in the CSR Report.

2.6. REPORT BY THE INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL STATEMENT INCLUDED IN THE GROUP MANAGEMENT REPORT

The Company has decided to seek an independent expert's opinion on the fair presentation of consolidated social, environmental and societal indicators included in the Management Report, in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code. The firm Grant Thornton was appointed as an independent third party by Carlos TAVARES, Chairman of the Managing Board, on 26 September 2018. Grant Thornton submitted its expert report to the Company's Managing Board on 28 February 2019. The conclusions of this report are presented below.

Report by the independent third party, on the consolidated non-financial statement included in the group management report

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Peugeot S.A.

For the year ended 31st December 2018

To the Shareholders,

In our capacity as an independent third party of Peugeot S.A. and accredited by COFRAC under number n°3-1080 ⁽¹⁾, we hereby report to you on the consolidated non-financial statement for the year ended 31st December 2018 (hereinafter the "Statement"), included in the Group management report pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

THE ENTITY'S RESPONSIBILITY

Pursuant to legal and regulatory requirements, the Executive Board is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement.

⁽¹⁾ whose scope is available at www.cofrac.fr

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

At your request, our responsibility is also to express a reasonable assurance conclusion that the non-financial information selected⁽¹⁾ by company has been established, in all material aspects, in compliance with the Guidelines.

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption;
- the compliance of products and services with the applicable regulations.

1. Conclusion on the compliance of the non-financial Statement and the Information fairness

NATURE AND SCOPE OF OUR WORK

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and the impact of this activity on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified that the Statement includes an explanation for the non-disclosure information required under article L. 225-102-1 III, 2;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, its [their] products or services, as well as its their policies, measures and the outcomes, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement includes a clear and reasoned explanation for the absence of policy concerning one or more of those risks;
- we verified that the Statement covers the scope of consolidation, i.e. all the entities included in the scope of consolidation in accordance with article L. 233-16 within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes ⁽²⁾ that we considered to be the most important, we implemented:

(1) See note (4) on page 80

(2) **Social quantitative information:** number of employees under permanent or fixed-term contract by region, gender and age group; hiring for open-end contracts; breakdown of leavers under permanent contracts and dismissals; total management lost-time accident frequency rate (TFI Management); severity rate; occupational illnesses; hours of training.

Environmental quantitative information: water use; overall energy consumption; scope 1 and 2 greenhouse gas emissions (GHG); VOC emissions from paint shop facilities; gross discharges into water from plants (COD, DBO5, MES); total weight of waste by type (foundry waste, non-hazardous waste, hazardous waste) and disposal method.

- analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
- substantive tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities ⁽¹⁾ and covers between 28% and 52% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important ⁽²⁾ ;
- we assessed the overall consistency of the Statement based on our knowledge of the entity the consolidated entities.

We believe that the work performed, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

MEANS AND RESOURCES

Our work involved 6 persons and was conducted between September 2018 and February 2019 during a 15 week period.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility.

CONCLUSION

Based on the work performed, nothing material has come to our attention that causes us to believe that the non-financial statement is not compliant with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

2. Reasonable assurance on a selection of non-financial information

NATURE AND SCOPE OF WORK

Regarding the information selected ⁽³⁾ by the company, we undertook work of the same nature as those described in the part 1 above for the non-financial information considered the most important, but in a more in-depth manner, in particular in relation to the number of tests.

The sample selected ⁽⁴⁾ represents between 31 % and 52 % of quantitative information selected.

We consider that this work allows us to express a reasonable assurance opinion on the information selected by company.

CONCLUSION

In our opinion, the information selected by the company has been established, in all material aspects, in compliance with the Guidelines.

Neuilly-sur-Seine, 26th February 2019

Original French report signed by:

Independent third-party body

Grant Thornton

French member of Grant Thornton International

Vincent Frambourt

Partner

(1) **For social and environmental information:** Belchamp; Charleville; Hordain; Kaluga; Madrid; Metz; Mulhouse; Aspern; Eisenach; Gliwice; Zaragoza.

For environmental information related to retail: PSA Retail Madrid Doctor Esquerdo; PSA Retail Zaragoza Cogullada; DLPA Austria Spillern; PEUGEOT CSA SIA de Mulhouse Illzach; SCC - Saint-Louis.

(2) **Qualitative information:** "Purchasing: responsible purchasing policies for the entire supply chain"; "Consumer safety and protection"; "Combating global warming and adapting to the consequences of climate change"; "Preserving air quality"; "Measures taken by the Group to improve the efficient use of materials"; "Eco-design and life cycle analysis"; "Development of mobility and on board intelligence services"; "Ethical practices - anti-corruption"; "Partnerships and sponsors to promote regional and/or local community development".

(3) **Environmental quantitative information:** water use; overall energy consumption; scope 1 and 2 greenhouse gas emissions (GHG); VOC emissions from paint shop facilities; total weight of waste by type (non-hazardous waste and hazardous waste).

Social quantitative information: number of employees under permanent or fixed-term contract; total management lost-time accident frequency rate (TFI Management); severity rate.

Qualitative information: supplier self-assessment results; number of suppliers evaluated by an external body (ECOVADIS); CSR supplier performance evaluated by an external body (ECOVADIS).

(4) **For social and environmental information:** Belchamp; Charleville; Hordain; Kaluga; Madrid; Metz; Mulhouse; Aspern; Eisenach; Gliwice; Zaragoza.

For environmental information related to retail: PSA Retail Madrid Doctor Esquerdo; PSA Retail Zaragoza Cogullada; DLPA Autriche Spillern; PEUGEOT CSA SIA de Mulhouse Illzach; SCC - Saint-Louis.

2.7. REPORTING SCOPE, METHODOLOGY AND CROSS-REFERENCE TABLES

2.7.1. Reporting scope

REGULATORY REFERENCES AND INTERNATIONAL STANDARDS

The social, environmental and societal information contained in this section meet the requirements of:

- Article L. 225-102-1 of Order No. 2017-1180 of 19 July 2017, modified, and Articles R. 225-105 *et seq.* of the French Commercial Code as amended by Decree No. 2017-1265 of 9 August 2017 in application of the aforementioned Order, transposing Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014: **the "DPEF" (Déclaration de Performance Extra-Financière)**;
- the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). Cross-reference indexes with GRI and SASB indicators may be found at the end of the 2018 CSR Report, published by the Group for its Automotive Division.

Data have been consolidated and relate to the parent company Peugeot S.A. and all of its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and its controlled companies within the meaning of Article L. 233-3 of the French Commercial Code with the exception of the subsidiaries Faurecia, PSA Finance France (see 2.1 for more details).

However, as an exception to the above:

Quantitative information on Banque PSA Finance (BPF) and Faurecia is published separately in this section and accompanied by specific explanations, if necessary. For further information, especially about CSR initiatives implemented by these two companies over the period, please refer to ESG Reports from PSA Banque France (the joint venture between Banque PSA Finance and Santander Consumer Finance in France) and Faurecia: website, Registration Document, etc.

ACTIVITIES INCLUDED IN REPORTING AND DEVELOPMENTS

Detailed social, environmental and societal data as well as information on sustainable development initiatives also covers:

■ Automotive Activities:

It now includes the subsidiaries PSA Automobiles SA and Opel Automobile GmbH (manufacturing facilities, R&D facilities and office sites) as well as commercial subsidiaries of the brands..

Unless otherwise stated, Group policy applies to PSA Automobiles SA. This relates to the following topics in particular: workplace health and safety conditions, organisation of social dialogue, especially procedures for informing, consulting and negotiating with personnel, and agreements signed with unions or employee representatives, the training policies implemented, anti-discrimination policy, measures taken in relation to the Group's local impact, partnerships and philanthropy initiatives, taking social and environmental issues into account in procurement policies.

PCMA Automotiv RUS, located in Kaluga in Russia, a joint venture with Mitsubishi Motors Corp., is also included in the scope for societal and environmental reporting, because the Group has a 70% stake in its shares;

■ Automotive Trade Activities:

These include proprietary dealership network, training centres for network personnel, spare parts warehouses, regional offices and import subsidiary registered offices.

The "Automotive Trade Activities" scope is included under the "Automotive division" heading in the HR section but are stated separately in the environmental sections;

■ Automotive division:

Automotive division gathers Automotive Activities and Automotive Trade Activities.

More detailed ESG information related to the Automotive division is presented in the CSR Report;

NOTA: For the perimeters mentioned above, the present reporting isolates data for Peugeot, Citroën and DS (identified under the "PCD" heading, which corresponds to the previous perimeter, before the acquisition of Opel and Vauxhall companies by Groupe PSA) and data for Opel and Vauxhall (identified under the "OV" heading).

■ The equipment subsidiary:

Faurecia, a listed company in which Groupe PSA has a 46.3% stake remains fully consolidated because Peugeot S.A. has retained control (63.1% of theoretical voting rights). In accordance with the legal provisions, Faurecia manages its business independently and therefore prepares and publishes its social, environmental and societal indicators in its own Registration Document;

■ other activities:

These now comprise the Peugeot S.A. holding company and Banque PSA Finance (BPF).

The social and societal information published in the BPF Registration Document consolidates entities wholly owned by BPF at 31 December 2018. This methodology linked to the BPF consolidation rules, excludes the joint ventures created with Santander from the CSR reporting scope. These joint ventures are listed in the BPF Management Report.

In compliance with regulations, quantitative data were reported using cross-functional, comparable indicators when relevant.

THE EXCLUSIONS FROM THE CSR REPORTING VERSUS THE FINANCIAL REPORTING

The scope of reporting does not include joint ventures with other car manufacturers accounted for using the equity method, due to the lack of exclusive control:

- TPCA (Toyota Peugeot Citroën Automobiles), located at Kolín in the Czech Republic, in a joint venture with Toyota;
- DPCA (Dongfeng Peugeot Citroën Automobiles), at Wuhan in China, in a joint venture with Dongfeng Motor Corp.;
- CAPSA (Changan PSA Automobiles), at Shenzhen in China, in a joint venture with China Changan Automobiles;
- Sevelsud, at Val Di Sangro in Italy, in a joint venture with Fiat;
- Uzbekistan Peugeot Citroën Automotive, at Jizzakh, in a joint venture with SC Uzavtosanoat.

In these joint ventures, the Group exercises its role as shareholder and industrial partner in a commitment to supporting each venture's long-term development.

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

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

Other items, including examples of actions undertaken, are described in greater detail in the CSR publications for each of the entities. The Group's CSR Report and Faurecia's Registration Document notably describe the policy, commitments and results of the automotive, banking and equipment supply divisions.

2.7.2. Reporting methodology

The reporting standards are presented in Section 8.4 of the Group's 2018 CSR Report.

2.7.3. Cross-reference table with regulatory requirements


















The index below presents the items required by Articles L. 225-102-1 and R. 225-105 *et seq.* of the French Commercial Code having transposed Directive 2014/95/EU, which is applicable from the 2018 financial year, but which Groupe PSA opted to apply from 2017 financial year.

The items required by Articles L. 225-102-1 and R. 225-105 *et seq.* of the French Commercial Code are identified in the present report by:

■ an icon **DPEF.A**⁽¹⁾ for the presentation of the Groupe PSA business model;

■ an icon **DPEF.B**⁽¹⁾ for the description of the main risks linked Groupe PSA's business in terms of social and environmental responsibility;





















■ icons **DPEF.X**⁽¹⁾ for the other indicators (of which 3 indicators reported with anticipation to the Decree of application expected for the Law n° 2018-938 of 30 October 2018 - art. 55 for the balance of trade relations in the agricultural and food sector and healthy, sustainable and accessible food for all, and the Law n° 2018-898 du 23 October 2018, on the fight against fraud, and featured at the end of the index, which have modified Article L. 225-102-1 of French Commercial Code.).

Expected	Coding of DPEF indicators	2018 Registration Document (relevant sections)	Degree of response*
Company business model	DPEF.A	1.3	
Main CSR risks linked to the Company's business	DPEF.B	1.5 / 2.1.1	
1° SOCIAL INFORMATION			
a) Employment			
Total workforce	DPEF.1.a	2.4.2	
Employees by gender	DPEF.1.b	2.4.2	
Employees by age	DPEF.1.c	2.4.2	
Employees by region	DPEF.1.d	2.4.2	
Hirings	DPEF.2.a	2.4.2.1	
Dismissals	DPEF.2.b	2.4.2.2	
Compensation and changes therein	DPEF.3	2.4.3.3	
b) Work arrangements			
Organisation of working hours	DPEF.4	2.4.2.3 / 2.4.4.2	
Absenteeism	DPEF.5	2.4.2.3	
c) Health and Safety			
Workplace health and safety conditions	DPEF.6	2.4.4 / 2.4.4.1	
Workplace accidents, particularly their frequency and severity, along with occupational illnesses	DPEF.7	2.4.4.1	
d) Employee relations			
Organisation of social dialogue, especially procedures for informing, consulting and negotiating with personnel	DPEF.8	2.4.1.1 / 2.4.1.2	
Summary of labour agreements, particularly relating to occupational health and safety	DPEF.9	2.4.1.1 / 2.4.4.1 / 2.4.4.2	
e) Training			
Policies put into practice with regard to training, particularly relating to protection of the environment	DPEF.10	2.2.2 / 2.4.3.1 / 2.4.3.2	
Total number of hours of training	DPEF.11	2.4.3.2	















(1) Déclaration de Performance Extra Financière (DPEF).

DECLARATION ON EXTRA-FINANCIAL PERFORMANCE

Reporting scope, methodology and cross-reference tables

Expected	Coding of DPEF indicators	2018 Registration Document (relevant sections)	Degree of response*
f) Non-discrimination			
Measures taken to ensure equality between men and women	DPEF.12	2.4.4.2 / 2.4.5.1	
Measures taken to ensure the hiring and integration of handicapped persons	DPEF.13	2.4.5.3	
Anti-discrimination policy	DPEF.14	2.4.1.2 / 2.4.5.2	
2° ENVIRONMENTAL INFORMATION			
a) General environmental policy			
The organisation of the Company so as to take environmental questions into consideration and, where appropriate, environmental assessment or certification initiatives	DPEF.15	2.1.1 / 2.1.2 / 2.2.1 / 2.2.2	
Resources committed to prevent environmental risks and pollution	DPEF.16	2.2.1 / 2.2.1.1 / 2.2.1.2 / 2.2.1.3.3 / 2.2.2 / 4.5.1.2	
The amount of the provisions and warranties made for environmental risks, provided this information is not of a nature that might be seriously adverse to the Company in a current legal dispute.	DPEF.17	2.2.2	
b) Pollution			
Measures to prevent, reduce or repair emissions into the air, water or ground that seriously affect the environment	DPEF.18	2.2.1.2 / 2.2.1.3.1 / 2.2.1.3.4 / 2.2.2 / 2.2.2.2.1 / 2.2.2.2.2 / 2.2.2.4.2	
The handling of any other form of pollution specific to an activity, in particular sound and light pollution	DPEF.19	2.2.1.3.4	
c) The circular economy			
i) Waste prevention and management			
Measures to prevent, recycle, reuse waste, and other forms of waste recovery and elimination	DPEF.20	2.2.1.3.2 / 2.2.1.3.4 / 2.2.2.3.2	
Actions to combat food waste	DPEF.21	See section 4.2.1 of CSR Report	
ii) Sustainable use of resources			
Water consumption and sourcing in light of local constraints	DPEF.22	2.2.2.4.1	
Consumption of raw materials and measures taken to use them more efficiently	DPEF.23	2.2.1.3.1 / 2.2.1.3.2 / 2.2.2.3.1	
Consumption of energy, measures taken to improve energy efficiency and use of renewable energy	DPEF.24	2.2.1.1.1 / 2.2.2.1.1 / 4.5.1.2	
Use of land	DPEF.25	2.2.2.2.2	
d) Climate change			
Significant greenhouse gas emissions due to the Company's activity, notably through the use of goods and services it produces	DPEF.26	2.2.1.1.2 / 2.2.2.1.2	
Measures taken to adapt to the consequences of climate change	DPEF.27	2.2.1.1 / 2.2.1.3.4 / 2.2.1.4 / 2.2.2.1.2 / 4.5.1.2	
The reduction targets fixed voluntarily for the medium and long term to reduce greenhouse gas emissions and the methods implemented for this purpose	DPEF.28	2.2.2.1.2	
(e) Protection of biodiversity			
Measures taken to preserve or develop biodiversity	DPEF.29	See section 5.6. of CSR Report	
3° SOCIETAL INFORMATION			
a) Corporate sustainable development commitment			
Impact of the Company's activity on employment and regional development	DEPF.30	2.3.1.1 / 2.3.1.2 / 2.4.3.3	
Impact of the Company's activity on neighbouring or local residents	DEPF.31	2.3.4 / 2.4.3.3	

2

Expected	Coding of DPEF indicators	2018 Registration Document (relevant sections)	Degree of response*
Relations with stakeholders and means of dialogue with them	DPEF.32	2.1.3 / 2.4.1.2	
Support, partnerships and philanthropy provided	DPEF.33	2.3.4 / 2.4.5.3	
b) Sub-contractors and suppliers			
Consideration given to social and environmental issues in procurement policies	DPEF.34	2.3.1.2 / 2.3.1.2.1	
The importance of subcontracting and the inclusion in subcontractor and supplier relationships of their social and environmental responsibility	DPEF.35	2.3.1.2 / 2.3.1.2.1 / 2.3.1.2.2	
c) Fair operating practices			
Measures taken benefiting the health and safety of consumers	DPEF.36	2.2.1.2 / 2.2.1.3.1 / 2.2.1.4 / 2.3.2	
Anti-corruption actions	DPEF.37	2.3.4 / 2.4.1.2 / 2.4.6	
4° INFORMATION RELATING TO ACTIONS TO PROMOTE HUMAN RIGHTS			
a) Promotion and observance of the core conventions of the International Labour Organization relative			
To respect for freedom of association and the right to collective bargaining	DPEF.38	2.4.1.2 / 2.4.6	
To the elimination of discrimination in terms of hiring and occupation	DPEF.39	2.4.1.2 / 2.4.6	
To the elimination of forced or obligatory labour	DPEF.40	2.4.1.2 / 2.4.6	
To the effective abolition of child labour	DPEF.41	2.4.1.2 / 2.4.6	
b) Other actions to promote human rights	DPEF.42	2.4.1 / 2.3.1.2.1	
MOST RECENT ADDITIONAL REQUIREMENTS INCLUDED IN ARTICLE L. 225-102-1 MODIFIED IN AUTUMN 2018			
Fighting food insecurity	DPEF.43	See section 7.2.2. of CSR Report	
Respect for animal welfare	DPEF.44	See section 4.2.2.2. of CSR Report	
Fighting tax evasion	DPEF.45	See section 6.2.2. of CSR Report	

* The reporting status indicates a response by the Group to each of 45 DPEF topics and the coverage rate for this response among the relevant subsidiaries.

 = the Group has responded to the DPEF topic and the response covers 100% of subsidiaries required to publish detailed information

CORPORATE GOVERNANCE



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Governance principles

For many years, Peugeot S.A. has complied with recommendations contained in the AFEP-MEDEF Corporate Governance Code, after adapting it for a joint stock company with a Managing Board and a Supervisory Board, and with its application guide. This Code can be viewed on the Internet in its version revised in June 2018: <http://www.medef.com/>.

A table summarising the departures from the AFEP-MEDEF Code with the related explanations can be found in [Section 3.1.6].

Report of the Supervisory Board on corporate governance

This section on corporate governance reports on:

- the membership of the Managing Board and the Supervisory Board, and it presents the corporate officers, listing their directorships and positions;
- the diversity policy implemented on the Supervisory Board, with particular reference to the balanced representation of women and men;

- the methods and procedures for preparing and organising the work of the Supervisory Board, and its operating procedures;
- the principles and standards set by the Supervisory Board to determine the policy for compensation of corporate officers, and the total compensation, the benefits of all kinds awarded to the corporate officers in respect of the elapsed financial year, and the commitments of all kinds made by the Company in favour of the corporate officers.

This information forms part of the Report of the Supervisory Board on Corporate Governance pursuant to Article L.225-68 of the French Commercial Code.

For information, the Report on Corporate Governance was approved by the Supervisory Board at its meeting on 25 February 2019.

For all detailed information concerning the share capital and financial matters with a likely incidence in the event of a public offer for purchase or exchange, please refer to Section 7 of this Registration Document.

For any information concerning related-party agreements, please refer to Section 6.7; for the Supervisory Board's observations on the activity for the past financial year, the financial statements and the Management Report of the Management Board, please refer to section 5.6 of this Registration Document.

3.1. MANAGEMENT AND SUPERVISORY BODIES

Since 1972, Peugeot S.A. has had the form of a *Société Anonyme* (joint stock corporation) with a two-tier management structure comprising a Managing Board, responsible for strategic and operational management, and a Supervisory Board, responsible for

oversight and control. This separation is meant particularly to respond to concerns about the balance of powers between the executive functions and oversight functions as reflected in the principles of corporate governance.

3.1.1. The Executive Management of Groupe PSA and the Managing Board

GROUP'S EXECUTIVE MANAGEMENT

The Executive Committee (COMEX) is responsible for the Group's executive management.

Its members are detailed in the Group functional organisation chart in Section 1.2 of this Registration Document.

THE MANAGING BOARD

Managing Board members are appointed by the Supervisory Board for four-year terms. They may be removed from office by the Supervisory Board pursuant to the Company by-laws, or by shareholders in a Shareholders' General Meeting, in accordance with French company law.

The term of office of the serving members of the Managing Board was renewed by the Supervisory Board at its meeting on 22 February 2017, for a four-year term, until 2021.

CHANGES IN 2018

Jean-Baptiste CHASSELOUP de CHATILLON resigned from his position as a member of the Managing Board and left the company on August 31, 2018.

Until the end of 2018, Group management was exercised by a Managing Board composed of three members.

The Supervisory Board, at its meeting of 25 February 2019, decided to appoint Olivier BOURGES, Executive Vice President, Programmes and Strategy, to the Managing Board, effective 1 March 2019. Moreover, from 1 March 2019, the Managing Board will be composed of four members for the remainder of its term of office.

INFORMATION ABOUT CURRENT MANAGING BOARD MEMBERS

CARLOS TAVARES



Portuguese national

Born 14 August 1958

Business address:
Groupe PSA, 7, rue Henri
Sainte-Claire Deville,
92500 Rueil-Malmaison –
France

**First appointed to the
Managing Board:** 1 January
2014

Date of last renewal:
22 February 2017

Current term expires:
2021 (4-year term)

Chairman of the Peugeot S.A. Managing Board

Other directorships and positions as of 31 December 2018:

	Listed company	Group Company
Director of Banque PSA Finance S.A.		√
Chairman of the Board of Directors, PSA AUTOMOBILES S.A.		√
Director of AIRBUS S.E.	√	
Director of TOTAL S.A.	√	
Chairman of the Supervisory Board of Opel Automobiles GmbH		√

President of ACEA (European Automobile Manufacturers' Association)

Other directorships and positions in the past five years:

- › Director of Faurecia S.A.
- › Chief Operating Officer of RENAULT and member of the Managing Board of the RENAULT-NISSAN Alliance
- › Director of RENAULT NISSAN B.V.
- › Director of PCMA Holding B.V.
- › Director of AVTOVAZ
- › Director of ALPINE-CATERHAM
- › Chairman of the Management Committee of NISSAN AMERICAS

Relevant expertise and professional experience:

After graduating from *Ecole Centrale de Paris*, Carlos TAVARES held various management positions within the Renault group between 1981 and 2004 before joining the Nissan group. He headed that group's operations in the Americas region, after which in 2011, he was appointed Chief Operating Officer of the Renault group, a position he held until 2013. He joined the Peugeot S.A. Managing Board on 1 January 2014, becoming the Board's Chairman on 31 March 2014.

Number of Peugeot S.A. securities owned as of 31 December 2018: 131,000 shares.

MAXIME PICAT



French national

Born 26 March 1974

Business address:
Groupe PSA,
7, rue Henri Sainte
Claire Deville,
92500 Rueil-Malmaison,
France

**First appointed to the
Managing Board:**
1 September 2016

Date of last renewal:
22 February 2017

Current term expires:
2021 (4-year term)

Member of the Managing Board of Peugeot S.A.

Executive Vice-President, Europe

Other directorships and positions as of 31 December 2018:

	Listed company	Group Company
Director of PSA AUTOMOBILES S.A.		√
Chief Executive Officer of Director of PEUGEOT CITROËN AUTOMOVILES ESPAÑA S.A.		√
Chairman of the Board of Directors and Director of PEUGEOT CITROËN AUTOMOVEIS PORTUGAL S.A.		√
Member of the Supervisory Board of Opel Automobiles GmbH		√

Other directorships and positions in the past five years:

- › Chairman and Chief Executive Officer of AUTOMOBILES PEUGEOT S.A.
- › Director of Dongfeng Peugeot Citroën Automobiles company LTD
- › Chairman of the Board of Directors of Peugeot Motor Company PLC
- › Director of Dongfeng Peugeot Citroën Automobiles Sales Company LTD
- › Director of BERI ITALIA SRL
- › Chief Executive Officer of Peugeot Citroën Automobiles Company LTD
- › Director of the PSA Corporate Foundation
- › Permanent Representative of AUTOMOBILES PEUGEOT S.A. on the Board of Directors of Banque PSA Finance S.A.
- › Director of PEUGEOT ESPAÑA S.A.

Relevant expertise and professional experience:

A graduate of *Ecole des Mines de Paris* engineering school, Maxime PICAT joined the Group in 1998. He has extensive experience in manufacturing: having held several positions in Mulhouse, France, he became manufacturing manager of the Sochaux plant before being appointed as Plant Manager of the Wuhan production plant in November 2007. In January 2011, Maxime PICAT was appointed Chief Executive Officer of Dongfeng Peugeot Citroën Automobiles (DPCA), after serving as Chief Operating Officer from August 2008 to January 2011. On 1 October 2012, he was appointed Chief Executive Officer of the Peugeot brand. Since 1 September 2016, he is Executive Vice-President, Europe, and a member of the Managing Board.

Number of Peugeot S.A. securities owned by Maxime PICAT as of 31 December 2018: 41,000 shares.

Number of units in the Groupe PSA Employee Stock Ownership Fund as of 31 December 2018: 2,428 units.

JEAN-CHRISTOPHE QUEMARD



French national

Born 30 September 1960

Business address:

Groupe PSA,
7, rue Henri Sainte
Claire Deville,
92500 Reuil-Malmaison,
France

**First appointed to the
Managing Board:**

13 March 2012

Date of last renewal:

22 February 2017

Current term expires:

2021 (4-year term)

Member of the Managing Board of Peugeot S.A.

Executive Vice-President, Africa-Middle East

Other directorships and positions as of 31 December 2018:	Listed company	Group Company
Chairman of the Board of Directors of Peugeot Citroën Automobiles MAROC S.A.		√
Managing Director of PEUGEOT CITROËN DS MAROC S.à.r.l.		√
Director of SOPRIAM S.A.		√
Permanent Representative of AUTOMOBILES PEUGEOT on the Board of Directors of SOCIÉTÉ TUNISIENNE AUTOMOBILE FINANCIÈRE IMMOBILIERE ET MARITIME (STAFIM)		√
Permanent Representative of Automobiles Peugeot S.A. on the Board of Directors of Peugeot Citroën Production Algérie		√

Other directorships and positions in the past five years:

- › Executive Vice-President of Programmes, PSA
- › Director of PCMA HOLDING B.V.
- › Director of Dongfeng Peugeot Citroën Automobiles COMPANY LTD.
- › Chairman of the Board of Directors of GM PSA PURCHASING SERVICES S.A.
- › Director of IKAP Co Ltd

Relevant expertise and professional experience:

Jean-Christophe QUEMARD is a graduate of the *Ecole des Mines* at Saint-Etienne and of the *Ecole du Pétrole et des Moteurs*. He joined Groupe PSA in 1986. He held various positions, particularly in the Automotive Platforms and Technologies Department, where he was named director. Appointed to the Expanded Executive Committee and named Vice-President, Purchasing, in 2008, he became a member of the Executive Committee in 2009. He was appointed Executive Vice-President, Programmes in September 2010. Since 1 September 2014, he has been Executive Vice-President, Africa-Middle East.

Number of Peugeot S.A. securities owned as of 31 December 2018: 66,781 shares.

Number of units in the Groupe PSA Employee Stock Ownership Fund as of 31 December 2018: 1,338 units.

OLIVIER BOURGES



French national
Born 24 december 1966
Business address:
Groupe PSA,
7, rue Henri Sainte
Claire Deville
92500 Rueil-Malmaison,
France
**First appointed to the
Managing Board:**
25 February 2019
Current term expires:
2021 (4-year term)

Member of the Managing Board of Peugeot S.A. - From March 1st 2019

Executive Vice President, Programmes and Strategy

Other directorships and positions as of 31 December 2018:	Listed company	Group Company
Chairman of the Board of Directors, Banque PSA Finance S.A.		√
Member of the Supervisory Board, Dongfeng Peugeot Citroën Automobile Sales Company Ltd		√
Director of Dongfeng Peugeot Citroën Automobiles Company Ltd		√
Director of PCMA Holding B.V.		√
Member of the Supervisory Board, PSA (Wuhan) Management Company Co. Ltd		√

Other directorships and positions in the past five years:

- › Director of Peugeot Citroën Automoviles Espana S.A.
- › Director of IKAP Co Ltd
- › Chairman of the Board of Directors, SAIPA CITROEN COMPANY Co. Ltd
- › Director of CREDIPAR S.A.
- › Member of the Supervisory Board of GEFCO S.A.
- › Permanent Representative of Peugeot S.A. on the Supervisory Board of Citroën S.A.
- › Permanent Representative of Peugeot S.A. on the Supervisory Board of Banque PSA Finance S.A.
- › Manager of DJ 56 S.N.C.
- › Director of Alstom S.A.
- › Permanent Representative of Automobiles Peugeot S.A. on the Supervisory Board of Football Club Sochaux Montbéliard S.A.

Relevant expertise and professional experience:

A graduate of *Sciences Po Paris* and the *Ecole Nationale d'Administration*, Olivier Bourges joined Groupe PSA in 2014. He was appointed Secretary General of Groupe PSA with special responsibility for BPF (Banque PSA Finance) on the Groupe PSA Managing Board. On 1 February 2018, he took charge of Programmes and Strategy. He continues to manage the two joint ventures financing the Group's sales.

He began his career at the Ministry of Economy and Finance, in the Treasury Department, where he held the positions of Deputy Head of the Banking Office, Alternate Director representing France at the World Bank and then Chief of the Housing Finance Office.

Subsequently, in 2000, he joined Renault as Director of Investor Relations, where he then held several operational positions, including within Nissan. He returned to the Ministry of Economy and Finance in 2009 as Deputy Director General in the State Investment Agency then as Deputy Director General in the Public Finance Department.

He was appointed to the Managing Board of Peugeot SA by the Supervisory Board on 25 February 2019, which drew up this Report on Corporate Governance. His term will take effect on 1 March 2019.

* The number of Peugeot S.A. securities owned by Mr Olivier BOURGES will be public in the 2019 Registration Document, in accordance with the AFEP-MEDEF Code and the Regulation CE 809/2004 Annex I.

In accordance with the recommendation set out in paragraph 18 of the AFEP-MEDEF Corporate Governance Code, Managing Board members systematically consult the Supervisory Board before agreeing to become a corporate officer of any listed company outside the Group.

3.1.2. The Supervisory Board

3.1.2.1. CURRENT MEMBERSHIP

The Supervisory Board's size and membership reflect the capital structure of Peugeot S.A., which is set out in greater detail in Section 7.3 of this Registration Document.

In accordance with the shareholders' agreement signed on 28 April 2014 between the three main shareholders and the Company, each of the three main shareholders (namely, the Peugeot family Group (Établissements Peugeot Frères - hereafter "EPF" - and FFP), Dongfeng (via Dongfeng Motor (Hong Kong) International Co. Ltd, hereafter "DMHK") and Bpifrance (Lion Participations and Bpifrance Participations) - which in June 2017 bought out the whole of SOGEPA's interest in the Company's share capital -) proposed the appointment of two members of the Board. One of the two members proposed by the main shareholders has been appointed Vice-Chairman.

At 25 February 2019, the Supervisory Board comprised the following fourteen members, of whom:

- six members proposed by the three main shareholders;
- six independent members;
- one employee representative and one employee shareholder representative.

In addition, in accordance with the law, meetings of the Supervisory Board are attended by one non-voting member of the Peugeot S.A. Works Council.

The mandates and functions of Chairman and Vice-Chairman are undertaken by two independent members.

The members of the Supervisory Board are appointed for four-year terms and, as recommended in the AFEP-MEDEF Code (paragraph 13.2), those terms are staggered, making for harmonious renewal of the Board's membership and allowing detailed examination of candidatures to cater for the expertise required.

3.1.2.2. CHANGES IN 2018

Date of effect	Change occurred
24 April 2018	Renewal of Frédéric BANZET's position as a non-voting member
4 June 2018	Resignation of LIU Weidong from his position as permanent representative of Dongfeng Motor (Hong Kong) International Co. Ltd
4 June 2018	Appointment by Dongfeng Motor (Hong Kong) International Co. Ltd of its new permanent representative: LI Shaozhu
22 June 2018	Appointment by the Group's European Works Council of Christian LAFAYE as its new employee representative to the Supervisory Board.
23 July 2018	Recording of the appointment by Dongfeng Motor (Hong Kong) International Co. Ltd of its new permanent representative: LI Shaozhu
23 July 2018	Appointment of LI Shaozhu to the Appointments, Compensation and Governance Committee (ACGC)
23 July 2018	Appointment of AN Tiecheng to the Strategic Committee
23 July 2018	Appointment of Christian LAFAYE to the Strategic Committee and the Asia Business Development Committee
23 October 2018	Appointment of Louis GALLOIS to the Finance and Audit Committee
23 October 2018	Resignation of Louis GALLOIS from the Strategic Committee

3.1.2.3. TABLE OF THE SUPERVISORY BOARD MEMBERSHIP

This table summarises the membership of the Supervisory Board and of its committees at the date of this report.

Also shown is the overall length of tenure of office of each of the members, reckoned at the date of this report, the percentage of

independent members on the Board and the gender equality ratio between men and women and the attendance rate of members at the Board and committees meetings.

Members of the Supervisory Board	Date of appointment	Overall length of tenure ⁽¹⁾	Nationality	Number of shares	Number of positions in listed companies	Term of office expiry date	Age	Independent according to the AFEP-MEDEF Code	Equality Men/Women	Membership on a committee	Main function
Louis GALLOIS Chairman	12 February 2013	6	French	1,065	1	SGM 2022	75	√	M	FAC/ACGC	Chairman of the Supervisory Board of Peugeot S.A.
Geoffroy ROUX de BEZIEUX Vice-Chairman Senior Independent member	23 May 2007	11	French	2,417	2	SGM 2021	56	√	M	ACGC (Chmn.), FAC	Chairman of Notus Technologies
Marie-Hélène PEUGEOT RONCORONI (Permanent representative of EPF) Vice-Chairwoman as defined in the Shareholders' Agreement	25 April 2014	4	French	1,150	4	SGM 2022	58		W	ACGC, Asia Business Development Committee	Chief Operating Officer of EPF
LI Shaozhu (Permanent Representative of DMHK and (Vice-Chairman as defined in the Shareholders' Agreement)	25 April 2014	4	Chinese	0	2	SGM 2022	58		M	ACGC	Director, Chief Executive Officer and Deputy Secretary of the Party Committee of Dongfeng Motor Corporation
Anne GUÉRIN (Permanent representative of Bpifrance Participations) Vice-Chairwoman as defined in the Shareholders' Agreement	25 July 2017	1	French	0	1	SGM 2022	50		W	ACGC, FAC	Bpifrance's Finance and Network Executive Director
Catherine BRADLEY	23 February 2016	3	French	1,000	1	SGM 2020	59	√	W	FAC (Chairman), ACGC	Independent director
Pamela KNAPP	31 May 2011	7	German	1,938	5	SGM 2021	60	√	W	ACGC, FAC	Independent director
Christian LAFAYE Employee representative (appointed pursuant to Article L. 225-79-2 of the French Commercial Code)	22 June 2018	-	French	0	1	CGE 2022	63		M	Strategic Committee, Asia Business Development Committee	Groupe PSA employee
Helle KRISTOFFERSEN	27 April 2016	2	French and Danish	1,000	3	SGM 2021	54	√	W	Strategic Committee, Asia Business Development Committee	Total Vice-President, Strategy and Head of "low-carbon" business lines
AN Tiecheng	25 July 2017	1	Chinese	0	2	SGM 2022	55		M	Asia Business Development Committee (Chairman), FAC, Strategic Committee	Chairman of the Board of Dongfeng Peugeot Citroën Automobiles Company Ltd. (DPCA)
Robert PEUGEOT (Permanent representative of FFP)	25 April 2014	4	French	1,000	7	SGM 2022	68		M	Strategic Committee (Chmn.), FAC	Chairman and Chief Executive Officer of FFP
Henri Philippe REICHSTUL	23 May 2007	11	Brazilian	1,000	3	SGM 2021	69	√	M	Strategic Committee, Asia Business Development Committee	Corporate director
Bénédicte JUYAUX Member representing employee-shareholders (appointed pursuant to Article L. 225-71 of the French Commercial Code)	10 May 2017	1	French	0	1	SGM 2021	58		W	ACGC FAC	Groupe PSA employee
Daniel BERNARD (Permanent representative of Lion Participations)	25 July 2017	1	French	0	2	SGM 2021	73		M	Strategic Committee, Asia Business Development Committee	Vice-Chairman of the Board of Directors of CAPGEMINI
Corporate governance indicators		5.5 ⁽²⁾						50% ⁽³⁾	46% ⁽⁴⁾		

SGM: Shareholders' General Meeting; ACGC: Asia Business Development Committee; CGE: Group's European Works Council; ACGC: Appointments, Compensation and Governance Committee; FAC: Finance and Audit Committee; Strategic Committee: Strategic Committee.

(1) The date of drafting this report by the Supervisory Board on corporate governance is also used in determining the overall length of tenure.

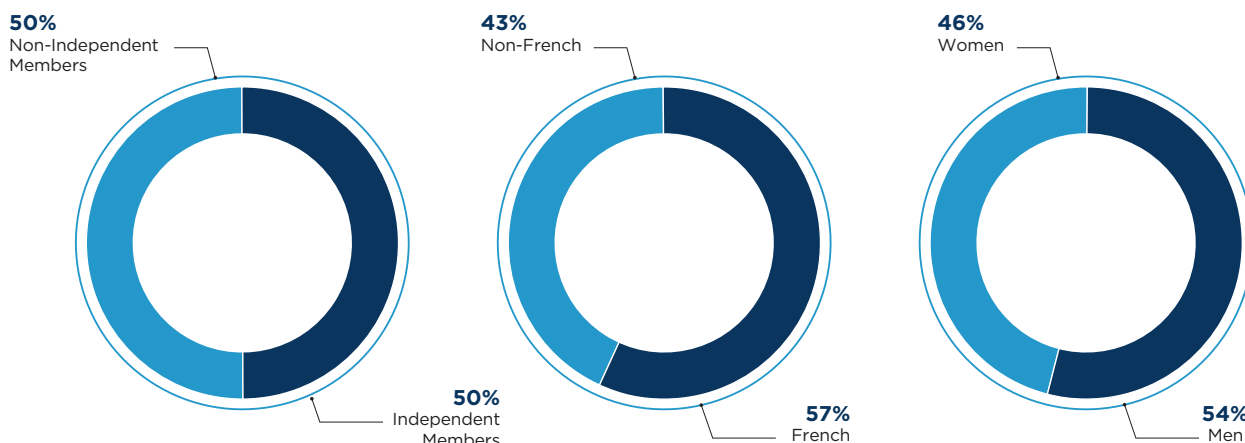
(2) Average overall length of tenure, calculated by taking into account all members of the Supervisory Board.

(3) Members representing employees and employee shareholders are not taken into account to establish this percentage (AFEP-MEDEF Code, Article 8.3).

(4) The employee representative is not taken into account in calculating this percentage. (Article L. 225-27 of the French Commercial Code).

3.1.2.4. THE DIVERSITY POLICY IMPLEMENTED ON THE BOARDS AND THE BALANCED REPRESENTATION OF WOMEN AND MEN

In accordance with the recommendation of the AFEP-MEDEF Code, paragraph 6.2, the Board regularly examines whether the desired balance is struck in its membership and that of its committees, with regard to the composition of and changes to the ownership structure of the Company and the need for diversity on the Board. Pursuant to Article L. 225-69 of the French Commercial Code, the Board currently comprises six female and eight male members.



As part of its tasks, when reviewing the Board's succession plan, the Supervisory Board assesses the candidacies of people who have international experience and expertise that will help them perform the duties assigned to them by the law and the Company by-laws. The Board believes that this approach aligns with Groupe PSA's increasingly international character.

In this vein, when looking for independent members, the Board reviews candidacies with the goal of satisfying the demand for diversity and internationalisation.

To meet this same goal, the Supervisory Board asks the Executive Management to draft an Annual Report on the enactment of the non-discrimination and diversity policy within the Group and particularly the Group's other management bodies, especially the Executive Committee.

In 2018, the Supervisory Board hailed the Group's work on diversity, which has produced greater gender equality and an increase in international profiles. This progress was recognised with the renewal of the "Gender Equality and Diversity" label. The Group provides shareholders with additional information on the Diversity policy within Groupe PSA and the governing bodies, and on future targets, in paragraph 2.4.5.1 of the CSR Report (please refer to that section).

3.1.2.5. THE INDEPENDENT MEMBERS

The Appointments, Compensation and Governance Committee ensures the maintenance of the proportion of the independent members of the Supervisory Board, in accordance with the recommendations of the AFEP-MEDEF Code (paragraphs 16.1 and 17.1), which state that the independent members should make up at least one-half of the Board's members.

As stated in the Internal Rules of the Supervisory Board, "*members of the Supervisory Board represent all shareholders and must always act in the corporate interests of the Company. Each member of the Supervisory Board shall strive to ensure that their analysis, judgement, decision-making and action are independent, to benefit the Company's interest. They agree not to seek out or to accept any benefit likely to undermine this*".

The rate of feminization of 46% is unchanged from 2014 and calculated according to the law, without taking into account the member representing employees.

The Board currently includes six independent members, representing 50%.

The Board has six members who are foreign nationals (Pamela KNAPP, German; Helle KRISTOFFERSEN, French and Danish; Catherine BRADLEY, French and British; AN Tiecheng and LI Shaozhu, of Chinese nationality; Henri Philippe REICHSTUL, Brazilian), and all the non-employee members have experience working in one or more international organisations.

On a recommendation of the Appointments, Compensation and Governance Committee, the Supervisory Board reviewed the position of each of its members with regard to the independence criteria selected by the Company (paragraph 8 of the AFEP-MEDEF Code) at its meeting on 25 February 2019:

- not be an employee or Executive Director of the Managing Board, or an employee or director of its parent company or of a company which it consolidates or has consolidated in the last five years;
- not be an Executive Director of the Managing Board of a company in which the Company holds directly or indirectly a director term of office or in which an employee designated as such or an Executive Director of the Managing Board of the Company (either currently or in the last five years) holds a director term of office;
- not be a major client, supplier, investment banker or corporate banker, or consultant of the Company or its Group, or for which the Company or its Group represents a significant part of its business;
- must have no close family ties with a corporate officer;
- must not have been a Statutory Auditor of the Company in the last five years;
- must not have been a Company director during the last 12 years.

On the basis of these criteria, the Supervisory Board classified six members as independent:

- Mr Louis GALLOIS (Chairman of the Supervisory Board);
- Mr Geoffroy ROUX de BEZIEUX (Vice-Chairman and Senior Independent Member);
- Mrs Catherine BRADLEY;
- Mrs Pamela KNAPP;
- Mrs Helle KRISTOFFERSEN; and
- Mr Henri Philippe REICHSTUL.

This puts the proportion of independent members at 50%.

It should be recalled that, in accordance with paragraph 8.3 of the AFEP-MEDEF Code, member representing employees or employee shareholders are not included when calculating this percentage.

Pursuant to the AFEP-MEDEF Code in its version updated in June 2018, the analysis that leads to considering the independence of the Board members listed above is summarised in the table below:

Criteria⁽¹⁾	Louis GALLOIS	Geoffroy ROUX de BÉZIEUX	Catherine BRADLEY	Pamela KNAPP	Helle KRISTOFFERSEN	Henri Philippe REICHSTUL
Criterion 1: Has not been an employee or Executive Director of the Managing Board of the Company or a subsidiary in the past 5 years	√	√	√	√	√	√
Criterion 2: No cross-directorships	√	√	√	√	√	√
Criterion 3: Must not have any significant business relationships	√	√	√	√	√	√
Criterion 4: Must not be related by close family ties to a Company officer	√	√	√	√	√	√
Criterion 5: Must not have been a Statutory Auditor of the Company in the last five years	√	√	√	√	√	√
Criterion 6: Period of term of office exceeding 12 years	√	√	√	√	√	√
Criterion 7: Status of member of the Supervisory Board (must not receive variable compensation)	√	√	√	√	√	√
Criterion 8: Status of major shareholder (>10% stake in the Company's share capital)	√	√	√	√	√	√

(1) In this table, √ represents an independence criterion that is met and X represents an independence criterion that is not met.

It is recalled that the Supervisory Board, on the basis of the analysis driven by the Appointments, Compensation and Governance Committee, has conducted a qualitative and a quantitative examination of business relationships between Groupe PSA and the companies in which the members of the Supervisory Board hold other office and/or exercise other duties, on the basis of the following criteria:

- the overall duration of the term (quantitative criterion),
- the sale revenue generated by the business relationship (quantitative criterion), and
- the analysis of the type of business relationship between the two companies, as well as the type of the function or responsibilities carried on, having or not an impact on operational decision-making within the concerned companies (qualitative criteria).

Particular attention was paid to examining situations of Mrs Pamela KNAPP, director at the Compagnie de Saint Gobain S.A., and of Mrs Helle KRISTOFFERSEN, director at Orange S.A. and Vice-President, Strategy and Chief Administrative Officer of the "low carbon" division at TOTAL S.A..

With regards to Mrs Pamela KNAPP situation, the Supervisory Board noted that the overall duration of her term of office at Groupe PSA is lower than 12 years.

Regarding the relationships between Groupe PSA and the Compagnie de Saint Gobain S.A., the Supervisory Board noticed that the volume of business relationships between the two groups does not exceed 5% of Groupe PSA sales revenue. Therefore, in light of the non material nature of the relationships, any dependent relationship between the two groups could be excluded.

In addition, the function Mrs Pamela KNAPP performs within Groupe PSA and within the aforementioned companies does not give her

direct or indirect decision-making powers in the context of the establishment or maintenance of any business relationship.

As far as Mrs Helle KRISTOFFERSEN is concerned, the Supervisory Board stated that the overall duration of her term of office at Groupe PSA is lower than 12 years.

Regarding the relationships between Groupe PSA and TOTAL S.A., and Groupe PSA and Orange S.A., the Supervisory Board noted that the volume of business relationships between Groupe PSA and each of the two groups does not exceed 5% of Groupe PSA sales revenue. Therefore, in light of the non-material nature of the relationships, any dependent relationship between the two groups could be excluded.

In addition, the function Mrs Helle KRISTOFFERSEN performs within Groupe PSA and within the aforementioned companies does not give her direct or indirect decision-making powers in the context of the establishment or maintenance of any business relationship.

It conclusion, the examination has revealed that the business relationships fostered between Groupe PSA and the aforesaid companies are not likely to compromise the independence of Mrs Pamela KNAPP and Mrs Helle KRISTOFFERSEN.

3.1.2.6. THE SENIOR INDEPENDENT MEMBER OF THE SUPERVISORY BOARD OF PEUGEOT S.A.

The Senior Independent Member is appointed from among the independent members in accordance with paragraph 6.3 of the AFEP-MEDEF Code and, under the Internal Rules of the Supervisory Board, has the following powers and prerogatives:



- to call and chair meetings of the independent members of the Supervisory Board on operational matters of the Board and to convey its conclusions to the Chairman of the Supervisory Board;
 - notifying to the Chairman of the Supervisory Board any conflict of interest it has identified which could affect the deliberations of the Board;
 - taking note of the significant governance concerns of shareholders not represented on the Supervisory Board and ensuring that they are addressed;
 - reporting on the performance of his or her duties to the Supervisory Board and, where applicable, to the Shareholders' Annual General Meeting.
- Mr Geoffroy ROUX de BEZIEUX performs the duties of Senior Independent Member of the Supervisory Board. Since 25 July 2017, he has also become Vice-Chairman of the Supervisory Board of Peugeot S.A. This is because, for compliance with best governance practices, the Supervisory Board has decided to combine the office of Senior Independent Member with that of Vice-Chairman.
- Mr Geoffroy ROUX de BEZIEUX also sits as Chairman of the Appointments, Compensation and Governance Committee.

3.1.2.7. THE MEMBER REPRESENTING EMPLOYEES AND THE MEMBER REPRESENTING EMPLOYEE SHAREHOLDERS

The employee representative is appointed, under the procedure described by Article 10.I.B of the By-laws, by the Group European Works Council, pursuant to Article L. 225-79-2 of the French Commercial Code.

The representative of employee shareholders is appointed by the Shareholders' General Meeting on the proposal of the Supervisory Boards of the corporate mutual funds ("FCPE" in french), in accordance with the Article L. 225-71 of the French Commercial Code and Article 10.I.C of the Company by-laws. It will be recalled that the Shareholders' General Meeting on 10 May 2017 amended

the by-laws to maintain representation of employee shareholders on the Supervisory Board for a period of four years even though the percentage of employee ownership had fallen below 3%.

The Supervisory Board enables the employee representative and the representative of employee shareholders to train appropriately for the duties required of them by virtue of their office. In this respect, the Board offers training to employee representatives at the *Institut Français des Administrateurs* (French Institute of Directors).

3.1.2.8. THE NON VOTING MEMBERS OF THE SUPERVISORY BOARD

Under the terms of the shareholders' agreement, each of the three reference shareholders may apply to have a non-voting member attend the meetings of the Supervisory Board. In accordance with

the Internal Rules of the Supervisory Board, the non-voting members are appointed by the Supervisory Board for a term of four years.

Non-voting members of the Supervisory Board	Date of first appointment	Term of office expiry date	Attendance to the Supervisory Board meeting
Frédéric BANZET (appointed on the proposal of the Peugeot family-owned group)	29 July 2014	2022	100%
Alexandre OSSOLA (appointed on the proposal of BPI)	25 July 2017	2021	87.5%
LV Haitao (appointed on the proposal of DMHK)	25 July 2017	2021	87.5%

3.1.2.9. INFORMATION ABOUT THE CURRENT MEMBERS OF THE SUPERVISORY BOARD

Board Members

LOUIS GALLOIS



French national
Born 26 January 1944
Business address:
Groupe PSA,
7, rue Henri Sainte
Claire Deville,
92500 Rueil-Malmaison,
France

**First elected to the
Supervisory Board:**
12 February 2013

Date of last renewal:
24 April 2018

Current term expires:
2022 (4-year term)

Chairman of the Supervisory Board of Peugeot S.A.

Independent Member
Member of the Appointments, Compensation and Governance Committee
Member of the Finance and Audit Committee

Other directorships and positions as of 31 December 2018:	Listed company	Group Company
Chairman of Fédération des Acteurs de la Solidarité		
Co-Chairman of La Fabrique de l'Industrie		
Director of Association Nationale de la Recherche Technique		
President of the experimental fund for areas with zero long-term unemployed		

Other directorships and positions in the past five years:

- › General Commissioner for Investment
- › Director of MICHELIN S.C.A.
- › Director of Ecole Centrale de Paris
- › Director of Cercle de l'Industrie

Relevant expertise and professional experience:

A graduate of the HEC business school and Ecole Nationale d'Administration, Louis GALLOIS began his career in the French Treasury Department. He subsequently became Chief of Staff for Jean-Pierre CHEVENEMENT at the Ministry of Research and Technology before serving as Head of the Industry Department at the Ministry of Industry and Policy Officer at the Ministry of the Economy, Finance and Privatisation before ultimately serving on Mr CHEVENEMENT's staff at the Ministry of Defence. After that, he held the position of Chairman and Chief Executive Officer, first at Snecma (1989-1992) and then at Aérospatiale (1992-1996). After serving as President of SNCF-French Railways from 1996 to 2006, he was one of the co-Chief Executive Officers of the EADS group until 2007, then Chief Executive Officer until June 2012. He also served as Chief Executive Officer of EADS (Airbus) from September 2006 to August 2007. From June 2012 to April 2014, he served in the French government as General Commissioner for Investment. He has been Chairman of the Groupe PSA Supervisory Board since 29 April 2014.

Number of Peugeot S.A. securities owned as of 31 December 2018: 1,065 shares.

GEOFFROY ROUX DE BEZIEUX



French national
Born 31 May 1962
Business address:
Notus Technologies,
2 bis, rue de Villiers,
92300 Levallois-Perret,
France

**First elected to the
Supervisory Board:**
23 May 2007

Date of last renewal:
10 May 2017

Current term expires:
2021 (4-year term)

Vice-Chairman of the Supervisory Board of Peugeot S.A.

Independent member and Senior Independent Member
Chairman of the Appointments, Compensation and Governance Committee
Member of the Finance and Audit Committee

Other directorships and positions as of 31 December 2018:	Listed company	Group Company
Chairman of NOTUS TECHNOLOGIES		
Director of PARROT S.A.	√	
Chairman of MEDEF		

Other directorships and positions in the past five years:

- › Chairman of OMEA TELECOM (VIRGIN MOBILE)
- › Vice-Chairman of the Supervisory Board of SELOGER.COM
- › Chairman of Oliviers & Compagnie
- › Chairman of the Supervisory Board of CREDIT.FR

Relevant expertise and professional experience:

After graduating from the ESSEC business school, Geoffroy ROUX de BEZIEUX held various positions at the L'Oréal group from 1986 to 1996. He was Founder-Chairman of The Phone House, France's leading independent mobile phone retailer. He later sold the company to The Carphone Warehouse, which appointed him as Managing Director Europe in 2000 and Chief Operating Officer in 2003, a position he held until 2006. From 2006 to 2014 he was Founder-Chairman of Omea Telecom (Virgin Mobile). He manages the affairs of the NOTUS technologies investment company.

Number of Peugeot S.A. securities owned by Geoffroy ROUX de BEZIEUX as of 31 December 2018: 2,417 shares.

MARIE-HELENE PEUGEOT RONCORONI



French national
Born 17 November 1960
Business address:
FFP, 66, avenue Charles
de Gaulle,
92200 Neuilly-sur-Seine,
France

EPF first elected to the Supervisory Board:

25 April 2014

Date of last renewal of EPF to the Supervisory Board:

24 April 2018

Current term expires:
2022 (4-year term)

Permanent Representative of Établissement Peugeot Frères (EPF) on the Board of Directors of Peugeot S.A.

Member of the Appointments, Compensation and Governance Committee
Member of the Asia Business Development Committee
Vice-Chairwoman of the Supervisory Board of Peugeot S.A.

Other directorships and positions as of 31 December 2018:	Listed company	Group Company
Director and Vice-Chairwoman of the PSA Corporate Foundation		√
Director and Chief Operating Officer of ÉTABLISSEMENT PEUGEOT FRÈRES S.A.		
Director and Vice-Chairwoman of FFP S.A.	√	
Director and Chairwoman of the Board of Directors of SAPAR S.A.		
Director of ESSO SAF	√	
Director of LISI	√	
Director of SICAV ARMENE		
Chairwoman of SAINT-CO SAS		

Other directorships and positions in the past five years:

- › Director of ASSURANCES MUTUELLES DE FRANCE
- › Permanent Representative of Assurances Mutuelles de France within the Board of Directors of INSTITUT DIDEROT
- › Chief Operating Officer of SAPAR S.A.
- › Permanent Representative of SAPAR S.A. on the Board of Directors of IMMEUBLES DE FRANCHE-COMTE
- › Member of the Supervisory Board of Peugeot S.A.

Relevant expertise and professional experience:

Marie-Hélène PEUGEOT RONCORONI graduated from *Sciences Po Paris*. She began her career in an international audit firm before holding positions in Corporate Finance, Industrial Relations and human resources within the Group. She currently serves as Director and Chief Operating Officer of Établissements Peugeot Frères, director and Vice-President of FFP, ESSO SAF and LISI. She is also director and Vice-Chairwoman on the Board of Directors of the PSA Corporate Foundation.

Number of Peugeot S.A. securities owned by Marie-Hélène PEUGEOT RONCORONI as of 31 December 2018: 1,150 shares.

Number of Peugeot S.A. securities owned by EPF as of 31 December 2018: 26,298,895 shares.

Number of units owned by Marie-Hélène PEUGEOT RONCORONI in the Groupe PSA Employee Stock Ownership Fund as of 31 December 2018: 652 units.

LI SHAOZHU



Chinese national
Born 3 December 1960
Business address:
Special No. 1 Dongfeng Road
Wuhan Economic and
Technology Development
Zone, Wuhan, Hubei
Province, China.
**DMHK first elected to the
Supervisory Board:**
25 April 2014
**Date of last renewal of
DMHK to the Supervisory
Board:**
24 April 2018
Current term expires:
2022 (4-year term)

Permanent Representative of Dongfeng Motor (Hong Kong) International Co. Ltd. (DMHK) on the Supervisory Board of Peugeot S.A.

Member of the Appointments, Compensation and Governance Committee of Peugeot S.A.
Vice-Chairman of the Supervisory Board of Peugeot S.A.

Other directorships and positions as of 31 December 2018:	Listed company	Group Company
Director, Chief Executive Officer and Deputy Secretary of the Party Committee of Dongfeng Motor Corporation		
Executive Director, Chairman and Chief Executive Officer and Permanent Member of the Party Committee of Dongfeng Motor Group, Ltd.	√	
Chairman of Dongfeng Renault Automobile Co., Ltd.		
Chairman of Dongfeng Honda Automobile Co., Ltd.		
Chairman of Dongfeng Commercial Vehicles Co., Ltd.		

Other directorships and positions in the past five years:

- › Deputy Managing Director and Permanent Member of the Party Committee of Dongfeng Motor Corporation
- › Permanent Member of the Party Committee of Dongfeng Motor Co., Ltd.
- › Secretary of the Party Committee of Dongfeng Design Institute Co., Ltd.
- › Chairman of Dongfeng Design Institute Co., Ltd.
- › Chairman of Dongfeng Checheng Logistics Co., Ltd.
- › Chairman of Wuhan Dawnpro Information Technology Co., Ltd.

Relevant expertise and professional experience:

LI Shaozhu, 57, was appointed Managing Director of Dongfeng Motor Corporation in June 2016. He is currently a member of the Board, Managing Director and Deputy Secretary of the Party Committee of Dongfeng Motor Corporation. In 1983 he received a bachelor's degree in mechanical engineering with a concentration in casting engineering and equipment from Tsinghua University. He earned an MBA from Zhongnan University in 1996. He joined Dongfeng Motor Corporation in 1983, and served as Deputy General Manager from July 1997 to July 2001. He also served as General Manager and Permanent Member of the Party Committee from July 2001 to June 2016. He then became Managing Director, director and Deputy Secretary of Dongfeng Motor Corporation in June 2016. In August 2016, he was also appointed Chairman and Chief Executive Officer of Dongfeng Motor Group Company Limited. Mr LI has more than 30 years' experience in the automotive industry.

Number of Peugeot S.A. securities owned as of 31 December 2018: None.

Number of Peugeot S.A. securities owned by DMHK as of 31 December 2018: 110,622,120 units.



ANNE GUERIN



French national

Born 16 August 1968

Business address:
Bpifrance Participations,
6/8 boulevard Haussman,
75009 Paris, France

Bpifrance Participations first elected to the Supervisory Board:
25 July 2017

Date of last renewal of Bpifrance Participations to the Supervisory Board:

24 April 2018

Current term expires:
2022 (4-year term)

Permanent Representative of Bpifrance Participations on the Supervisory Board of Peugeot S.A.

Member of the Finance and Audit Committee
Member of the Appointments, Compensation and Governance Committee
Vice-Chairwoman of the Supervisory Board

Other directorships and positions as of 31 December 2018:

	Listed company	Group Company
Director of Bpifrance Régions		
Director of the VoisinMalin non-profit-making association		
Bpifrance's Finance and Network Executive Director		

Other directorships and positions in the past five years:

- › Executive Director for Risk (Bpifrance)
- › International Financing Director (Bpifrance)
- › Regional Director, Île de France West (Bpifrance)
- › Director and Permanent Representative of Bpifrance Participations on the Board of CGG

Relevant expertise and professional experience:

Anne GUERIN is a graduate of ESCP Europe. She began her career as an account manager at the French SME development bank, moving on to become Equity Investments Manager at Avenir Entreprises. She joined Bpifrance in 2008, as Regional Manager for the Western Île de France, then became Manager for International Financing (2014-2016) and lastly, Risk Manager (2016-2017). She is currently Executive Vice-President in charge of Network and Financing. Anne GUÉRIN is also a member of the Bpifrance Régions Board of Directors, and a Director of the VoisinMalin non-profit-making association.

Number of Peugeot S.A. securities owned by Mrs Anne GUERIN as of 31 December 2018: None

Number of Peugeot S.A. securities owned by Bpifrance Participations as of 31 December 2018: 1,000 shares

DANIEL BERNARD



French national

Born 18 February 1946

Business address:
Provestis, 14 Rue de
Marignan, 75008 Paris,
France

Lion Participations first elected to the Supervisory Board:
25 July 2017

Current term expires:
2021 (4-year term)

Permanent Representative of Lion Participations on the Supervisory Board of Peugeot S.A.

Member of the Strategic Committee
Member of the Asia Business Development Committee

Other directorships and positions as of 31 December 2018:

	Listed company	Group Company
Vice-Chairman of the Board of Directors of Cap Gemini S.E.	√	
Chairman of Provestis S.A.S.		
Senior Advisor to Towerbrook Capital Partners LP (UK)		
Director of the EESC HEC		
Honorary President of the HEC Foundation		

Other directorships and positions in the past five years:

- › Director of Alcatel-Lucent S.A.S.
- › President of the HEC Foundation
- › Chairman of MAF Retail Group (Dubai)
- › Chairman of Kingfisher Plc (UK)

Relevant expertise and professional experience:

A graduate of HEC, Daniel BERNARD was successively the Managing Director of the group Metro France (1981-1989), Chief Operating Officer de Metro International AG (1989-1992), then Chairman and Chief Executive Officer of Carrefour (1992-2005), Chairman of the Board of Directors of MAF Retail Group (Dubai) (2010-2014), and Chairman of the Board of Directors of Kingfisher Plc (UK) (2006-2017). He is currently Chairman of the Provestis holding company. He is also Vice-Chairman of the Board of Directors of Cap Gemini S.E., Senior Advisor to Towerbrook Capital Partners LP (United Kingdom), Member of the HEC Board of Management and Honorary President of the HEC Foundation. Daniel BERNARD holds the French honours of *Chevalier de la Légion d'Honneur* and *Officier de l'Ordre National du Mérite*.

Number of Peugeot S.A. securities owned by Daniel BERNARD as of 31 December 2018: None.

Number of Peugeot S.A. securities owned by Lion Participations as of 31 December 2018: 110,621,220 shares

CATHERINE BRADLEY



French and British national
Born 20 April 1959

Business address:
11 Woodstock Road,
London W4 1DS, United
Kingdom

**First elected to the
Supervisory Board:**
23 February 2016

Current term expires:
2020 (4-year term)

Member of the Supervisory Board of Peugeot S.A.

Independent Member
Chairwoman of the Finance and Audit Committee
Member of the Appointments, Compensation and Governance Committee

Other directorships and positions as of 31 December 2018:	Listed company	Group Company
Independent Director at the Financial Conduct Authority (FCA)		
Independent director at the FICC Markets Standards Board (FMSB)		
Member of the Investment Committee of The Athenaeum Club		

Other directorships and positions in the past five years:

› Independent Director at WS Atkins PLC

Relevant expertise and professional experience:

Catherine BRADLEY graduated from HEC Paris (major in Finance and International Affairs). Between 1981 and 1991, she held a variety of positions in the investment banking and Mergers & Acquisitions Departments at Merrill Lynch. She was appointed Executive Director, in charge of investment banking at SBC (UBS) in 1991, and became Head of European Strategy for the Equity Advisory team at BNP Paribas in 1994. In 2000, she was named Managing Director of Dresdner Kleinwort Benson. She joined Crédit Suisse as Managing Director in 2003, first in London as Head of Coverage, and then in Hong Kong, where she served as Head of the Equity-Linked Group for Asia-Pacific from 2008 to 2012. In 2013, she was appointed Head of Equity Advisory, Global Markets for the Asia-Pacific region at Société Générale. She is currently an independent director. Among other office held, she has been appointed by the UK Treasury to sit on the Board of the Financial Conduct Authority, the regulatory authority for financial activities in the United Kingdom.

Number of Peugeot S.A. securities owned as of 31 December 2018: 1,000 shares.

PAMELA KNAPP



German national
Born 8 March 1958

Business address:
Groupe PSA,
7, rue Henri Sainte Claire
Derville,
92500 Rueil-Malmaison,
France

**First elected to the
Supervisory Board:**
31 May 2011

Date of last renewal:
10 May 2017

Current term expires:
2021 (4-year term)

Member of the Supervisory Board of Peugeot S.A.

Independent Member
Member of the Appointments, Compensation and Governance Committee
Member of the Finance and Audit Committee

Other directorships and positions as of 31 December 2018:	Listed company	Group Company
Director of COMPAGNIE DE SAINT-GOBAIN S.A.	√	
Director of HKP AG		
Director of PANALPINA AG	√	
Director of BEKAERT NV	√	
Member of the Supervisory Board of Lanxess AG	√	

Other directorships and positions in the past five years:

› Member of the Managing Board of GfK SE

Relevant expertise and professional experience:

Pamela KNAPP is a graduate of Harvard Business School's Advanced Management Programme and holds a Masters in Economics from the University of Berlin. She began her career at Deutsche Bank AG, and later worked as an M&A consultant before holding several management positions at the Siemens group AG, including as Senior Vice-President for the group's Management Development, the group's Senior Management Remuneration System from 2000 to 2004, and Chief Financial Officer of the Power Transmission & Distribution Division from 2004 to 2009. From 2009 until October 2014, she was Chief Financial Officer, responsible for Finance, Financial Controlling and Accounting, Personnel and Administration at the GfK SE group from 2009 until 2014.

Number of Peugeot S.A. securities owned as of 31 December 2018: 1,938 shares.

CHRISTIAN LAFAYE



French national

Born 21 January 1956

Business address:
Groupe PSA,
site de Sept-Fons,
Route de Sept-Fons,
03290 Dompierre-sur-Besbre,
France.

First elected to the Supervisory Board:
22 June 2018

Current term expires:
CGE 2022 (4-year term)

Employee representative on the Supervisory Board of Peugeot S.A.

Member of the Asia Business Development Committee
Member of the Strategic Committee

Other directorships and positions as of 31 December 2018:

None

Listed company

Group Company

Other directorships and positions in the past five years:

- › Employee representative at Groupe PSA's Sept-Fons plant
- › Member of the Works Council at Groupe PSA's Sept-Fons plant
- › *Force Ouvrière* Central Trade Union Representative for Groupe PSA

Relevant expertise and professional experience:

Christian LAFAYE is the historical representative of the *Force Ouvrière* trade union at Sept-Fons. A foundryman by trade and an employee at this plant since 1976, he has held several positions on the Sept-Fons Works Council, including Employee Representative at the Sept-Fons plant for 41 years and Deputy Secretary of the Sept-Fons Works Council for 18 years.

He also served as Secretary of the Sept-Fons Works Council for 20 years and has been the Central Trade Union Representative for the last 10 years.

He brings to the Supervisory Board extensive knowledge of the Company, the automotive industry and labour organisations.

Number of Peugeot S.A. securities owned as of 31 December 2018: None.

* Appointed under Article L225-79-2 of the French Commercial Code

HELLE KRISTOFFERSEN



French and Danish national

Born 13 April 1964

Business address:
Total S.A.,
2, place Jean Millier,
La Défense,
92078 Paris La Défense
Cedex France

First elected to the Supervisory Board:
27 April 2016

Date of last renewal:
10 May 2017

Current term expires:
2021 (4-year term)

Member of the Supervisory Board of Peugeot S.A.

Independent Member
Member of the Strategic Committee
Member of the Asia Business Development Committee

Other directorships and positions as of 31 December 2018:

Vice-President, Strategy and Chief Administrative Officer of the low carbon division at TOTAL S.A.

√

Director on the Board of Directors of ORANGE S.A.

√

Director of Sunpower Corporation

√

Director of Direct Energie S.A.

Other directorships and positions in the past five years:

- › Director of VALEO S.A.
- › Director of the Paris Science and Arts Community of Universities and Institutions (COMUE PSL)
- › Senior Vice-President of Strategy and Business Intelligence of TOTAL S.A.

Relevant expertise and professional experience:

Helle KRISTOFFERSEN is a graduate of *Ecole Normale Supérieure* and *Ecole Nationale de la Statistique et de l'Administration Économique (ENSAE)*. In September 2016, she was named Vice-President, Strategy and Chief Administrative Officer of the Total group's "low carbon" operations (natural gas, solar energy, energy trading and marketing, and energy efficiency services). In her role, she leads the following departments: Finance, Legal, HR, Information Systems, Corporate Communication, Security and Strategic Markets. She previously served as Senior Vice-President, Strategy & Business Intelligence, at the Total group from 2012 to 2016. She spent most of her career at Alcatel, now Alcatel-Lucent, which she joined in 1994. After holding a number of positions in the group, between 2005 and 2008 she served as Vice-President, Corporate Strategy, and then Senior Vice-President, Vertical Markets, from 2009 to 2010. She holds France's highest honour, as a *Chevalier de la Légion d'Honneur*.

Number of Peugeot S.A. securities owned as of 31 December 2018: 1,000 shares.

AN TIECHENG



Chinese national
Born 30 June 1963
Business address:
Special No. 1 Dongfeng
Road, Wuhan Economic and
Technology Development
Zone, Wuhan, Hubei
Province, China

**First elected to the
Supervisory Board:**
25 July 2017

Date of last renewal:
24 April 2018

Current term expires:
2022 (4-year term)

Member of the Supervisory Board of Peugeot S.A.

Chairman of the Asia Business Development Committee
Member of the Finance and Audit Committee
Member of the Strategic Committee

Other directorships and positions as of 31 December 2018:	Listed company	Group Company
Deputy Managing Director and Member of the Party Permanent Committee of Dongfeng Motor Corporation		
Chairman of DONGFENG PEUGEOT-CITROËN AUTOMOBILES COMPANY LTD. (DPCA)		√
Chairman of DONGFENG PEUGEOT-CITROËN AUTOMOBILES SALES COMPANY LTD. (DCPS)		√
Executive Director of DONGFENG MOTOR GROUP CO. LTD.	√	
Director of DONGFENG MOTOR (HONG KONG) INTERNATIONAL CO. LTD. (DMHK)		
Director of DONGFENG MOTOR CO. LTD.		
Managing Director of DONGFENG MOTOR INVESTMENT (SHANGHAI) CO. LTD.		
Chairman of DONGFENG HONGTAI HOLDINGS GROUP CO. LTD.		

Other directorships and positions in the past five years:

- › Managing Director of FAW-VW
- › Managing Director of FAW CAR CO.
- › Party Secretary, HONGQI DIVISION OF FAW CORPORATION

Relevant expertise and professional experience:

Mr AN Tiecheng is a graduate in Management Science and Engineering of the University of Jilin (China). He spent most of his career at FAW, where he began in 1984, exercising various in-plant positions of responsibility up to Deputy Manager. In 1999, he became Deputy Head of the FAW-VW Planning Department, then Head of the FAW group Planning Department, before becoming Managing Director of FAW-VW, then of FAW CAR Co. Since April 2017, he has been Vice-President and Member of the Party Permanent Committee of the DFM group. Since June 2017, he has been Chairman of the Board of DPCA.

Number of Peugeot S.A. securities owned as of 31 December 2018: None



ROBERT PEUGEOT



French national
Born 25 April 1950
Business address:
FFP,
66, avenue Charles de Gaulle,
92200 Neuilly-sur-Seine,
France

FFP first elected to the Supervisory Board:

25 April 2014

Date of last renewal of FFP to the Supervisory Board:

24 April 2018

Current term expires:

2022 (4-year term)

Permanent Representative of FFP on the Supervisory Board of Peugeot S.A.

Chairman of the Strategic Committee
Member of the Finance and Audit Committee

Other directorships and positions as of 31 December 2018:	Listed company	Group Company
Director of Faurecia S.A.	√	√
Chairman and Chief Executive Officer of FFP S.A.	√	
Member of the Supervisory Board of HERMES INTERNATIONAL SCA	√	
Director of ETABLISSEMENTS PEUGEOT FRERES S.A.*		
Director of SOFINA S.A.S.	√	
Director of TIKEHAU CAPITAL ADVISORS SAS		
Director of DKSH AG	√	
Managing Director of S.A.R.L. CHP GESTION		
Managing Director of SC RODOM		
Permanent Representative of FFP, Chairman of FFP INVEST*		
Permanent Representative of FFP INVEST, Chairman of the Supervisory Board of FINANCIERE GUIRAUD S.A.S.*		
Permanent Representative of MAILLOT I on the Board of Directors of SICAV ARMENE*		
Permanent Representative of F&P on the Supervisory Board of SAFRAN S.A.	√	
Member of the Supervisory Board of SOPAREXO S.C.A.		

*Corporate office held within FFP.

Other directorships and positions in the past five years:

- Permanent Representative of FFP INVEST on the Supervisory Board of IDI EMERGING MARKETS S.A.
- Director of SANEF S.A.
- Permanent Representative of FFP INVEST on the Supervisory Board of ZODIAC AEROSPACE
- Director of HOLDING REINIER S.A.S.
- Director of IMERYS S.A.
- Permanent Representative of FFP INVEST on the Board of Directors of SANEF S.A.
- Member of the Supervisory Board of IDI EMERGING MARKETS S.A.
- Member of the Supervisory Board of Peugeot S.A.

Relevant expertise and professional experience:

After graduating from *Ecole Centrale de Paris* and INSEAD, Robert PEUGEOT held various executive positions within Groupe PSA. From 1998 to 2007, he was Vice-President, Innovation & Quality, and a member of the Group's Executive Committee. Since 2003, he has been Chairman and Chief Executive Officer of FFP. Robert Peugeot is a *Chevalier dans l'Ordre National du Mérite* and *Chevalier dans l'Ordre National de la Légion d'Honneur*.

Number of Peugeot S.A. securities owned by Robert PEUGEOT as of 31 December 2018: 1,000 shares.

Number of Peugeot S.A. securities owned by FFP as of 31 December 2018: 84,323,161 shares.

HENRI PHILIPPE REICHSTUL



Brazilian national
Born 12 April 1949
Business address: Av. Brig.
Faria Lima, 201 - 8º Andar -
cj 82 - 05426-100 São Paulo
SP, Brazil

Date of last renewal:

23 May 2017

**First elected to the
Supervisory Board:**
10 May 2007

Current term expires:
2021 (4-year term)

Member of the Supervisory Board of Peugeot S.A.

Independent Member
Member of the Strategic Committee
Member of the Asia Business Development Committee

Other directorships and positions as of 31 December 2018:	Listed company	Group Company
Director of LATAM AIRLINES Group	√	
Chairman of the Supervisory Board of FIVES Group		
Director of TAM - Linhas Aéreas		
Director of Repsol S.A.	√	

Other directorships and positions in the past five years:

- › Director of FOSTER WHEELER
- › Director of GAFISA S.A.
- › Director of SEMCO PARTNERS
- › Director of REPSOL YPF S.A.
- › Director of BRF - Brazilian Food

Relevant expertise and professional experience:

After earning an economics degree from the University of São Paulo and doing post-graduate work at *Oxford University*, Henri Philippe REICHSTUL began his career as a university professor of economics. He then went on to hold various senior civil-service roles in Brazil before serving as Chairman and Director of a variety of companies, including Petrobras, of which he was Chairman (1999-2001).

Number of Peugeot S.A. securities owned as of 31 December 2018: 1,000 shares.

BENEDICTE JUYAUX



French national
Born 19 January 1961

Business address:
Groupe PSA,
Centre Technique de Vélizy,
Route de Gisy, Parc Inovel
Sud,
78943 Vélizy-Villacoublay
Cedex, France

**First elected to the
Supervisory Board:**
10 May 2017

Current term expires:
2021 (4-year term)

Representative of employee shareholders on the Supervisory Board of Peugeot S.A.

Member of the Finance and Audit Committee
Member of the Appointments, Compensation and Governance Committee

Other directorships and positions as of 31 December 2018:	Listed company	Group Company
Chairwoman of the Supervisory Board of the Groupe PSA Employee Stock Ownership Fund		√
Chairwoman of the Equality and Diversity commissions at the Vélizy Technical Center		√
Vice-President, Performance Quality in the Groupe PSA Quality and Engineering Department		√
Director of Association Avenir Dysphasie France (AAD - a non-profit-making association for dysphasia sufferers)		

Other directorships and positions in the past five years:

- › Group System Quality Manager in the Quality Department

Relevant expertise and professional experience:

Bénédicte JUYAUX is an engineer with a degree in Mechanical Engineering from the *Compiègne University of Technology*. She began her career at Saint Gobain Vitrage as an engineer, moving on there to become Quality Manager at three different production sites (float glass and vehicle windows), where she developed the first quality-assurance methods. After three years' expatriation in the United States (at Charlottesville, Virginia), she joined Groupe PSA in January 2000 to continue her career in research and development quality. Among others, she served as a manager in cross-functional Quality entities (methods, audit, Lean Management, quality management system, etc.) and programme quality manager (Citroën C3 II and DS3 projects). She is currently Vice President in charge of the Groupe PSA quality performance system.

Alongside this, she has been involved in trade-union activity since the 1990s, notably with initiatives to promote equality between women and men, diversity and employee shareholding of Group PSA. She has also contributed to the activities of the PSA Foundation through mentorship, and sponsorship of the handicapped (winning a major sponsorship award in 2013). She is a director of and actively involved in the *Association Avenir Dysphasie* (AAD) non-profit-making association, being in charge of young people's activities.

Number of Peugeot S.A. securities owned as of 31 December 2018: None

Number of units in the Groupe PSA Employee corporate mutual funds *salariés du Groupe PSA* and "Secure" as of 31 December 2018: 900.8 units

The non voting Members of the Supervisory Board

FREDERIC BANZET



French national

Born 16 September 1958

Business address:
FFP Investment UK Ltd,
2 Duke Street, London W1U
3EH, United Kingdom

**First appointed to the
Supervisory Board
as a non-voting member:**
29 July 2014

Date of last renewal:
24 April 2018

Current term expires:
2022 (4-year term)

Non-voting member of the Supervisory Board of Peugeot S.A. (Appointed on the recommendation of FFP/EPF)**Other directorships and positions as of 31 December 2018:**

Listed company	Group Company
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Director of Établissements Peugeot Frères S.A.	
Director and Chairman of FFP INVESTMENT UK LTD.	
Director of FFP Investments US 1, Inc	
Director of FFP US CC, Inc	
Director of FFP US SRL, Inc	
Director of FFP Investments US 2, Inc	

Other directorships and positions in the past five years:

- › Director of CITROËN BELUX S.A.
- › Director of Changan PSA Automobiles Co. Ltd.
- › Director of AUTOMÓVILES CITROËN ESPAÑA S.A.
- › Director of CITROËN UK LTD.
- › Member of the Supervisory Board of PEUGEOT CITROËN UKRAINE S.R.L.
- › Director of CITROËN SVERIGE AB
- › Director of Changan PSA Automobiles Co. Ltd (CAPSA)
- › Member of the Supervisory Board of CITROËN POLSKA SP ZOO
- › Permanent Representative of AUTOMOBILES CITROËN S.A., Chairman of AUTOMÓVEIS CITROËN S.A.
- › Chairman and Chief Executive Officer of AUTOMOBILES CITROËN S.A.
- › Member of the Supervisory Board of CITROËN NEDERLAND B.V.
- › Permanent Representative of AUTOMOBILES CITROËN on the Board of Directors of BANQUE PSA Finance
- › Director of FFP S.A.
- › Permanent Representative of FFP Invest at IDI Emerging Markets S.A.
- › Permanent Representative of FFP Investment on the Supervisory Board of ZODIAC AEROSPACE S.A.

Relevant expertise and professional experience:

Frédéric BANZET holds a law degree and is a graduate of *ISTEC* and *Harvard Business School*. He held various positions in Groupe PSA, featuring eight years at the Finance Department in France and abroad (as Deputy Managing Director of PSA Finance in London for four years). He also held the position of Head of Peugeot's Asia-Pacific Operations, before moving to Citroën as Head of International Affairs then Head of Sales and Marketing Europe. He was Chief Executive Officer of the Citroën brand from 2009 until June 2014. In September 2014, he joined FFP's executive management team. He has been Chairman and Chief Executive Officer of FFP Investment UK Limited since June 2015.

Number of Peugeot S.A. securities owned as of 31 December 2018: None

ALEXANDRE OSSOLA



French national
Born 26 September 1974
Business address:
BpiFrance Participations,
6/8 boulevard Haussman,
75009 Paris, France

First elected to the Supervisory Board:
25 July 2017

Current term expires:
2021 (4-year term)

Non-voting member of the Supervisory Board of Peugeot S.A. (Appointed on the recommendation of BpiFrance)

Other directorships and positions as of 31 December 2018:	Listed company	Group Company
Member of the Capital Development Management Committee at BpiFrance Investissement S.A.S.		
Head of Mid Cap of Fonds Avenir Automobile at BpiFrance Investissement SAS		
Member of the Supervisory Board of Vallourec S.A.	√	
Member of the Supervisory Board of Novares Group S.A.S. (formerly Financière Mecaplast S.A.S.)		
Member of the Board of Directors of Trèves S.A.S.		
Member of the Supervisory Board of Novarc S.A.		

Other directorships and positions in the past five years:

- › Manager of the nuclear and railway funds at BpiFrance Investissement S.A.S.
- › Member of the Shareholders' Committee of Cameron France Holding S.A.S.
- › Member of the Supervisory Board of Financière SNOP Dunois S.A.S.
- › Director of Climipact
- › Director of Mecaplast SAM (a Monaco-based company)
- › Director of HPC

Relevant expertise and professional experience:

Alexandre OSSOLA is a graduate of *ESCP Europe*. He began his career at Wasserstein Perella (1998-1999), before joining Crédit Suisse First Boston (1999-2000). He went on to be Manager at the Paris Office of CVC Capital Partners (2000-2011), then was in charge of venture capital operations at CDC Climat (2011-2013). He joined BpiFrance Investissement in 2013 as Manager of the nuclear and railway funds. In 2015, he joined the BpiFrance Mid & Large Cap Management Committee, heading both *Fonds d'Avenir Automobile* funds (FAA – tier 1 and tier 2). In 2017, he also headed BpiFrance's Mid Cap activities in the Capital Development Department, where he is a member of the Management Committee.

Number of Peugeot S.A. securities owned as of 31 December 2018: None

LV HAITAO



Chinese national
Born 3 September 1970

Business address:
Special No. 1
Dongfeng Road, Wuhan
Economic and Technology
Development Zone, Wuhan,
Hubei Province, China

First elected to the Supervisory Board:
25 July 2017

Current term expires:
2021 (4-year term)

Non-voting member of the Supervisory Board of Peugeot S.A. (Appointed on the recommendation of DMHK)

Other directorships and positions as of 31 December 2018:	Listed company	Group Company
Vice-President of Strategy and Programme at Dongfeng Motor Corporation		

Other directorships and positions in the past five years:

- › Chief Operating Officer, Sales & Marketing, of Dongfeng Peugeot-Citroën Automobiles Company Ltd. (DPCA)
- › Member of the DPCA Executive Committee
- › Chief Operating Officer, Sales & Marketing, of Dongfeng Peugeot-Citroën Automobiles Sales Company Ltd. (DPCS)
- › Vice-President at the Office of Party of Dongfeng Motor Corporation (DFM)
- › Head of the Foreign Department at DFM

Relevant expertise and professional experience:

LV Haitao graduated with a Master of Science and Management degree from the *University of Huazhong* (China). He began his career at DPCA (a JV between Groupe PSA and Dongfeng Motors) in 1992, in the Quality Department. After holding a number of positions in the Purchasing Department, he became Executive Assistant to the Chief Executive Officer of DPCA in 2003. He held a number of positions of responsibility at DPCA. In 2012, he was appointed Chief Executive Officer of Dongfeng Peugeot, then Chief Operating Officer, Sales, of DPCA, Member of the Executive Committee. In 2016, he joined DFM as Vice-President at the Office and Head of the Foreign Division. He is currently Vice-President, Strategy and Programme Department at DFM.

Number of Peugeot S.A. securities owned as of 31 December 2018: None



Supervisory Board member expertise

Among the kinds of expertise required to serve on the Peugeot S.A. Supervisory Board, the table below summarises the diversity and complementarity of the expertise assembled:

	Finance & risk management	International experience	Industry	New economic models	Human resources	CSR	Governance
Louis GALLOIS			√		√		√
Geoffroy ROUX de BEZIEUX		√		√			√
Marie-Hélène PEUGEOT RONCORONI	√					√	√
LI Shaozhu			√		√	√	
Anne GUERIN	√				√		√
Catherine BRADLEY	√	√					√
Pamela KNAPP	√			√	√		
Christian LAFAYE			√		√	√	
Helle KRISTOFFERSEN		√	√	√			
AN Tiecheng			√	√			√
Robert PEUGEOT	√		√				√
Henri Philippe REICHSTUL	√	√					√
Bénédicte JUYAUX		√	√			√	
Daniel BERNARD		√		√			√

This balanced membership ensures the quality of the debates and decisions taken by the Supervisory Board.

3.1.3. Preparation and organisation of the Supervisory Board's work

3.1.3.1. ROLE AND POWERS OF THE SUPERVISORY BOARD

In accordance with the law, the Supervisory Board acts as the oversight body of the Company, which is administered and managed by the Managing Board.

Therefore, the role of the Supervisory Board is:

- to permanently monitor the management of the Company by the Managing Board, making the checks it deems necessary;
- to perform periodic checks on the management of the Company's affairs: once a quarter for the Management Report submitted to it by the Managing Board, and within three months of the end of each financial year when the Managing Board submits the parent company financial statements, consolidated financial statements and the Management Report intended for the Shareholders' Meeting, for the Supervisory Board's opinion and observations. Therefore, it also examines the Half-year Financial Report, the quarterly financial information and the financial press releases to be published by the Company.

The Managing Board thus regularly updates the Supervisory Board on the Company's financial position, cash flow situation and commitments;

- to grant, in line with its powers pursuant to Article 9 of the Company by-laws, in addition to the preliminary legal obligations, its authorisation prior to the completion by the Managing Board of the following actions:
 - a) propose any amendment to the Company by-laws (or any other decision whose purpose or effect would be to amend the Company by-laws),
 - b) conduct share issues (whether paid up in cash or by capitalising retained earnings) and capital reductions, where authorised by the Shareholders' General Meeting,
 - c) issue any and all ordinary or convertible bonds authorised by the Shareholders' General Meeting,
 - d) draft any merger agreements or agreements for partial transfer of assets,
 - e) sign or terminate any manufacturing or sales agreements representing a future commitment for the Company with companies whose corporate purpose is similar or related to that of the Company and generally the execution of any major transaction which substantially alters the scope of the business or the financial structure of the Company or the Group it controls or which are not part of the strategy announced by the Group,
 - f) purchase, sell, exchange or contribute any business property and/or goodwill in excess of the amounts determined by the Supervisory Board (currently €50 million),
 - g) purchase, take or dispose of any stake in other existing or future companies which represent directly or indirectly a capital expenditure, an expense (in corporate value) or a credit or liability guarantee, immediate or deferred, in excess of the amounts determined by the Supervisory Board (currently €50 million),
 - h) sign loan agreements, other than for bond issues, for a period or an amount in excess of the limits set by the Supervisory Board (currently €100 million),
 - i) grant or renew sureties, endorsements and guarantees on behalf of the Company (excluding commitments to the tax and customs authorities), irrespective of the duration of the guaranteed commitments, for an amount per commitment in excess of the amount set by the Supervisory Board (currently €25 million), or for a total yearly amount in excess of the amount set by the Supervisory Board (currently €125 million),
 - j) issue any performance-based stock option or performance share plans,
 - k) buy back shares under a programme authorised by the Shareholders' Meeting, and
 - l) enter into any transaction agreement or any commitment, as part of a legal dispute or arbitration procedure in excess of the amounts set by the Supervisory Board (currently €50 million).

All of these authorisations affect the transactions performed by the Company and, depending on the nature of the transaction, may also affect the transactions performed by the Group's subsidiaries, with the exception of Faurecia.

The Supervisory Board ensures that the strategy proposed and applied by the Managing Board fits with its long-term vision. Each year, it examines and approves the medium-term strategic plan, the capital expenditure plan and the budget. It is alerted by the Managing Board as soon as possible in the case of an external event or internal developments which significantly jeopardise the Company's outlook or the projections submitted to the Supervisory Board.

The Supervisory Board is also notified every year of the main priorities of the Group's human resources policy.



3.1.3.2. OPERATING PROCEDURES OF THE SUPERVISORY BOARD

The Supervisory Board, in its operating procedures and activities, bases itself on the Board's Internal Rules; the full text of these is available on the Group website.

The Supervisory Board's Internal Rules set out the following, notably:

- the minimum number of Board meetings that must be held per year (five), as well as the procedures to be applied when holding the meetings and preparing the agenda;
- the procedures for supplying information to members (a monthly presentation on the Group's business and results);
- the roles and responsibilities of the Supervisory Board committees;
- the obligations of Supervisory Board members;
- minimum shareholding (1,000 shares), except for French government representatives, the employee representative and the employee shareholders' representative, in accordance with the special legislative provisions applicable to them;
- rules for managing conflicts of interest: *"Any member of the Supervisory Board who finds him- or herself, even potentially, either directly or via an intermediary, in a situation in conflict with the corporate interest, must notify the Chairman of the Supervisory Board, or any person appointed by that Chairman. They shall refrain from taking part in decision-making on related issues, and as such may be asked not to take part in the vote".*

3.1.3.3. STOCK MARKET CODE OF ETHICS

The Stock Market Code of Ethics was updated in 2016 to take into account new market abuse regulations. It aims to define the preventive measures authorising members of the Supervisory Board, Executive Committee and non-voting members of the Supervisory Board to intervene on Peugeot S.A. and Faurecia securities, in line with market integrity rules (reminder of confidentiality obligations and the obligation to refrain from such activity in the event of access to insider information and the applicable penalties, reporting obligations, blackout periods, inclusion on the insiders' trading list, etc. It is available in full on the Group's website. All corporate directors have signed on to the charter. They are periodically reminded of these obligations by the Company.

3.1.3.4. ASSESSMENT OF THE SUPERVISORY BOARD'S OPERATING PROCEDURES

The Supervisory Board's Internal Rules set out the following: the Board regularly reviews its membership, organisation, functioning and the procedures used to exercise its control. The Board also works with the Managing Board to evaluate the operating procedures between the two bodies.

This assessment has three aims, to:

- review the Board's operating procedures;
- ensure that important matters are properly prepared and discussed;
- measure the actual contribution of each member to the Board's work through their expertise and involvement in the proceedings.

For this purpose, once a year the Supervisory Board holds a discussion on its operating procedures, and every three years it discusses a formal assessment that is executed by the Appointments, Compensation and Governance Committee, with help from an outside consultant if necessary, in accordance with the recommendations of the AFEP-MEDEF Code.

Shareholders are informed annually through the Supervisory Board's Report on corporate governance about the completion of the assessment and any further action that may be taken.

The Appointments, Compensation and Governance Committee meeting of 15 December 2017 launched a formal assessment of the Supervisory Board with assistance from an outside consultant. This formal assessment was conducted during the first quarter of 2018. All the members of the Board, together with the members of the Managing Board, were audited anonymously.

The conclusions of this assessment and the resulting action plans were shared with the Supervisory Board on 23 April 2018.

The assessment found that the Supervisory Board conducts its work under an authoritative, knowledgeable Chairman who keeps the Board on track, enables effective decision making and promotes smooth cooperation with the Managing Board, which for its part provides the Supervisory Board with transparent, comprehensive reports on its management work.

The Board members also expressed their satisfaction with the smooth operation of the Finance and Audit Committee and the Appointments, Compensation and Governance Committee, and voiced the need to improve the efficiency of the operating procedures of the Strategic Committee and the Asia Business Development Committee.

Consequently, starting from the Board meeting of 23 April 2018, these two committees analysed their own operating procedures in order to identify possible areas for improvement. In addition, the role of the Strategic Committee in analysing strategic operations, mergers and acquisitions and reviewing major changes in the automotive business was bolstered. As part of this approach, the Asia Business Development Committee will receive more detailed information and will discuss the automotive strategy and equipment suppliers in China.

3.1.3.5. SUPERVISORY BOARD MEETINGS IN 2018

The Supervisory Board met nine times in 2018, compared with eight times in 2017.

The attendance rate of its members at the meetings was 92%.

2018 marked the end of the first phase of the "Push to Pass" plan and the first year of the implementation of the "PACE!" plan, which applies to Opel Vauxhall. The Supervisory Board devoted particular attention to these two events during its meetings as well as during the Seminars and the meetings of the special committees.

The Supervisory Board members gathered in October in Rüsselsheim am Main, Germany, at the Opel plant to report on the status of the "PACE!" plan, and to hold the Supervisory Board meeting.

The September strategic seminar provided a forum for discussing the current automotive situation, especially in China, the progress of the "Push to Pass" and "PACE!" plans, strategic topics related to electrification, the development of Digital and artificial intelligence jobs within the Group, the growth plan for connected and autonomous vehicles and light commercial vehicles.

The Supervisory Board also discussed the following items:

Business and finance:

- the checks and audits of the consolidated financial statements and the Peugeot S.A. company financial statements for the year 2017 and of the financial position at end 2017, together with examination of the related financial releases;
- the preparation of the Shareholders' General Meeting on 24 April 2018 and the approval of the reports presented to the Shareholders' General Meeting;
- review of the major strategic guidelines as proposed by the Managing Board (these guidelines received a favourable opinion from the Works Council, which was made known to the Board), and the prior authorisation for various strategic projects, and for the related financial operations;
- the human resources policy, with a particular focus on gender equality between men and women;
- Groupe PSA CSR (corporate social responsibility) policy, which is now presented to the Board every year, it being stated that the mapping of CSR issues given in the Registration Document is now covered by a vigilance plan adopted by the Company and examined by the Board;
- the checks and audits of the earnings and the financial statements for the first half of 2018, the Half-year Financial Report and the related financial releases;
- the approval of the 2019 budget and the medium-term plan, and the agreement on capital expenditures above €50 million;
- Groupe PSA's prior authorisation for joint arrangements;
- the renewal of the annual authorisation to give sureties, endorsements and guarantees and the review of the regulated agreements in effect during 2018;
- the annual review of Groupe PSA's CSR policy, its implementation and the main results achieved.

Group strategy:

- in accordance with the Company by-laws, the prior authorisation of major strategic projects of interest to the Group, such as the project relating to the automatic transmission manufacturing business.

Governance and compensation:

- establishment of the succession plan of the Managing Board and the reappointment of its members, in line with the diversity policy;
- the setting of the policy for compensating the members of the Managing Board for the financial year 2018;
- approval of performance share plan in 2018;
- the re-election of Supervisory Board members whose terms were expiring, the reconfiguration of the Board's committees on the basis of the members' expertise and in accordance with the recommendations of the AFEP-MEDEF Code.

With the assistance of a hiring firm and in line with the diversity policy, the Appointments, Compensation and Governance Committee worked on and implemented the succession plan of the Board members, particularly that of the Chairman of the Supervisory Board, Louis GALLOIS, who notified the 2018 Shareholders' General Meeting of his decision to perform his duties as Chairman for two years. In addition, because 2019 is the twelfth year of the term of two independent members, Geoffroy ROUX de BÉZIEUX and Henri Philippe REICHSTUL, who have expressed their wish to resign effective the day preceding the 2019 Shareholders' General Meeting, the Board put in motion a process to recruit two new members to be recommended to the Shareholders' General Meeting. Applications are evaluated based on expertise, experience and the diversity of the backgrounds of the candidates and those of the current Board members, as well as the applicable rules on gender equality. In particular, the Board is seeking executive

managers of major international conglomerates and new-technology companies.

During its meeting of 23 April 2018, the Board decided to introduce new Supervisory Board members to the automotive industry through a training that includes different modules: financial components, operating procedures of an automotive plant, the different automotive markets, challenges facing the automotive industry, an overview of R&D, HR challenges and CSR. This training will enable new members to perform their duties armed with more information, study the Board's and committees' cases more effectively and meet the managers of the Group's different departments. This training was developed in line with the recommendations of the AFEP-MEDEF Code as revised in June 2018 (Section 12).

3.1.3.6. THE ACTIVITY OF THE CHAIRMAN OF THE SUPERVISORY BOARD IN 2018

As required by law, the Chairman of the Peugeot S.A. Supervisory Board is responsible for organising the proceedings of the Board so as to ensure satisfactory exercise of its function of supervising the Company's management activity.

In 2018, the Chairman of the Supervisory Board chaired and led the discussions at the Board's nine meetings held that year. He took care to ensure that the subjects of strategic importance to Groupe PSA were duly and exhaustively discussed, while taking due account of the requests from the members of the Board. He satisfied himself, in liaison with the Chairmen of the four Supervisory Board committees, of the proper coordination of the various activities, with due observance of the respective duties and remits.

He covered the maintenance of a balance of functions among the governance bodies, being attentive to ensuring frequent and regular dialogue with the Chairman of the Managing Board.

As occurs each year, the Chairman of the Supervisory Board met all the members and non-voting members of the Supervisory Board at the beginning of the year, to discuss the Board's operating procedures, give feedback on each member's contribution to the various activities, and to satisfy himself that the Board operated on a proper collegiate footing.

Mr Louis GALLOIS attaches great importance to supervising, by the Board, of the Group's strategic projects. He ensures that the Board is always adequately informed and may thus exercise its oversight powers.

The Chairman also led a delegation to China in November 2018 to meet the representatives of DMHK, one of the three main shareholders.

3.1.3.7. THE ACTIVITY OF THE SENIOR INDEPENDENT MEMBER OF THE SUPERVISORY BOARD IN 2018

As in each year, Mr Geoffroy ROUX de BÉZIEUX, as Senior Independent Member, called and chaired a meeting of the Supervisory Board's independent members. This meeting gave the independent members the opportunity to discuss the Board's operating procedures. Mr Geoffroy ROUX de BÉZIEUX went on to convey to the meeting the findings of the Supervisory Board's Chairman.

As Chairman of the Appointments, Compensation and Governance Committee, he played a major role in leading the formal assessment of the Supervisory Board, with the assistance of an outside consultant, and in evaluating the applications for the Board positions should any of its members resign.



In accordance with the duties assigned to him by the Board's internal rules, he oversaw any conflict of interest of the members that could affect the Board's proceedings. He reviewed questions about governance brought up by shareholders that are not

represented on the Supervisory Board and ensured that these questions were answered.

He also reported to the Supervisory Board meeting in February 2019 on the performance of his duties.

3.1.3.8. SUPERVISORY BOARD COMMITTEES

The Supervisory Board draws on the preparatory work performed by its four committees:

- the Appointments, Compensation and Governance Committee;
- the Finance and Audit Committee;
- the Strategic Committee;
- the Asia Business Development Committee.

The role of these four committees is to prepare matters for discussion at Supervisory Board meetings. They issue proposals, recommendations and opinions on the areas falling within their terms of reference and submit them to the Supervisory Board at its meetings. Members attend committee meetings in their own names and may not be represented by another party. The committees may call upon external experts when adhering to their objectivity and independence requirements.

The Appointments, Compensation and Governance Committee

Membership at 25 February 2019	Independence	Main roles	Principal tasks in 2018
Mr Geoffroy ROUX de BEZIEUX (Chairman)	√	▶ Appointments: - determining the criteria for selecting members of the Supervisory Board and the Managing Board, making proposals on the Senior Independent Member and conducting the selection process; - formulating and following a succession plan for members of the Managing Board so that it can suggest to the Board succession solutions in the event of unforeseen departures. The committee is also notified of the succession plan and appointments to the Executive Committee (for members who do not sit on the Managing Board) and to key senior-management positions within the Group. On this occasion, the committee invite the Chairman of the Managing Board to attend the meeting. ▶ Compensation: suggesting compensation of corporate officers in all its components, as well as any benefits in kind and retirement plans which may be allocated to them; ▶ examining the general compensation policy for the members of the Managing Board. ▶ Governance: - monitoring changes in French regulations on the governance of listed companies and recommendations by markets and issuer representatives to submit opinions; - ensuring regular evaluations by the Supervisory Board and suggesting improvements where appropriate; - examining and giving its opinion to the Supervisory Board on any proposal to amend the Company by-laws which require the advance permission of the Board.	Nine meetings in 2018 with an attendance rate of 93%. The work of the committee included: ▶ the Supervisory Board's Report on corporate governance; the compensation policy for members of the Managing Board, including an exceptional-compensation principle; ▶ the formal assessment of the Supervisory Board, with the assistance of an outside consultant; ▶ a performance share plan; ▶ the Supervisory Board's succession plan, intended in particular to select profiles that meet the needs of the Supervisory Board in terms of independent members, carried out with the assistance of an outside consultant; ▶ the Managing Board's succession plan.
Mr LI Shaozhu			
Mrs Catherine BRADLEY	√		
Mr Louis GALLOIS	√		
Mrs Pamela KNAPP	√		
Mrs Marie-Hélène PEUGEOT RONCONI			
Mrs Anne GUERIN			
Mrs Bénédicte JUYAUX (member representing employee shareholders)			
Percentage of independent directors: 57%			

In accordance with the AFEP-MEDEF Code, the evaluation of the of management, are conducted at meetings of the Appointments, performance of the Chairman of the Managing Board and other Compensation and Governance Committee and Supervisory Board members of the Managing Board, as well as reflections on the future at which Managing Board members are not present.

The Finance and Audit Committee

Membership at 25 February 2019	Independence	Main roles	Principal tasks in 2018
Mrs Catherine BRADLEY (Chairwoman)	√	<ul style="list-style-type: none"> ➤ Oversees: <ul style="list-style-type: none"> - the process of preparing the financial information and the efficiency of internal control and risk management systems, including CSR risks; - statutory auditing of the Company's annual financial statements and the Group's consolidated financial statements by the Statutory Auditors; - the independence of the Statutory Auditors. 	<p>Five meetings in 2018 with an attendance rate of 88%. The work of the committee included:</p> <ul style="list-style-type: none"> ➤ the 2017 consolidated and half-yearly financial statements, and the financial statements for the first half-year of 2018; ➤ regular monitoring of Groupe PSA's financial situation; ➤ monitoring the financial rating of Groupe PSA companies; ➤ regular review of the medium-term plan (PMT), use of the yearly budget and analysis of any differences; ➤ the financial communication media of Groupe PSA; ➤ internal control and compliance, the "Top Group Risks" mapping, including CSR risks, and the 2019 audit plan; ➤ the 2018 Ethics and Compliance Committee Report and the Competition compliance plan; ➤ the work of the Groupe PSA Audit and Risk Management Department; ➤ the Groupe PSA Finance and Audit Committee's charter on authorisation for non-audit services; ➤ Peugeot S.A.'s share ownership structure; ➤ the authorisation for the annual limit on Peugeot S.A.'s power to give deposits, and issue endorsements and guarantees.
Mrs Pamela KNAPP	√		
Mrs Anne GUERIN			
Mr Robert PEUGEOT			
Mr Geoffroy ROUX de BEZIEUX	√		
Mr Louis GALLOIS	√		
Mr AN Tiecheng			
Mrs Bénédicte JUVAUX (member representing shareholding employees)		<ul style="list-style-type: none"> ➤ In particular, overseeing the selection procedure for renewing the Statutory Auditors. ➤ Examining and giving its opinion to the Supervisory Board on off-balance-sheet commitments, any projects requiring advance authorisation from the Board to which it refers as outlined in the Internal Rules of the Supervisory Board and the proposals on the appropriation of net profit and setting of the dividend submitted by the Managing Board. ➤ Periodically reviewing the Group's financial position and financing. 	

Percentage of independent directors: 57%

In accordance with the French Commercial Code and the AFEP-MEDEF Code, the members of the Finance and Audit Committee must have expertise in finance and accounting. In this regard, the Supervisory Board believes that all the committee members have such expertise, as is reflected in their experience, careers and education, which are presented in section 3.1 of the Registration Document. The committee is chaired by Mrs Catherine BRADLEY, who has the necessary qualities, particularly in view of her duties on the Board of the Financial Conduct Authority. The committee must be given at least four calendar days, barring exceptions, to review the financial statements before presenting them to the Supervisory Board. The presentation of the annual and half-yearly consolidated financial statements and the Company financial statements by the Chief Financial Officer to the Finance and Audit Committee and then to the Supervisory Board is accompanied by a presentation by the Statutory Auditors that reports on potential major weaknesses in internal control and the accounting options used. When it reviews the internal control and risk mapping mechanisms, particularly for material risks that are likely to impact the financial and accounting information, it ensures a degree of maturity and management of these mechanisms and

examines the processes for deploying them and the implementation of corrective actions in the event of material weaknesses or aberrations. For this purpose, it is notified of the main observations by the Statutory Auditors and the Audit and Risk Management Department. In formalising its opinion on the quality of internal control, it reviews the Internal Audit plan for the coming year and is notified of the results of the tasks performed by the Audit and Risk Management Department in executing this plan. The Finance and Audit Committee, which has access to all the information it needs, meets with the Head of Audit and Risk Management, the Head of Accounting, the Head of cash flow and the Statutory Auditors, with or without members of the Managing Board present. If no Managing Board members are present, the committee notifies the Chairman of the Managing Board and/or the member of the Managing Board responsible for finance. To perform these duties, the committee relies on the internal rules of the committee that outlines these duties, and on the 22 July 2010 report of the AMF working group on Audit Committees. The internal rules of the Finance and Audit Committee were updated in 2016 to incorporate the new aspects introduced by Order no. 2016-315 of 17 March 2016 transposing the European reform of audits into French law.

The Strategic Committee

Membership at 25 February 2019	Independence	Main roles	Principal tasks in 2018
Mr Robert PEUGEOT (Chairman)		<ul style="list-style-type: none">➤ Look at the long-term future and potential avenues for development, and suggest to the Supervisory Board general policy guidelines for the Group.➤ Make recommendations on the long-term strategic plans, the medium-term plan (PMT) and the investment plan presented by the Managing Board.➤ Ensure that the strategy proposed and applied by the Managing Board fits with its long-term vision outlined by the Supervisory Board.➤ On referral by the Chairman of the Supervisory Board, review every major project as soon as it is started.➤ Examine every strategic (or non-strategic) project that must be authorised by the Supervisory Board (paragraph of the internal rules).	<p>Three meetings were held in 2018, with an attendance rate of 78%. The work of the committee included:</p> <ul style="list-style-type: none">➤ the Middle East Africa strategic plan and the Groupe PSA strategy in Iran;➤ the project on the automatic transmission manufacturing business;➤ Groupe PSA's "Electrification" plan.
Mr AN Tiecheng			
Mr Christian LAFAYE (member representing employees) as from 23 July 2018			
Mrs Helle KRISTOFFERSEN	√		
Mr Henri Philippe REICHSTUL	√		
Mr Daniel BERNARD			
Percentage of independent directors: 50%			

The Asia Business Development Committee

Membership at 25 February 2019	Independence	Main roles	Principal tasks in 2018
Mr AN Tiecheng (Chairman)		<p>› Considering carefully the Group's long-term future in Asia, look at potential growth strategies in the Asian market and suggest to the Supervisory Board the Group's main growth strategies in Asia and consequently making its recommendations on the Group's long-term strategic plan in Asia and on the medium term plan submitted by the Managing Board for the Asia region.</p> <p>› Ensuring that the strategy proposed and applied by the Managing Board is consistent with the long-term vision for the Asian market as defined by the Supervisory Board.</p> <p>› Monitoring the implementation of the strategic and industrial partnership agreement between Groupe PSA and the Dongfeng group.</p> <p>The Chairman of the Supervisory Board refers all major projects concerning the Asian market to the committee from the outset. It stays informed of the projects' content, especially their business approach and their development. The committee meets when a project concerning the Asian market requires the advance authorisation of the Supervisory Board.</p>	<p>Two meetings in 2018 with an attendance rate of 100%. The work of the committee included:</p> <p>› the Chinese market;</p> <p>› the Asia strategy and the medium-term plan;</p> <p>› the associated action plans;</p> <p>› earnings of the Chinese joint ventures.</p>
Mrs Helle KRISTOFFERSEN	√		
Mrs Marie-Hélène PEUGEOT RONCONI			
Mr Henri Philippe REICHSTUL	√		
Mr Daniel BERNARD			
Mr Christian LAFAYE (member representing employees) as from 23 July 2018			

Percentage of independent directors: 40%

3.1.3.9. ATTENDANCE RATES

Member of the Supervisory Board	Supervisory Board meetings	Finance and Audit Committee meetings	Strategic Committee meetings	Appointments, Compensation and Governance Committee meetings	Attendance rate at the Asia Business Development Committee meetings
Louis GALLOIS	100%	100%	100%	100%	
Geoffroy ROUX de BEZIEUX	88%	40%		100%	
Marie-Hélène PEUGEOT RONCORONI	100%			100%	100%
DONGFENG (DMHK)	50%				
- represented by LIU Weidong until 4 June 2018			0%	100%	
- represented by LI Shaozhu as from 4 June 2018				33%	
Anne GUERIN	100%	100%		100%	
Daniel BERNARD	100%		100%		100%
Catherine BRADLEY	100%	100%		100%	
Pamela KNAPP	100%	100%		100%	
Jean-François KONDRATIUK	100%		100%		100%
Christian LAFAYE	100%		100%		100%
Helle KRISTOFFERSEN	100%		100%		100%
AN Tiecheng	63%	60%	0%		100%
Robert PEUGEOT	88%	100%	100%		
Henri Philippe REICHSTUL	88%		100%		100%
Bénédicte JUYAUX	100%	100%		100%	
AVERAGE	92%	88%	78%	93%	100%

3.1.4. Disclosures on the situation of members of the Supervisory Board and Managing Board

3.1.4.1. FAMILY RELATIONSHIPS

Mrs. Marie-Hélène PEUGEOT RONCORONI, Mr. Robert PEUGEOT and Mr. Frédéric BANZET are cousins. There are no family ties among the other Supervisory Board or Managing Board members.

3.1.4.2. CONFLICTS OF INTEREST

The corporate officers have declared that no conflicts of interest arose during fiscal 2018 between their obligations to Peugeot S.A. and their personal interests or other obligations, and that none existed at the date of this Registration Document.

On 25 February 2019, the Supervisory Board reviewed possible business relationships between corporate officers and the Group. On the recommendation of the Appointments, Compensation and Governance Committee, the Supervisory Board concluded that these business relationships were not material (for further details, please refer to Section 3.1.2.5.)

No loans or guarantees have been granted to or on behalf of any members of the Supervisory Board or Managing Board by the Company or any Group entities.

No assets required for the operation of the business are owned by any members of the Supervisory Board or Managing Board or their families.

This section will give you further details on the rules for preventing conflicts of interest, as laid down in the Supervisory Board Internal Rules.

3.1.4.3. SERVICE CONTRACTS PROVIDING FOR BENEFITS UPON TERMINATION OF EMPLOYMENT

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

3.1.4.4. STATEMENTS BY MEMBERS OF THE SUPERVISORY BOARD AND MANAGING BOARD

All corporate officers have declared, as they do every year, that none of them has been:

- convicted of any fraudulent offence in the last five years;
- been a corporate officer of a company that has been declared bankrupt, or placed in liquidation or receivership in the last five years;
- the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities;
- disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer in the last five years.



3.1.5. Trading in the Company's securities by corporate directors and officers and their close relatives

In accordance with Article L. 621-18-2 of the French Monetary and Financial Code, the Executive Managers and the physical persons and legal entities that are closely related to them are required to disclose trading in the Company's securities during the financial year.

No transactions were reported for 2018.

3.1.6. Application of the AFEP-MEDEF Corporate Governance Code

The table below summarises the recommendations of the AFEP-MEDEF Code which the Company does not apply:

Relevant recommendation	Explanation
Representative part of independent members of the Finance and Audit Committee (Art. 15.1).	Fifty-seven percent of the members of the Finance and Audit Committee are independent (instead of the minimum of two-thirds recommended by the AFEP-MEDEF Code). The relatively large proportion of non-independent members is due to the presence of a representative of each of the three major shareholders, given the composition of the Group's share capital and its governance as a result of the capital increases in 2014. Reaching the threshold of two thirds would bring about an increase in the number of committee members, which may hinder its effectiveness. Therefore there are no plans to reach this threshold to date.

3.1.7. Attendance of shareholders at Peugeot S.A. Shareholders' General Meetings and publication of information which may have an impact in the event of a Public Tender Offer for the Company's shares

The information concerning the attendance of shareholders at Shareholders' General Meetings and the information referred-to in Article L. 225.37-5 of the French Commercial Code concerning the Company's share capital are set out in section 7 of this Registration Document.

Pursuant to Article L. 225-37-5 of the French Commercial Code, it should be noted that there is no agreement providing for compensation for members of the Supervisory Board or the Managing Board if their term ends due to a takeover bid.

3.2. COMPENSATION OF CORPORATE OFFICERS

This chapter was drawn up with the assistance of the Appointments, Compensation and Governance Committee, which takes care to adhere to the recommendations of the AFEP-MEDEF Code according to its version of June 2018. It was approved by the Supervisory Board at its meeting of 25 February 2019.

This chapter includes information on the principles and criteria used for determining, distributing and allocating the components which make up the overall compensation and fringe benefits attributable to the Chairman of the Managing Board, the members of the Managing Board and the members of the Supervisory Board.

These principles and criteria are defined by the Supervisory Board and constitute the compensation policy applicable to the Company officers, as submitted to the approval of the Shareholders' General

Meeting of 25 April 2019 (**sixth to eighth resolutions**), pursuant to Article L. 225-82-2 of the French Commercial Code, as arising from Act No. 2016-1691 of 9 December 2016, termed the "Sapin 2" Act.

This chapter also reports on the components of overall remuneration and fringe benefits paid or awarded to the Company officers in respect of the 2018 financial year, according to the compensation policy which was approved by decision of the Shareholders' General Meeting on 24 April 2018.

These components are submitted to the approval of the Shareholders' General Meeting on 25 April 2019 (**ninth to thirteenth resolutions**), pursuant to Article L. 225-100 of the French Commercial Code, as arising from Act No. 2016-1691 of 9 December 2016, termed the "Sapin 2" Act.

3.2.1. Principles and criteria for determining the compensation for the members of the Managing Board and its President

The Supervisory Board determines all the components of the compensation for the executive Company officers, on a proposal by the Appointments, Compensation and Governance Committee, taking into account the principles of exhaustiveness, balance, comparability, consistency, readability and proportionality recommended by the AFEP-MEDEF Corporate-Governance Code.

The Supervisory Board wishes the policy of compensation for members of the Managing Board to be defined having regard to the Group's growth and development strategy and wishes that policy to provide the incentive to fulfilment of the short- and long-term growth targets which must be and are shared among the members of the Managing Board and Groupe PSA employees.

The compensation policy is designed by the Supervisory Board to be competitive with the compensation policies adopted by other companies in the same industry, in Europe and elsewhere, in order to motivate and retain in the Group our finest talents.

Please also note that, should a member of the Managing Board be appointed after the Shareholders' General Meeting, his or her compensation will be determined by the Supervisory Board in accordance with the principles and criteria approved by the Shareholders' General Meeting, or with current practices for the exercise of similar functions, adapted as appropriate when such person is performing new functions or is appointed to office with no equivalent in the previous year.

The components of overall compensation attributable to each of the members of the Managing Board are set out as follows:

FIXED COMPENSATION

The annual fixed compensation of the Chairman of the Managing Board and of the members of the Managing Board is determined on the basis of experience and expertise and of the responsibilities taken on by each of them.

In accordance with the AFEP-MEDEF Code, the Supervisory Board changes the fixed compensation of the members of the Managing Board only after a relatively long-time interval, and only in the event of a significant change in the scope of responsibilities or of a high discrepancy compared with the positioning on the market.

For information, the compensation of the members of the Managing Board and its Chairman were reviewed in 2018. For 2019, the fixed annual compensation of Carlos TAVARES, Chairman of the Managing Board, amounts to €1,500,000, that of Maxime PICAT to €710,000, that of Jean-Christophe QUEMARD to €650,000 and that of Olivier BOURGES to €520,000.

For information, if a member of the Managing Board is required to carry out duties from abroad, he or she may enjoy conditions for expatriation in accordance with the relevant Group policy.

ANNUAL VARIABLE COMPENSATION

It is designed to align the compensation paid to members of the Managing Board with the Group's annual performance and to contribute year on year to the implementation of its strategy.

The rules for setting annual variable compensation have been changed for 2019.

In accordance with the recommendations of the AFEP-MEDEF Code (paragraph 24.3.2), the variable compensation is expressed as a percentage of fixed annual compensation; hence, for the Chairman of the Managing Board, the maximum variable compensation may be a target 170% of the fixed compensation; for the other members of the Managing Board, it may be a target 125% of their fixed compensation.

Furthermore, in order to have a variable compensation structure consistent with the large majority of market practices, and to reward outperformance, compensation for exceeding targets has been introduced. Beginning in 2019, the outperformance rate that applies to the Chairman of the Managing Board will be different to that of the other members of the Managing Board. The compensation of the Chairman of the Managing Board may be up to 125% for the collective Group targets and up to 122% for the other members of the Managing Board. Consequently, in the event that all collective Group targets are exceeded, additional compensation may be granted. This would raise the maximum variable compensation from 170% to 200% for the Chairman of the Managing Board, and from 125% to 147% for its other members (these percentages are identical to those for 2018).

Based on the recommendation of the Appointments, Compensation and Governance Committee, the Supervisory Board determines at the beginning of the year precise, ambitious qualitative and quantitative targets for the current financial year, after acquainting itself with the Company's medium-term strategy and activity.

Precise, pre-established, ambitious objectives

As for all employees of Groupe PSA's Automotive division (not including Opel Vauxhall) who receive variable compensation, a triple trigger threshold based on operating free cash flow, the recurring operating income of the Automotive division of Groupe PSA for the upcoming year and the CO₂ emissions level of the vehicles in stock determines the payment of individual and collective targets.

Collective Group targets, of which there are at least two, represent 70% of the maximum variable portion for the Chairman of the Managing Board and 80% for the other members of the Managing Board. They consist of at least one economic performance and at least one quality-related criterion. A trigger threshold determines their payment.

The targets specific to each executive Company officer represent 30% of the maximum variable portion for the Chairman of the Managing Board and 20% for the other members of the Managing Board. They are established in relation to the respective executive functions of the members of the Managing Board, and there are at least two of them. They are chiefly based on economic performance, with the understanding that at least one corporate social responsibility criterion is assigned to the Chairman of the Managing Board.

Quantifiable targets take precedence over qualitative targets. The criteria are defined in a precise manner.

The trigger threshold and the level of achievement required for each of these criteria are established by reference to the corresponding budget items.





Below are detailed the targets set for the members of the Managing Board, for 2019, for purposes of determining the variable element:

Threshold distribution/Targets	Thresholds/targets	Type of criterion
Triple trigger threshold	Automotive division recurring operating income (PCDOV)	Economic performance
	Operating free cash flow for 2019 of the manufacturing and sales companies (excluding restructuring and non-recurring items)	Economic performance
	CO ₂ level of vehicles (car manufacturer and dealer network in Europe) in stock at 31 December 2019	Corporate Social Responsibility

Threshold distribution/Targets	Thresholds/targets	Type of criterion	Percentage of maximum variable part of the Chairman of the Managing Board	Percentage of maximum variable part of the other members of the Managing Board
Collective Group targets	Automotive division operating margin (30% of the collective Group targets)	Economic performance	21%	24%
	Group Operating free cash flow (30% of the collective Group targets)	Economic performance	21%	24%
	CO ₂ level of vehicles (car manufacturer and dealer network in Europe) in stock at 31 December 2019 (20% of the collective Group targets)	Corporate Social Responsibility	14%	16%
	Group sales points recommendation rate (10% of the collective Group targets)	Corporate Social Responsibility	7%	8%
	Group World Automotive quality failure rate (10% of collective Group targets)	Corporate Social Responsibility	7%	8%
% Collective Group targets			70%	80%

Threshold distribution/Targets	Thresholds/targets	Type of criterion	Percentage of maximum variable part
Targets specific to each executive Company officer, representing 20% to 30% of the maximum variable part			
Carlos TAVARES, Chairman of the Managing Board:	▸ China recurring operating income (recurring operating income of JVs in China in IFRS)	Economic performance	10%
	▸ DPCA operating free cash flow	Economic performance	10%
	▸ Workplace safety	Corporate Social Responsibility	5%
	▸ Percentage of women in the Group Top Management	Corporate Social Responsibility	5%
Maxime PICAT:	▸ Europe region recurring operating income	Economic performance	10%
	▸ Market share of Europe registrations	Economic performance	10%
Jean-Christophe QUEMARD:	▸ Africa Middle-East region recurring operating income	Economic performance	10%
	▸ Africa Middle-East region worldwide sales volume	Economic performance	10%
Olivier BOURGES:	▸ R&D + CAPEX	Economic performance	10%
	▸ World Manufacturing Costs ("Prix de Revient de Fabrication" in French)	Economic performance	10%

The figures are not made public for confidentiality reasons.

MULTI-YEAR VARIABLE COMPENSATION

No multi-year compensation scheme giving rise to payment in cash was adopted for the 2018 financial year.

LONG-TERM COMPENSATION (PERFORMANCE SHARE AWARD POLICY)

Performance share award plans are set up each year to encourage members of the Managing Board to factor in the long-term consequences of their actions, to maintain their loyalty and encourage the alignment of their interests with corporate interests and the interests of the shareholders. This is part of an overall plan intended for several hundreds of senior and executive managers of the Group, pursuant to the authorisation to award performance shares to employees and to senior and executive managers, given by the Shareholders' General Meeting.

On the basis of the currently-applicable authorisation, given by the Shareholders' General Meeting of 24 April 2018 (22nd resolution), the number of shares that may be awarded to members of the Managing Board may not exceed 0.15% of the share capital over a 26-month period. As a reminder, this sub-limit is part of an overall limit on performance share awards, of 0.85% of the share capital.

Pursuant to this authorisation, the performance shares awarded to their beneficiaries' vest upon completion of a period set by the Managing Board that may not be less than three years; the final number of shares that vest being determined over a performance measurement period of three consecutive years. The Managing Board is free to decide whether or not to set a lock-up period.

Vesting is subject to one or more performance conditions set by reference to targets internal and/or external to the Group and connected with the Group's strategic plan. None, some or all of the shares will vest, depending on the degree to which the performance objectives defined under the performance share grant are met.

The Registration Document includes, for each plan, information on vested shares and information on zero, partial or total achievement for each performance condition.

The performance share plan targets are consistent with their contribution to the Group's strategic objectives over the performance measurement period.

Each grant will include, for each member of the Managing Board:

- an obligation for members of the Managing Board to keep, in registered form and until the cessation of their role, at least 25% of the number of vested shares (subject to the performance conditions being met) at the end of the vesting period;
- a commitment to refrain from carrying out transactions to hedge their risk on the awarded shares.

The lock-up condition mentioned above, applicable to each member of the Managing Board, will cease to apply when a member holds a number of registered shares that is equal to more than two years of their gross salary. However, the conditions shall automatically re-apply if the number of said shares falls below the target level. The calculation will take into account the price of the share on the vesting date of the performance shares.

The Supervisory Board may, when they are granted, include a provision authorising it to decide whether or not to maintain the shares not yet vested on the departure of the beneficiary.

Performance share award plan for 2019 (Plan LTI 2019)

Following its decision on 25 February 2019, the Supervisory Board decided to award performance shares to members of the Managing Board pursuant to the authorisation of the Shareholders' Meeting on 24 April 2018 (22nd resolution).

This free share allocation plan covers several hundred senior and executive managers of the Group, for a total of 3,100,000 shares (representing 0.34% of the share capital at 31 December 2018). Concerning awards to members of the Managing Board, the plan provides for the award of 130,000 performance shares to the Chairman of the Managing Board and 60,000 such shares to each of the other members of the Managing Board.

The Supervisory Board has introduced a limit on the number of performance shares to be granted to members of the Managing Board. The value of the shares on the date they are granted may not exceed 60% of the sum of the fixed and variable compensation.

Vesting is subject to three performance conditions: Group Automotive recurring operating margin (2019-2021 average), Group world Automotive warranty claim rates (2019-2021 average) and level of CO₂ emissions over 2020 and 2021.

The vesting period is divided into two stages: the shares vest in two tranches, with 50% vesting after three years and 50% after four years.

The final number of shares that vest at the end of each vesting period will be determined over a performance period of three consecutive years (2019-2021).

This plan does not include a lock-up period.

The performance share award also carries an obligation for each member of the Managing Board to keep and to hedge the shares in accordance with Group Policy.

EXCEPTIONAL COMPENSATION

On 25 February 2019, the Supervisory Board confirmed it would continue to award a component of exceptional compensation subject to the performance condition in the compensation policy for Carlos TAVARES, the Chairman of the Managing Board. The actual allocation of this compensation component would be recommended by decision of the Supervisory Board when it is convened to verify the Company's annual financial statements, and only in the event of outstanding performance.

At its meeting on 24 October 2017, the Supervisory Board proposed incorporating an exceptional compensation component into the compensation policies for Carlos TAVARES, Chairman of the Managing Board, and Jean-Baptiste CHASSELOUP de CHATILLON, a member of the Managing Board and Group Chief Financial Officer. In accordance with the guidelines of the AFEP-MEDEF Code, this recommendation was justified by the importance of Opel Vauxhall's "PACE!" recovery plan, the involvement it requires of Carlos TAVARES and the inherent challenges it presents.

During the Shareholders' General Meeting of 24 April 2018, the shareholders passed the eleventh and twelfth resolutions, which adjust the compensation policy for the Chairman of the Managing Board and one of its members in order to incorporate an exceptional compensation component, and they agreed to a four-part exceptional compensation plan, with each part being tied respectively to the 2017, 2018, 2019 and 2020 financial years.

Due to Jean-Baptiste CHASSELOUP de CHATILLON's departure from the Group on 31 August 2018, the Supervisory Board proposed that the allocation of exceptional compensation now be part only of the compensation policy awarded to the Chairman of the Managing Board, as from financial year 2019. Therefore, the Supervisory Board will connect only Carlos TAVARES to the attainment of targets relating to Opel Vauxhall's economic reorganisation in 2019 and 2020.





PENSION SCHEME

A new annual defined-contribution pension system is in place since 1 January 2016, for executive Company officers and members of the Executive Committee of the Group. It replaces the defined-benefit plan that was terminated effective with effect from 31 December 2015. The scheme is described in detail below. The scheme as a whole was authorised by the Supervisory Board in accordance with the procedure for regulated agreements and commitments and was submitted, on the Statutory Auditors' Special Report, to the shareholders' approval at the Shareholders' General Meeting of 27 April 2016 (fourth resolution) and, since the appointments of the Managing Board's members were due for renewal during the 2017 financial year, it was re-submitted to the approval of the Shareholders' General Meeting on 10 May 2017 (fourth resolution).

Under the new system, the Company no longer offers guaranteed levels of retirement income, but will pay out an annual benefit that is directly tied to the Group's results and performance. The contribution is equivalent to 25% of the amount represented by the executive's salary and bonus for the year. The purpose of including the bonus in the calculation base is to ensure that the contribution is tied to Group performance.

OTHER COMPENSATION OR BENEFITS

The only benefits in kind provided to Managing Board members are a Company car and medical insurance.

There is no other compensation or fringe benefit other than those stated in Section 3.2.1. There is no particular commitment to the members of the Managing Board, past or present, concerning benefits due upon the completion of their term (including end-of-term or non-compete indemnities).

SUSPENSION OF THE EMPLOYMENT CONTRACT

No member of the Managing Board performs any salaried duties in the Group. Carlos TAVARES does not hold an employment contract.

The employment contracts of Maxime PICAT, Jean-Christophe QUEMARD and Olivier BOURGES have been suspended.

This suspension was justified by their length of service as employees within the Group.

3.2.2. Principles and criteria for determining the compensation for the members of the Supervisory Board and its President

COMPENSATION FOR THE CHAIRMAN OF THE SUPERVISORY BOARD

The compensation for the Chairman of the Supervisory Board was set by the Supervisory Board, having regard to Louis GALLOIS' role within the Board, and in view of his experience and expertise.

The amounts of that compensation have remained unchanged since 2014, including the 2018 financial year.

For 2019, the annual fixed compensation of Louis GALLOIS, Chairman of the Supervisory Board, amounts to €300,000.

THE ANNUAL OVERALL AMOUNT OF ATTENDANCE FEES AND RULES FOR THEIR ALLOCATION WITHIN THE SUPERVISORY BOARD

Supervisory Board members and the non-voting members of the Supervisory Board receive annual attendance fees of an overall amount determined in advance by the Supervisory Board and

authorised each year by the Shareholders' General Meeting. The method of allocation, as determined by the Supervisory Board, takes account of the effective attendance of the members at meetings of that Board and of the specialist committees.

Since 2016, the Supervisory Board has introduced a predominant variable portion in the attendance fees, in accordance with the recommendations of the AFEP-MEDEF Code (paragraph 20).

The overall annual amount of the attendance fees is €1.1 million.

This total annual amount is used to allocate to each member of the Supervisory Board a fixed portion in compensation for each member's attendance at and contribution to the meetings of the Board and of the committees, together with a variable portion to reflect actual attendance at meetings.

Allowances in addition to these items are awarded to the Chairmen of each of the committees, in compensation for their preparation and superintendence of those committees' proceedings.

Additional attendance fees, to within €40,000 are allocated to the Vice-Chairmen.

On a decision of the Supervisory Board, the attendance fees are apportioned as follows:

For attendance at Board meetings:	For attendance at committee meetings:	Chairmanship of a committee:	For non-voting member of the Supervisory Board:
<ul style="list-style-type: none"> fixed part: €16,000; variable part: €24,000 if 100% of meetings are attended,* prorated for absences. 	<ul style="list-style-type: none"> fixed part: €6,000; variable part: €9,000 if 100% of meetings are attended,* prorated for absences. 	<p>Chairman of the Finance and Audit Committee:</p> <ul style="list-style-type: none"> fixed part: €12,000; variable part: €18,000 if 100% of meetings are attended,* prorated for absences. <p>Chairmanship of other committees:</p> <ul style="list-style-type: none"> fixed part: €8,000; variable part: €12,000 if 100% of meetings are attended,* prorated for absences. 	<ul style="list-style-type: none"> fixed part: €8,000; variable part: €12,000 if 100% of meetings are attended,* prorated for absences.

* Including by audio- and video-conference.

In the event of the total amount of €1.1 million being exceeded during a given year, a reduction coefficient may be applied to the amount of the attendance fees attributable to members and non-voting members of the Supervisory Board.

For terms of office expiring, or appointments to office during the year, entitlement to the fixed portion of the attendance fees is prorated, while entitlement to the variable portion is calculated on the basis of the total number of meetings during the year.

Apart from the above-mentioned compensation and director's fees, no other compensation is paid to the members of the Supervisory Board.

No benefits in kind have been awarded to Supervisory Board members, with the exception of a Company car provided for the Chairman. The Company reimburses the members of the Supervisory Board the expenses incurred for the performance of their duties.

3.2.3. Components of compensation and benefits allocated to Executive Directors for the financial year 2018

Pursuant to Article L. 225-100 of the French Commercial Code, arising from Act No. 2016-1691 of 9 December 2016 termed the "Sapin 2" Act, the shareholders' approval is required for components of compensation and fringe benefits due or allocated in respect of the elapsed financial year to the Chairman of the Managing Board (**ninth resolution**), to the members of the Managing Board (**tenth to twelfth resolutions**), and to the Chairman of the Supervisory Board of the Company (**thirteenth resolution**).

These components of compensation which, in accordance with Article L. 225-68 of the French Commercial Code, are included in this report by the Supervisory Board on corporate governance, are presented in the Report by the Managing Board on the draft resolutions, to be found in the Brochure containing the Notice of the Shareholders' General Meeting on 25 April 2019.

The details of compensation for the members of the Managing Board and for the members of the Supervisory Board are included respectively in Section 3.2.4 and Section 3.2.5.

For information, in 2018 the members of the Managing Board did not receive any compensation or attendance fees for Group companies other than Peugeot S.A.

Carlos TAVARES and Jean-Baptiste CHASSELOUP de CHATILLON did not receive attendance fees in 2018 for their positions on the Boards of Faurecia and Opel Automobiles GmbH. Likewise, Maxime PICAT did not receive attendance fees for his membership on the Board of Opel Automobiles GmbH.

Jean-Baptiste CHASSELOUP de CHATILLON's compensation, which the current compensation policy sets at €680,000 per year, was prorated for his time of employment, factoring in his departure from the Group during the year.

3.2.4. Details of the compensation for Members of the Managing Board (tables of AFEP-MEDEF Code)

TABLES SUMMARISING COMPENSATION, OPTIONS AND PERFORMANCE SHARES ALLOCATED TO THE MEMBERS OF THE MANAGING BOARD (TABLE NO. 1, APEP-MEDEF CODE)

Carlos TAVARES – Chairman of the Managing Board	Financial year 2017	Financial year 2018
Compensation due in respect of the financial year (detailed in table No. 2 below)	€4,707,934	€5,237,492
Sub-total (annual compensation)	€4,707,934	€5,237,492
Value of options allocated during the year	N/A	N/A
Value of the performance shares allocated during the financial year (detailed in table No. 6 below)	130,000 shares valued at €1,999,400* (fair value estimated according to IFRS applied for the preparation of the consolidated financial statements)	130,000 shares valued at €2,402,140* (fair value estimated according to IFRS applied for the preparation of the consolidated financial statements)
Sub-total (performance shares)	€1,999,400	€2,402,140
Value of other long-term compensation plans	N/A	N/A
TOTAL	€6,707,334	€7,639,632

* Historical value at the award date, calculated for accounting purposes. It does not represent either the current market value or the present value of the shares on the vesting date (if they vest). It does not correspond to compensation paid during the year.



CORPORATE GOVERNANCE

Compensation of corporate officers

Jean-Baptiste CHASSELOUP de CHATILLON – Member of the Managing Board Chief Financial Officer Information Systems Executive Director Until 31/08/2018		
	Financial year 2017	Financial year 2018
Compensation due in respect of the financial year (detailed in table No. 2 below)	€1,885,720	€1,285,093
Sub-total (annual compensation)	€1,885,720	€1,285,093
Value of options allocated during the year	N/A	N/A
Value of the performance shares allocated during the financial year (detailed in table No. 6 below)	60,000 Voided rights, in accordance with the decision of the Supervisory Board of 18/12/2018.	60,000 Voided rights, in accordance with the decision of the Supervisory Board of 18/12/2018.
Sub-total (performance shares)	-	-
Value of other long-term compensation plans	N/A	N/A
TOTAL	€1,885,720	€1,285,093

Maxime PICAT – Member of the Managing Board Executive Vice-President, Europe		
	Financial year 2017	Financial year 2018
Compensation due in respect of the financial year (detailed in table No. 2 below)	€1,403,810	€1,656,691
Sub-total (annual compensation)	€1,403,810	€1,656,691
Value of options allocated during the year	N/A	N/A
Value of the performance shares allocated during the financial year (detailed in table No. 6 below)	60,000 shares valued at €922,800 (fair value estimated according to IFRS applied for the preparation of the consolidated financial statements)	60,000 shares valued at €1,108,680* (fair value estimated according to IFRS applied for the preparation of the consolidated financial statements)
Sub-total (performance shares)	€922,800	€1,108,680
Value of other long-term compensation plans	N/A	N/A
TOTAL	€2,326,610	€2,765,371

* Historical value at the award date, calculated for accounting purposes. It does not represent either the current market value or the present value of the shares on the vesting date (if they vest). It does not correspond to compensation paid during the year.

Jean-Christophe QUEMARD – Member of the Managing Board Executive Vice-President, Africa – Middle-East		
	Financial year 2017	Financial year 2018
Compensation due in respect of the financial year (detailed in table No. 2 below)	€1,485,184	€1,536,806
Sub-total (annual compensation)	€1,485,184	€1,536,806
Value of options allocated during the year	N/A	N/A
Value of the performance shares allocated during the financial year (detailed in table No. 6 below)	60,000 shares valued at €922,800 (fair value estimated according to IFRS applied for the preparation of the consolidated financial statements)	60,000 shares valued at €1,108,680* (fair value estimated according to IFRS applied for the preparation of the consolidated financial statements)
Sub-total (performance shares)	922,800*	€1,108,680*
Value of other long-term compensation plans	N/A	N/A
TOTAL	€2,407,985	€2,645,486

* Historical value at the award date, calculated for accounting purposes. It does not represent either the current market value or the present value of the shares on the vesting date (if they vest). It does not correspond to compensation paid during the year.

TABLES SUMMARISING COMPENSATION PAID TO MEMBERS OF THE MANAGING BOARD (TABLE NO. 2 OF THE AFEP-MEDEF CODE)

	Amounts for financial year 2017 (in euros)		Amounts for financial year 2018 (in euros)	
	Due	Paid in 2017	Due	Paid in 2018
Carlos TAVARES – Chairman of the Managing Board				
Fixed compensation	1,300,000	1,300,000	1,500,000	1,500,000
Annual variable compensation	2,403,954	2,016,618	2,483,496	2,403,954
Exceptional compensation	1,000,000	-	1,250,000	1,000,000
Company car	2,796	2,796	2,796	2,796
Medical insurance benefit	1,184	1,184	1,200	1,200
TOTAL	4,707,934	3,320,598	5,237,492	4,907,950

	Amounts for financial year 2017 (in euros)		Amounts for financial year 2018 (in euros)	
	Due	Paid in 2017	Due	Paid in 2018
Jean-Baptiste CHASSELOUP de CHATILLON – Member of the Managing Board until 31/08/2018 Chief Financial Officer Information Systems Executive Director				
Fixed compensation	618,000	618,000	453,333	453,333
Annual variable compensation	763,740	698,236	495,763	763,740
Exceptional compensation	500,000	-	333,333	500,000
Company car	2,796	2,796	1,864	1,864
Medical insurance benefit	1,184	1,184	800	800
TOTAL	1,885,720	1,320,216	1,285,093	1,719,737

	Amounts for financial year 2017 (in euros)		Amounts for financial year 2018 (in euros)	
	Due	Paid in 2017	Due	Paid in 2018
Maxime PICAT – Member of the Managing Board Executive Vice-President, Europe				
Fixed compensation	618,000	618,000	710,000	710,000
Variable compensation	782,388	225,489	943,261	782,388
Exceptional compensation	-	-	-	-
Company car	2,796	2,796	2,796	2,796
Medical insurance benefit	626	626	634	634
TOTAL	1,403,810	846,911	1,656,691	1,495,818

	Amounts for financial year 2017 (in euros)		Amounts for financial year 2018 (in euros)	
	Due	Paid in 2017	Due	Paid in 2018
Jean-Christophe QUEMARD – Member of the Managing Board Executive Vice-President, Africa – Middle-East				
Fixed compensation	618,000	618,000	650,000	650,000
Expatriation bonus	23,175	23,175	92,700	92,700
Annual variable compensation	840,325	718,630	791,310	840,325
Exceptional compensation	-	-	-	-
Company car	2,796	2,796	2,796	2,796
Medical insurance benefit	888	888	-	-
TOTAL	1,485,184	1,363,489	1,536,806	1,585,821

Variable part and level of achievement of targets in 2018

On 25 February 2019, the Supervisory Board discussed, on the basis of the recommendations of the Appointments, Compensation and Governance Committee, the performance of the members of the Managing Board, in their absence.

Achievement of trigger thresholds and targets:

Threshold distribution/Targets	Thresholds/targets	Type of criterion	Trigger threshold
Double trigger threshold*	Automotive division recurring operating income	Economic performance	Attained
	Operating free cash flow for 2018 of the manufacturing and sales companies (excluding restructuring and non-recurring items)	Economic performance	Attained

* This trigger threshold is common to all Group employees who receive a variable element.

The figures are not made public for confidentiality reasons.

Threshold distribution/Targets	Thresholds/targets	Type of criterion	Percentage of maximum variable part	Trigger threshold	Percentage of target met*
Collective targets representing 80% of the maximum variable part	Automotive division operating margin (40% of the collective Group targets)	Economic performance	32%	Attained	122%
	Group operating free cash flow (40% of the collective Group targets)	Economic performance	32%	Attained	122%
	Group World Automotive quality failure rate (10% of collective Group targets)	Corporate Social Responsibility	8%	Attained	70%
	Group sales points recommendation rate (10% of the collective Group targets)	Performance	8%	Attained	109%

The figures are not made public for confidentiality reasons.

Threshold distribution/Targets	Thresholds/targets	Type of criterion	Percentage of maximum variable part	Trigger threshold	Percentage of target met
Targets specific to each member of the Managing Board, representing 20% of the maximum variable portion					
Carlos TAVARES, Chairman of the Managing Board:	► China volumes in 2018 (aggregate invoiced amounts arising from manufacturing by Chinese JVs)	Economic performance	10%	Not attained	0%
	► China recurring operating income in 2018 (recurring operating income for Chinese JVs, in IFRS)	Economic performance	5%	Not attained	0%
	► Total lost-time occupational accident frequency rate	Corporate Social Responsibility	2.5%	Attained	100%
	► Percentage of women in Top Management	Corporate Social Responsibility	2.5%	Attained	100%
Jean-Baptiste CHASSELOUP de CHATILLON	► Results from Parts and Services	Economic performance	10%	Not attained	0%
	► Used vehicle activity recurring operating income	Economic performance	10%	Attained	100%
Maxime PICAT:	► Europe region recurring operating income	Economic performance	10%	Attained	93%
	Market share of Europe registrations	Economic performance	10%	Attained	45%
Jean-Christophe QUEMARD:	► Africa Middle East Region Recurring Operating Income	Economic performance	10%	Attained	50%
	Africa Middle East Region worldwide sales volume	Economic performance	10%	Not attained	0%

The figures are not made public for confidentiality reasons.

The variable proportions to be allocated to each member of the Managing Board were set at the Supervisory Board meeting on 25 February 2019 on the basis of both the targets previously defined when establishing the policy for compensation applicable in

respect of the financial year 2018, for each of the members of the Managing Board, and the percentage achievement of those targets, as illustrated below:

	Percentage of target achievement	Amount of variable part attributed	Variable compensation achieved (as a percentage of fixed compensation)	Maximum variable compensation (as a percentage of fixed compensation)
Carlos TAVARES, Chairman of the Managing Board	97.39%	€2,483,496	165%	200%
Jean-Baptiste CHASSELOUP de CHATILLON ⁽¹⁾	87.61%	€495,763	109%	125% ⁽²⁾
Maxime PICAT	106.28%	€943,261	133%	147%
Jean-Christophe QUEMARD	97.39%	€791,310	122%	147%

(1) The variable portion was prorated based on duration of employment in 2018.

(2) At its meeting on 18 December 2018, the Supervisory Board decided not to apply the outperformance rate to Jean-Baptiste CHASSELOUP de CHATILLON.

SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED DURING THE FINANCIAL YEAR TO EACH EXECUTIVE COMPANY OFFICER (TABLE NO. 4, AFEP-MEDEF CODE)

No stock subscription or purchase option plan is in effect.

SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE FINANCIAL YEAR BY EACH EXECUTIVE COMPANY OFFICER (TABLE NO. 5, AFEP-MEDEF CODE)

None.

PERFORMANCE SHARES AWARDED DURING THE YEAR TO EACH MEMBER OF THE MANAGING BOARD BY THE COMPANY AND ANY COMPANY IN THE GROUP (TABLE NO. 6, AFEP-MEDEF CODE)

Name	No. and date of plan	Number of shares granted during the year	Value of shares based on the method used in the consolidated financial statements	Vesting date	Availability date	Performance conditions
Carlos TAVARES	No. 2018 28/02/2018	130,000	€2,402,140	10/04/2021 (Fraction 1) 10/04/2022 (Fraction 2)	10/04/2021 (Fraction 1) 10/04/2022 (Fraction 2)	⁽¹⁾
Jean-Baptiste CHASSELOUP de CHATILLON Voided rights regarding the 2016, 2017 and 2018 plans*	No. 2018 28/02/2018	60,000	€1,108,680*	10/04/2021 (Fraction 1) 10/04/2022 (Fraction 2)	10/04/2021 (Fraction 1) 10/04/2022 (Fraction 2)	⁽¹⁾
Maxime PICAT	No. 2018 28/02/2018	60,000	€1,108,680*	10/04/2021 (Fraction 1) 10/04/2022 (Fraction 2)	10/04/2021 (Fraction 1) 10/04/2022 (Fraction 2)	⁽¹⁾
Jean-Christophe QUEMARD	No. 2018 28/02/2018	60,000	€1,108,680	10/04/2021 (Fraction 1) 10/04/2022 (Fraction 2)	10/04/2021 (Fraction 1) 10/04/2022 (Fraction 2)	⁽¹⁾

(1) Conditions for the 2018 performance share award plan (Plan LTI 2018).

* Rights lapsed in accordance with the decision of the Supervisory Board of 18 December 2018.

The Supervisory Board, at its meeting on 28 February 2018, decided to award performance shares to the members of the Managing Board (Plan LTI 2018), and pursuant to the authorisation of the Shareholders' General Meeting on 27 April 2016 (i.e. the Shareholders' General Meeting held after the Macron Act of 6 August 2015).

Under this LTI 2018 Plan, the Supervisory Board resolved on the allocation of 130,000 performance shares to the Chairman of the Managing Board, and of 60,000 such shares to the other members of the Managing Board. These performance share awards are part of

an overall plan encompassing several hundred senior and executive managers of the Group, for a total of 2,700,000 shares (representing 0.30% of the share capital).

The vesting period of the performance shares is divided into two stages: the shares vest in two tranches, with 50% vesting after three years and 50% after four years.

The final number of vested shares will be determined at the end of each vesting period based on the Group's actual performance compared to targets for three consecutive years (2018-2020).

The vesting of the performance shares is subject to the following performance condition:

Type of performance objective	Trigger threshold	Target
Recurring Operating Margin Automotive division 2018-2020	Principle: trigger threshold consistent with the Push to Pass target. If this trigger threshold is not attained, no shares will vest.	Principle: target exceeds the Push to Pass target; beyond the trigger threshold, the number of shares that will vest will vary on a linear basis up to 100% of the shares if the target is attained.

The figures are not made public for confidentiality reasons.

This plan does not include a lock-up period.

This grant includes, for each member of the Managing Board:

- an obligation to retain, in registered form and until the cessation of their role, at least 25% of the number of vested shares (subject to the performance conditions being met) at the end of the vesting period;

- a commitment to refrain from carrying out transactions to hedge their risk on the awarded shares.

These vesting and lock-up conditions, applicable to each member of the Managing Board, will cease to apply when a member holds a number of registered shares that is equal to more than two years of their gross salary. However, the conditions shall automatically re-apply if the number of said shares falls below the target level. The calculation will take into account the price of the share on the vesting date of the performance shares.

PERFORMANCE SHARES BECOMING AVAILABLE DURING THE YEAR FOR EACH EXECUTIVE COMPANY OFFICER (TABLE NO. 7, AFEP-MEDEF CODE)

No performance shares under the plans implemented vested during the financial year 2018.

RECORD OF STOCK SUBSCRIPTION OR PURCHASE OPTION PLANS; INFORMATION ON STOCK SUBSCRIPTION OR PURCHASE OPTIONS (TABLE NO. 8, AFEP-MEDEF CODE)

No stock options were granted since 2008.

RECORD OF PERFORMANCE SHARE AWARDS (TABLE NO. 9, AFEP-MEDEF CODE)

	Plan No. 2015	Plan No. 2016	Plan No. 2017	Plan No. 2018
Date of Shareholders' Meeting	24/04/2013	27/04/2016	27/04/2016	27/04/2016
Managing Board meeting date	27/02/2015	02/06/2016	10/04/2017	09/04/2018
Total number of shares granted, including the number granted to:	2,465,000	2,200,000	2,693,000	2,700,000
The Company officers				
Carlos TAVARES	130,000	130,000	130,000	130,000
Jean-Baptiste CHASSELOUP de CHATILLON	65,000	60,000 ⁽¹⁾	60,000 ⁽¹⁾	60,000 ⁽¹⁾
Maxime PICAT	40,000 ⁽²⁾	40,000 ⁽²⁾	60,000	60,000
Jean-Christophe QUEMARD	65,000	60,000	60,000	60,000
Vesting date of shares	31/03/2017 for French tax residents 31/03/2019 for non-French tax residents	03/06/2019 (Fraction 1) 03/06/2020 (Fraction 2)	14/04/2020 (Fraction 1) 14/04/2021 (Fraction 2)	10/04/2021 (Fraction 1) 10/04/2022 (Fraction 2)
End date of lock-up period	31/03/2019	N/A	N/A	N/A
Performance conditions	(3)	(3)	(3)	(3)
Number of shares vested on 31/12/2018 (most recent date)	2,019,000	N/A	N/A	N/A
Number of options cancelled, expired or forfeited	80,000	139,500	140,500	82,500
Number of performance shares outstanding at year-end	366,000	2,060,500	2,552,500	2,617,500

(1) Voided rights, in accordance with the decision of the Supervisory Board of 18/12/2018.

(2) Free Shares allocated under the plan, to a named beneficiary before appointment to the Managing Board.

(3) Performance conditions are defined in Section 3.2.1.

TABLE SUMMARISING LONG-TERM COMPENSATION PAID TO MEMBERS OF THE MANAGING BOARD (TABLE NO. 10, AFEP-MEDEF CODE)

None.

TABLE OF COMMITMENTS CONCERNING MEMBERS OF THE MANAGING BOARD (TABLE NO. 11, AFEP-MEDEF CODE)

Executive Company officers	Employment contract		Supplementary pension plan ⁽²⁾		Compensation or benefits due or that may be due on termination or change in position		Compensation relating to a non-compete clause		Commitments under the pension plan for executive managers at 31/12/2016 ⁽²⁾	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Carlos TAVARES Chairman of the Managing Board since 31/03/2014		√	√			√		√		√
Jean-Baptiste CHASSELOUP de CHATILLON Member of the Managing Board since 13/03/2012	√ ⁽¹⁾		√			√		√		√
Maxime PICAT Member of the Managing Board since 01/09/2016	√ ⁽¹⁾		√			√		√		√
Jean-Christophe QUEMARD Member of the Managing Board since 13/03/2012	√ ⁽¹⁾		√			√		√		√

(1) Employment contract suspended upon their appointment.

(2) Pension scheme:

A new pension system has been in place since 1 January 2016, for executive Company officers and members of the Executive Committee of the Group. It replaces the defined-benefit plan that was terminated effective 31 December 2015. The service cost recognised in 2015 under the former defined benefit plan for the members of the Managing Board and members of the Executive Committee amounted to €5.6 million, before taking into account the reversal of the related provision due to the plan's termination. Termination of the plan led to the reversal of a €34 million provision in the 2015 consolidated financial statements, net of the cost of transitioning to the new system. The Managing Board redistributed to all employees the savings from the executive pension plan. This redistribution was in addition to the previous Group compensation and profit-sharing plans and was recognised as an expense in 2015.

Under the new system, the Company no longer offers guaranteed levels of retirement income, but will pay out an annual benefit that is directly tied to the Group's results and performance. The system provides for the payment of an annual top-up contribution, of which 50% in the form of contributions to an external fund as part of an optional defined contribution pension plan ("Article 82" plan) that can only be withdrawn when the plan participant retires, and the other 50% in cash (based on a system of upfront taxation).

The contribution is equivalent to 25% of the amount represented by the executive's salary and bonus for the year. The purpose of including the bonus in the calculation base is to ensure that the contribution is tied to Group performance. The combined value of the annual top-up contributions and the vested benefits described below may not exceed an amount equal to eight times the ceiling for Social Security contributions multiplied by 23 (multiplier determined by the actuaries as corresponding to the average number of years over which benefits are expected to be paid). In respect of 2018, the annual top-up contribution awarded to members of the Managing Board for the performance of their duties amounted to €995,874 for Carlos TAVARES, €413,315 for Maxime PICAT and €360,327 for Jean-Christophe QUEMARD (these amounts are subject to payroll taxes and income tax, and the net payment will be around 50% of the amounts shown).

The charge recognised in 2018 for the defined-contribution pension plan for members of the Managing Board and of the Executive Committee amounted to €4.6 million, comprised of €2.3 million paid to a pension fund and €2.3 million paid in cash to beneficiaries (taking into account a scheme based on up-front taxation).

To compensate for the loss of vested benefits accumulated up until end-2015 under the terminated defined benefit plan, plan participants were awarded a payment corresponding to the value attributed to the benefits less a deduction for age, seniority in the Group and length of participation in the plan. Based on these criteria, the payments awarded to members of the Managing Board ranged from 5% to 30% of their projected benefits under the terminated defined benefit plan. 50% of the payment was in the form of a contribution to an external fund that will be paid out when the executive concerned takes retirement, and the other 50% was in cash. Payment of the balance of entitlements is being spread over three years, hence yearly for the Managing Board members: €470,000 for Carlos TAVARES, €332,000 for Jean-Baptiste CHASSELOUP de CHATILLON, €38,743 for Maxime PICAT and €510,000 for Jean-Christophe QUEMARD (these amounts are subject to payroll taxes and income tax, and the net payment will be around 50% of the amounts shown).

50% of the payment was in the form of a contribution to an external fund that will be paid out when the executive concerned takes retirement, and the other 50% was in cash. The payments are being spread over three years (2016, 2017 and 2018). The third payment was made in respect of the 2018 financial year. Each payment is conditional on the individual concerned continuing to be employed by the Group at the end of the year concerned.

Following the decision made by the Supervisory Board on 18 December 2018, Jean-Baptiste CHASSELOUP de CHATILLON did not receive the third payment.

Consulted prior to the implementation of the plan, the AFEP-MEDEF High Committee on corporate governance ruled that this plan complied with the recommendations set out in the AFEP-MEDEF Corporate Governance Code for listed companies. In addition, the Peugeot S.A. Works Council issued a unanimously favourable opinion on this new system.

The pension scheme was approved under regulated commitments at the Shareholders' General Meeting of 27 April 2016 (4th resolution) and again at the Shareholders' General Meeting of 10 May 2017 (4th resolution) on account of the renewal of appointments to the Managing Board.

3.2.5. Details of the compensation for the Chairman and Members of the Supervisory Board

For information, in respect of 2018, the Chairman of the Supervisory Board once again waived the compensation awarded to him (€300,000), and the attendance fees (of €70,000) which should have been paid to him on the basis of his attendance at meetings of the Board and the committees.

The amounts allocated to Louis GALLOIS, Chairman of the Supervisory Board, in compensation for the work he performed in connection with his office, are shown in the table below, presented in the format of summary table No.2 as recommended by the AFEP-MEDEF Code. These amounts will not be paid to him in respect of the 2018 financial year, since the Chairman waived them.

	Amounts for financial year 2018		Amounts for financial year 2017	
	Due	Paid in 2018	Due	Paid or awarded for 2017
Louis GALLOIS – Chairman of the Supervisory Board				
Fixed compensation ⁽¹⁾	€300,000	€0	€300,000	€0
Annual variable compensation	N/A	N/A	N/A	N/A
Attendance fees	€70,000	€0	€70,000	€0
Exceptional compensation	N/A	N/A	N/A	N/A
Company car	€2,796	€2,796	€2,796	€2,796
Medical insurance benefit	N/A	N/A	N/A	N/A
TOTAL	€372,796	€2,796	€372,796	€2,796

⁽¹⁾ In 2018, Louis GALLOIS waived his compensation as Chairman of the Supervisory Board and the attendance fees due to him, as he did in 2017.

ATTENDANCE FEES AND OTHER COMPENSATION RECEIVED IN RESPECT OF FINANCIAL YEAR 2018 BY NON-EXECUTIVE COMPANY OFFICERS (MEMBERS OF THE SUPERVISORY BOARD) (TABLE NO. 3, AFEP-MEDEF CODE)

	Amounts paid during the financial year 2018 (in euros)	Amounts paid during the financial year 2017 (in euros)
Non-executive Company officers		
Louis GALLOIS⁽¹⁾ Chairman and member of the Supervisory Board		
Attendance fees, other compensation	0	0 ⁽¹⁾
Geoffroy ROUX de BEZIEUX Vice-Chairman of the Supervisory Board		
Attendance fees	37,000	40,000
Attendance fees (attendance at committee meetings)	29,600	35,000
Other compensation (as Vice-Chairman of the Supervisory Board)	40,000	20,000
Marie-Hélène PEUGEOT RONCORONI Permanent representative of EPF on the Supervisory Board Vice-Chairwoman of the Supervisory Board		
Attendance fees	40,000	40,000
Attendance fees (attendance at committee meetings)	30,000	30,000
Other compensation (as Vice-Chairwoman of the Supervisory Board)	40,000	40,000
Li Shaozhu Permanent representative of DMHK since 4 June 2018 Vice-Chairman of the Supervisory Board since 23 July 2018		
Attendance fees	18,333	
Attendance fees (attendance at committee meetings)	4,500	
Other compensation (as Vice-Chairman of the Supervisory Board)	23,333	

Non-executive Company officers	Amounts paid during the financial year 2018 (in euros)	Amounts paid during the financial year 2017 (in euros)
Anne GUERIN Permanent representative of Bpifrance Participations since 25 July 2017 Vice-Chairwoman of the Supervisory Board since 25 July 2017		
Attendance fees	40,000	20,000
Attendance fees (attendance at committee meetings)	30,000	13,500
Other compensation (as Vice-Chairman of the Supervisory Board)	40,000	20,000
Catherine BRADLEY Member of the Supervisory Board		
Attendance fees	40,000	40,000
Attendance fees (attendance at committee meetings)	45,000	45,000
Pamela KNAPP Member of the Supervisory Board		
Attendance fees	40,000	37,000
Attendance fees (attendance at committee meetings)	30,000	30,000
Christian LAFAYE Employee representative member of the Supervisory Board beginning 22 June 2018		
Attendance fees	23,000	
Attendance fees (attendance at committee meetings)	13,500	
Helle KRISTOFFERSEN Member of the Supervisory Board		
Attendance fees	40,000	40,000
Attendance fees (attendance at committee meetings)	30,000	25,500
AN Tiecheng Member of the Supervisory Board		
Attendance fees	31,000	17,000
Attendance fees (attendance at committee meetings)	34,900	16,000
Robert PEUGEOT⁽²⁾ Permanent representative of FFP on the Supervisory Board		
Attendance fees	37,000	40,000
Attendance fees (attendance at committee meetings)	35,000	35,000
Henri Philippe REICHSTUL Member of the Supervisory Board		
Attendance fees	37,000	40,000
Attendance fees (attendance at committee meetings)	30,000	30,000
Bénédicte JUYAUX Member of the Supervisory Board since 25 July 2017		
Attendance fees	40,000	0
Attendance fees (attendance at committee meetings)	30,000	0





CORPORATE GOVERNANCE

Compensation of corporate officers

Non-executive Company officers	Amounts paid during the financial year 2018 (in euros)	Amounts paid during the financial year 2017 (in euros)
Daniel BERNARD Permanent representative of Lion Participations since 25 July 2017		
Attendance fees	40,000	20,000
Attendance fees (attendance at committee meetings)	30,000	15,000
Jean-François KONDRATIUK Employee representative member of the Supervisory Board until 22 June 2018		
Attendance fees	17,000	40,000
Attendance fees (attendance at committee meetings)	13,500	30,000
LIU Weidong Permanent representative of DMHK until 4 June 2018 Vice-Chairman of the Supervisory Board until 4 June 2018		
Attendance fees	9,666	37,000
Attendance fees (attendance at committee meetings)	9,000	31,000
Other compensation (as Vice-Chairman of the Supervisory Board)	16,666	20,000
Frédéric BANZET Non-voting member		
Attendance fees	20,000	20,000
Alexandre OSSOLA Non-voting member		
Attendance fees	18,500	8,500
LV Haitao Non-voting member		
Attendance fees	18,500	10,000
TOTAL	1,102,000	1,040,750

(1) In 2018, Louis GALLOIS waived his compensation as Chairman of the Supervisory Board and the attendance fees due to him, as he did in 2017.

(2) Robert PEUGEOT also received €50,000 gross from Faurecia for 2018 and €46,500 for 2017 as compensation for his office as a director and member of the Management Committee of that company. As a former executive of the Group, he receives an additional pension of €160,030 per year (former Article 39 scheme) paid by Axa.

In 2018, the amount of the attendance fees was prorated for Mr Jean-François KONDRATIUK, whose term of office ended in June 2018, and for Mr Christian LAFAYE, whose term of office took effect in June 2018.

In addition, the attendance fees due to LI Shaozhu, AN Tiecheng, LIU Weidong and LV Haitao were paid to DMHK.

ANALYSIS OF THE BUSINESS AND GROUP OPERATING RESULTS IN 2018 AND OUTLOOK

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4.1 ANALYSIS OF CONSOLIDATED ANNUAL RESULTS

The Group's operations are organised around five main business segments described in Note 3 to the consolidated financial statements at 31 December 2018. Subsequent events are presented in Note 19 to the financial statements.

4.1.1. Group profit (loss) for the period ⁽¹⁾

<i>(in million euros)</i>	31 December 2017	31 December 2018	Change
Revenue	62,256	74,027	11,771
Recurring operating income	3,978	5,689	1,711
As a percentage of revenue	6,4%	7,7%	
Non-recurring operating income and expenses	(904)	(1,289)	(385)
Operating income	3,074	4,400	1,326
Net financial income (loss)	(238)	(446)	(208)
Income taxes	(699)	(615)	84
Share in net earnings of companies at equity	217	(44)	(261)
Profit (loss) from operations held for sale or to be continued in partnership	(7)	-	7
Consolidated profit (loss) for the period	2,347	3,295	948
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	1,924	2,827	903

(1) IFRS 15 application with 2017 restated (excluding essentially monoliths)

4.1.2. Group revenue ⁽¹⁾

The table below shows consolidated revenue by division:

<i>(in million euros)</i>	31 December 2017	31 December 2018	Change
Automotive Peugeot Citroën DS	40,735	43,027	2,292
Automotive Opel Vauxhall	7,238	18,306	11,068
Faurecia	16,962	17,525	563
Other businesses and eliminations ⁽²⁾	(2,679)	(4,831)	(2,152)
REVENUE	62,256	74,027	11,771

(1) IFRS 15 application with 2017 restated (excluding essentially monoliths)

(2) Including the activities of Banque PSA Finance not covered by the partnership signed with Santander Consumer Finance

Peugeot Citroën DS (PCD) Automotive revenues were up 5.6% compared to 2017, mainly thanks to the favourable effect of product mix (+4.0%), price (+1.3%), volumes and country mix (+1.2%) and of sales to partners (+1.7%) that more than compensates the negative impact of adverse exchange rate changes (-2.7%).

Opel Vauxhall (OV) Automotive revenues amounted to €18,306 million in 2018 compared to €7,238 million for the last 5 months of 2017.

At constant exchange rates and perimeter (excluding OV), **Group revenues** were up 23.3% compared to 2015, year of reference of Groupe PSA strategic plan of profitable growth Push to Pass.

4.1.3. Group Recurring Operating Income ⁽¹⁾

The following table shows Recurring Operating Income by business segment:

(in million euros)	31 December 2017	31 December 2018	Change
Automotive Peugeot Citroën DS	2,966	3,617	651
Automotive Opel Vauxhall	(179)	859	1,038
Faurecia	1,156	1,263	107
Other businesses and eliminations ⁽²⁾	35	(50)	(85)
RECURRING OPERATING INCOME	3,978	5,689	1,711

(1) IFRS 15 application with 2017 restated (excluding essentially monoliths)

(2) Including the activities of Banque PSA Finance not covered by the partnership signed with Santander Consumer Finance

In 2018, the **PCD Automotive recurring operating margin**, which corresponds to the ratio of the PCD Automotive recurring operating income to the PCD Automotive revenues, stood at 8.4% compared to 7.3% in 2017. **OV Automotive recurring operating margin** stood in 2018 at 4.7% compared to -2.5% for the last 5 months of 2017.

Group recurring operating margin stood at 7.7% compared to 6.4% in 2017.

The 21.9% increase in **the PCD Automotive recurring operating income** was due to the company's improved performance (+€1 381 million), despite an unfavourable operating environment (-€728 million):

- the negative effect of the **PCD Automotive division's operating environment** stemmed from a (€466) million effect of "foreign exchange and others", associated essentially with the weakening

of the Argentinian peso and higher raw material and other external costs amounting to (€279) million;

- the improved **performance of the PCD Automotive business** was due essentially to a positive product mix effect amounting to +€536 million, positive price effect amounting to +€328 million as well as lower production and fixed costs amounting to +€588 million. These effects were partially offset by R&D (-€63 million) and other effects (-€11 million).
- **OV Automotive recurring operating income** stood at €859 million in 2018 compared to a €179 million loss for the last 5 months of 2017.
- **Faurecia's recurring operating income** was €1 263 million, up €107 million.

4.1.4. Other items contributing to Group profit (loss) for the period

Non-recurring operating income and expenses represented a net expense of (€1,289) million compared to (€904) million in 2017. They primarily included PCD Automotive division restructuring costs totalling (€432) million, OV Automotive division totalling (€512) million – and Faurecia Group for (€103) million.

Net financial income and expenses amounted to (€446) million compared to (€238) million in 2017. See Note 11 to the consolidated financial statements at 31 December 2018.

The **income tax expenses** amounted to (€615) million in 2018 compared to (€699) million in 2017. See Note 13 to the Consolidated Financial Statements at 31 December 2018.

The **share in net earnings of companies at equity** amounted to (€44) million in 2018, compared to €217 million in 2017. See Note 10.3 to the consolidated financial statements at 31 December 2018. The contribution of the Dongfeng joint ventures (DPCA and DPCS) represented (€234) million, down €204 million. Changan PSA

Automobiles Co., Ltd (CAPSA) made a negative contribution of (€68) million in 2018 compared to (€24) million in 2017. The contribution of the joint ventures under the partnership between Banque PSA Finance and Santander Consumer Finance amounted to €241 million, up €40 million. The contribution of the joint ventures under the partnership between Banque PSA Finance and BNP Paribas covering the financing activity of OV amounted to €106 million in 2018 compared to €8 million in 2017 ⁽¹⁾.

The net **income, Group share**, of €2,827 million was up €903 million. **Basic earnings per share** were €3.16 versus €2.18 in 2017. And **diluted earnings per share** were €3.01 up from €2.05 in 2017.

A **dividend** of €0.78 per share will be submitted for approval at the next Shareholders' Meeting with an ex-dividend date considered to be on 2 May 2019, and the payment date on 6 May 2019.

(1) This contribution represents 2 months of activity of Opel Vauxhall Finance since the date of the closing on November, 1st 2017.

4.1.5. Banque PSA Finance

The results (at 100%) of finance companies are presented below ⁽¹⁾:

(in million euros)	31 December 2017	31 December 2018	Change
Revenue	1,476	1,989	513
Net banking revenue	1,145	1,611	466
Cost of risk ⁽²⁾	0.27%	0.13%	-0.14 pt
Recurring operating income	632	939	307
Penetration rate	30.0%	28.7%	(1.3) pt
Number of new contracts (leasing and financing)	845,768	1,074,838	+27.1%

(1) As a percentage of average net loans and receivables

(2) These results of BPF for 2017 include the result of 2 months of Opel Vauxhall Finance activities since November 1st 2017.

4.1.6. Faurecia ⁽¹⁾

(in million euros)	31 December 2017	31 December 2018	Change
Revenue	16,962	17,525	563
Recurring operating income	1,156	1,263	107
As a % of revenue	6.8%	7.2%	
Operating income	1,060	1,115	55
Net financial income (expense)	(131)	(163)	(32)
Consolidated profit (loss) for the period	696	793	97
Free cash flow	129	403	274
Net financial position	(646)	(545)	101

(1) IFRS 15 application with 2017 restated (excluding essentially monoliths)

More detailed information about Faurecia is provided in its annual report which can be downloaded from www.Faurecia.com.

4.2. FINANCIAL POSITION AND LIQUIDITY

4.2.1. Net financial position and financial security of manufacturing and sales companies

The net financial position of manufacturing and sales companies are set out and described in Note 11 to the Group's consolidated financial statements at 31 December 2018.

The **net financial position of manufacturing and sales companies** at 31 December 2018 was a net cash position of €9,098 million, up €2,904 million compared with 31 December 2017. Within this positive net financial position, Faurecia had €545 million in net debt at 31 December 2017, compared to €646 million in net debt at end-December 2017.

The Group continued to actively manage its debt in 2018. In order to extend the average maturity of its debt, Peugeot S.A. issued a bond of 650 M€ bond maturing in March 2025.

Liquidity reserves for the manufacturing and sales companies amounted to €21,371 million at 31 December 2018, versus €17,522 million at 31 December 2017, with €16,421 million in cash and cash equivalents, financial investments and current & non-current financial assets, and €4,950 million in undrawn lines of credit (see Note 11.4 to the consolidated financial statements at 31 December 2018).

4.2.2. Free cash flow from manufacturing and sales operations

The **Free Cash Flow** of manufacturing and sales companies is defined in Note 15 to the consolidated financial statements at 31 December 2018.

The Free Cash Flow generated over the period amounted to €3,501 million, including a €403 million contribution from Faurecia. The Free Cash Flow over the period mainly stemmed from:

- €7,657 million in cash flows generated by recurring operations of which a contribution of €1,131 million of OV;
- €(1,042) million in cash flows related to restructuring plans including €(499) million for OV;
- €1,607 million improvement in the working capital requirement, including €294 million in trade payables, €1,342 million in trade

receivables, and €368 million in inventories. New vehicle inventory levels are presented below ; OV contribution amounts to €1,603 million ;

- €(4,721) million in capitalised capital expenditure and research & development, including Faurecia's share which represented €(1,313) million and the share of OV which represented €(878) million at 31 December 2018 and of which €(164) million in exceptional investments/asset disposals at the end of 2018. Total research and development expenses incurred increased in 2018 compared to 2017 and are presented in Note 4 to the consolidated financial statements at 31 December 2018.

New vehicle inventory levels for PCD and in the independent PCD dealer network:

<i>(in thousands of new vehicles)</i>	31 December 2018	31 December 2017	31 December 2016
Group	110	97	99
Independent dealer network ⁽¹⁾	374	347	307
TOTAL	485	445	406

(1) including importers

New vehicle inventory levels for OV and in the independent OV dealer network:

<i>(in thousands of new vehicles)</i>	31 December 2018	31 December 2017	31 December 2016
Group	53	98	NA
Independent dealer network	142	129	NA
TOTAL	195	227	NA

Excluding Free Cash Flow, the changes in net financial position represented €(596) million. These are mainly related to dividends paid to Group shareholders in the amount of €(474) million as well

as the dividends paid to Faurecia minority shareholders for €(143) million.

4.2.3. Liquidity and funding of finance companies

The liquidity and funding of finance companies are discussed in Notes 12.4 and 12.5 to the consolidated financial statements at 31 December 2018.

4.2.4. Provisions for warranties

Please refer to Note 9 to the consolidated financial statements at 31 December 2018.

4.2.5. Pensions and other post-employment benefits

Please refer to Note 6.1 to the consolidated financial statements at 31 December 2018.

4.2.6. Information regarding any restrictions on the use of capital

Please refer to Note 14.1 to the consolidated financial statements at 31 December 2018.

4.2.7. Information regarding the anticipated sources of funds needed to fulfil certain commitments

Please refer to Section 4.2.4 above.

4.3. PARENT-COMPANY RESULTS

Peugeot S.A. performs senior management, oversight and supervisory functions and provides services for which it receives a flat fee.

Peugeot S.A.'s assets mainly correspond to:

- equity investments in direct subsidiaries;
- treasury shares classified as marketable securities.

Peugeot S.A. is also Head of a tax group set up with its more than 95%-owned subsidiaries in France.

Interest and similar income amounted to €3 million, compared with €5 million in 2017. Reversals of provisions for impairment of equity securities and treasury shares totalled €20 million and were stable compared with 2017.

Financial expense for depreciation, amortisation and provisions amounted to €38 million, compared with €22 million in 2017.

Interest and similar expense amounted to €82 million, compared with €119 million in 2017.

In view of these items, net financial income result was a positive €378 million, compared with a positive €245 million.

Results

NET OPERATING INCOME

Operating income, which chiefly comprises fees collected from the main subsidiaries, the re-invoicing of staff costs, totalled €212 million in 2018, compared with €147 million in 2017.

Management fees are calculated as a percentage of the operating divisions' revenue, and cover the operating expenses incurred by the Company for its corporate functions; they amounted to €145 million, compared with €89 million in 2017. Fees are invoiced to direct Peugeot S.A. subsidiaries based on the consolidated revenue of the division concerned.

Operating expenses amounted to €232 million in 2018, compared with €171 million in 2017, and mainly corresponded to payroll costs, other purchases and external charges.

Net operating income was accordingly a negative €20 million compared with a negative €24 million in 2017.

NET FINANCIAL INCOME (EXPENSE)

Financial income consists largely of income from shares in subsidiaries and affiliates.

Income from shares in subsidiaries and affiliates amounted to €476 million, compared with €360 million in 2017.

NET NON-RECURRING INCOME (EXPENSE)

Net non-recurring income (expenses) (see Note 18), which was a negative €37 million in 2018, mainly consists of charges on management operations.

Basic earnings

Taking into account the net income tax benefit of €157 million, determined in accordance with the rules governing the tax consolidation of Peugeot S.A. and its 95% or more controlled subsidiaries, Peugeot S.A. reported €478 million in net profit, compared with €416 million for 2017.

Balance Sheet

ASSETS

Equity investments in subsidiaries and affiliates constitute the major share of non-current assets.

Before deducting provisions, the gross value of equity investments was €19,285 million at 31 December 2018, an increase of €329 million compared with 2017. Impairment losses on equity securities amounted to €666 million in 2018, compared with €644 million in 2017. These items are described in Note 4 to the parent company annual financial statements.

After deducting provisions, the net value of equity investments was €18,619 million at 31 December 2018, compared with €18,311 million at 31 December 2017.

Current assets primarily correspond to (i) cash investments of €3,118 million at 31 December 2018, compared with €3,599 million in 2017 (see Note 9) and marketable securities in the amount of €200 million net of provisions at 31 December 2018, compared with €217 million at 31 December 2017 (see Note 8).

The 11,315,735 treasury shares held at 31 December 2018 are classified as marketable securities, of which 7,982,000 shares allocated to free share plans and 3,333,735 to future LTI plans (see Note 8A).

LIABILITIES

Shareholders' equity at 31 December 2018 was €19,774 million, compared with €19,759 million at 31 December 2017. On 4 May 2018, Peugeot S.A. paid dividends of €474 million. Given the results achieved by Groupe PSA, the Supervisory Board has approved the Managing Board's proposal to pay dividends in respect of 2018.

A free share plan was established in 2018.

Provisions for contingencies and charges totalled €117 million at 31 December 2018, compared with €145 million at 31 December 2017. They are described in Note 10 to the financial statements.

This amount of late payments breaks down as follows:

Loans and similar debts amounted to €2,358 million, compared with €2,270 million in 2017. In 2018, Peugeot S.A. redeemed matured bonds in a total amount of €559 million (see Note 13). On 2 March 2018, Peugeot S.A. issued a €650 million bond maturing in April 2025, paying a coupon of 2.00%.

Of the €60 million due to suppliers of fixed assets, €55 million corresponds to the uncalled portion of the commitment to the FAA fund set up to support automotive equipment suppliers (see Note 14).

In as much as Peugeot S.A. is a holding company, trade payables are not significant. They amounted to €25 million.

Peugeot S.A. settles payments to suppliers 30 days end of month from invoice date, in compliance with the provisions of France's LME Act.

INVOICES RECEIVED AND DUE BUT NOT YET PAID AT THE CLOSE OF THE PERIOD

At 31 December 2018, payments due to suppliers amounted to €25.1 million and broke down as follows in the financial statements:

■ trade payables and related accounts recorded as liabilities: €25.1 million;

■ less: deferred expenses for this item: €24.3 million.

Or €0.8 million.

4

Article D. 441 I. 1.: Invoices received and due but not yet paid at the close of the period

(In thousands of euros)

	0 day (*)	1 to 30 days	31 to 60 days	61 to 91 days	More than 91 days	Total (1 day and more)
(A) Late payment tranches						
Number of invoices involved	28		4	3	5	12
TOTAL VALUE OF INVOICES INVOLVED (INCL. TAX)	629		66	18	33	117
Percentage of the total value of purchases in the period (incl. tax)	1.96%		0.21%	0.06%	0.10%	0.36%
(B) Invoices excluded from (A) in connection with contested trade payables						
Number of excluded invoices						
TOTAL VALUE OF EXCLUDED INVOICES (INCL. TAX)						
(C) Reference payment terms: Article L. 441-6						
Payment terms used for calculating late payments						Legal term: 30 days

(*) invoices received and due but not yet paid at 31/12/2018 and not due

INVOICES ISSUED AND DUE BUT NOT YET PAID AT THE CLOSE OF THE PERIOD

At 31 December 2018, trade receivables amounted to €143.7 million and broke down as follows in the financial statements:

■ trade receivables and related accounts recorded as assets: €143.7 million;

■ less: invoices to be issued for this item: €139.2 million.

Or €4.5 million.

This amount of late payments breaks down as follows:

	Article D. 441 I. 1.: Invoices issued and due but not yet paid at the close of the period					
(In thousands of euros)	0 day (*)	1 to 30 days	31 to 60 days	61 to 90 days	More than 91 days	Total (1 day and more)
(A) Late payment tranches						
Number of invoices involved	44	1		1	7	9
TOTAL VALUE OF INVOICES INVOLVED (INCL. TAX)	1,200	1,299		11	21	1,331
Percentage of revenue for the period (incl. tax)	0.57%	0.62%		0.01%	0.01%	0.64%
(B) Invoices excluded from (A) in connection with contested trade receivables						
Number of excluded invoices		1			20	21
TOTAL VALUE OF EXCLUDED INVOICES (INCL. TAX)		14			1,986	2,000
(C) Reference payment terms: Article L. 441-6						
Payment terms used for calculating late payments	Legal term: 30 days					
(*) invoices received and due but not yet paid at 31/12/2018 and not due						

(*) invoices received and due but not yet paid at 31/12/2018 and not due

4.4. MAJOR CONTRACTS

None.

4.5. CAPITAL EXPENDITURE IN RESEARCH & DEVELOPMENT

Automotive Expertise to deliver useful technologies

Innovation, research and development are powerful levers for developing competitive advantages by addressing the major challenges faced in the automotive industry (environmental, safety, emerging mobility and networking needs, etc.).

Every year, Groupe PSA invests in research and development to stay ahead, technologically, of environmental and market changes.

4.5.1. The R&D strategy in the “Push to Pass” plan

4.5.1.1. R&D AT THE HEART OF THE CORE MODEL STRATEGY

Through its Push to Pass strategic plan, the Group has decided to launch a product offensive that is focused on its customers and on its leading global profit pools by releasing one new car per region, per brand and per year.

To roll out this ambitious product plan and optimise its efficiency, Groupe PSA's R&D Department develops its vehicles through multi-brand and multi-region programmes, based on modular multi-energy platforms that enable it to maximise the reuse of parts.

Accordingly, the Group has developed all of its Peugeot, Citroën, DS, Opel and Vauxhall body designs through global programmes,

each of which responds to the interests of the six regions and brands on the segment it targets.

These body designs are created over two lighter, multi-energy platforms, and offer greater modularity in terms of length, height and wheel diameter, to address the challenges faced in terms of mass, environment and functionalities.

■ The mid- and hi-end body designs of all the Group's brands (sedans, coupés, MPVs, SUVs and LCVs) are developed on the EMP2 Efficient Modular Platform, launched in 2013. In addition to petrol and diesel engines, this platform has a plug-in hybrid

petrol-electric powertrain (PHEV) that will offer an electric alternative for all vehicles developed on EMP2 starting in 2019.

- The segment B city car models up to the compact SUVs, as well as the new segment C sedans, dedicated mainly to urban use, are developed on the Common Modular Platform (CMP), established in collaboration with Dongfeng Motor Corporation. CMP, which was launched in 2018 with the DS3 Crossback, is available in a

fully electric version (eCMP) and will offer an electric alternative for all new models beginning in 2019.

This modular approach, coupled with programme-based organisation, will enable the reuse of basic parts and modules but also body parts, generating a 20% saving on R&D costs and a 30% saving on capital expenditure (CAPEX) compared to an entirely new model.

4.5.1.2. THE CORE TECHNOLOGY STRATEGY

Via its “Core Model Strategy”, Groupe PSA offers a targeted range of technologies that aims to provide its customers with a diverse selection of technological options to meet all of their responsible and sustainable mobility needs, thus reflecting the social changes that have a direct impact on the automotive industry: energy transition, increased urbanisation, the ageing of the population, digital advances and hyper-connectivity, globalisation, mobility and changes in habits.

Groupe PSA has identified its R&D strategic focus areas through which it will offer its customers new types of automotive experience, tailored to the individual trends around the world. The goal is to design and develop:

- cars that are ever more environmentally friendly and support the energy transition;
- intelligent, connected and autonomous cars to assist drivers during the most monotonous moments of driving.

4.5.2. Groupe PSA technological response

4.5.2.1. CLEAN TECHNOLOGIES DPEF.16 DPEF.24 DPEF.27

Approximately 40% of Groupe PSA's R&D budget is dedicated to developing technologies to improve the environmental efficiency and performance of its vehicles.

Concerned to adopt a sustainable mobility approach (see Section 2.1.2) and to meet the challenge of energy transition, the Group has made the “clean car” a strategic focus of its R&D.

4.5.2.1.1. Optimisation of internal combustion engines

Groupe PSA possesses a range of high-performing powertrains.

- Among petrol engines, the 3- and 4-cylinder PureTech family (formerly THP) is particularly efficient from the standpoint of consumption, weight and emissions.
 - The 3-cylinder 1.2l turbo version received the International Engine of the Year award in its category for four consecutive years, from 2015 to 2018.
 - The new generation of petrol engines was launched in 2017. Intended to conquer world markets, this range complies with the Euro 6d-temp standard (which came into force on 1 September 2018 for all vehicles) and, furthermore, with the more stringent Chinese China6b standard.
 - The EC engine family (four-cylinder atmospheric), rolled out across all regions, completes this range of Groupe PSA petrol engines.
- For diesel engines, Groupe PSA has followed the most efficient technological options, rather than the least costly.
 - SCR (Selective Catalytic Reduction), the most effective technology for reducing nitrogen oxide (No_x), is used on all of Groupe PSA's BlueHDi diesel engines.
 - The new generation of 1.5 BlueHDi engines, which was rolled out in 2017, abides by an RDE conformity factor of 1.5 on No_x emissions even though this value will not be mandatory until 2020 (the current required factor is 2.1).
- Groupe PSA also sells a range of high-performance gearboxes that in 2018 was expanded with a new automatic eight-speed

gearbox (EAT8) that reduces vehicles' consumption even more drastically while offering better driving comfort.

- Lastly, Groupe PSA develops engines that are compatible with alternative fuels (see CSR Report – 2.1.2.4).

In Latin America, our models are equipped with flexfuel engines (100% bioethanol); a GPL version of the 3-cylinder Puretech engine (atmospheric version) was developed in 2017.

Activities in the field of alternative fuels have been strengthened thanks to the expertise of the Opel Vauxhall teams. As such, the “Alternative fuels (LPG, CNG)” skills centre was awarded to the R&D teams at Rüsselsheim in November 2017.

These technological choices, which were made in anticipation of the tightening of standards, allowed Groupe PSA to completely align its range with the new WLTP protocol, which is more representative of real-world fuel consumption, on 1 September 2018, the date on which the regulations for all passenger vehicles took effect.

In addition, since 2015 Groupe PSA has been committed to being transparent with customers on its vehicles' consumption and actual emissions. It has partnered with the NGOs Transport & Environment (T&E) and *France Nature Environnement* (FNE) and the Bureau Veritas certification agency to define a reliable protocol for measuring consumption and pollutant emissions (No_x and particulates) in real-world fuel consumption. This initiative, a first in the automotive world, won the ECOBEST 2018 award. The first results of pollutant emissions were announced during the 2018 Geneva Motor Show.

4.5.2.1.2. New electric powertrains

To meet the challenges of the energy transition, Groupe PSA has committed to an electrification offensive of its vehicles, defining clear targets:

- from 2019 onwards, every new model produced will be available in an Electric or Hybrid version;
- by 2025, all the models sold by Groupe PSA's five brands (Peugeot, Citroën, DS, Opel and Vauxhall) will have an electric version.

This ambition is possible because all of the Group's passenger cars are being developed on two multi-energy platforms: EMP2 and CMP (see Section 4.5.1.1).

- **CMP**, which covers the B- and C-segment vehicles, has a fully electric version in addition to its combustion version.
- **EMP2**, which covers the C- and D-segment vehicles, has a plug-in hybrid version in addition to its combustion version.

Thanks to this multi-energy design and engineering, the combustion and electric versions of the same model are produced on the same production line; this allows Groupe PSA to adapt agilely and flexibly to market changes.

The plug-in petrol hybrid

The plug-in petrol hybrid range will be launched in Europe from 2019 with the DS7 Crossback. Seven other vehicles will be gradually rolled out by 2021, including the Peugeot 508 and 508 SW, Peugeot 3008, Opel and Vauxhall Grandland X and Citroën C5 Aircross.

These vehicles, available with two- and four-wheel drive, have a total power up to 300hp, which enables:

- an average range of 50km in fully electric mode (WLTP);
- 40% less consumption than a combustion vehicle and CO₂ emissions below 49g/km (WLTP);
- access to "low-emissions zones";
- identical cabin space to that of a combustion vehicle.

Electric vehicles

The fully electric version of the CMP platform (eCMP) is fitted with top-of-the-line technologies that are suited to customer use:

- 100kW (136 cv) electric engine;
- 50kWh Lithium-ion battery pack;
- high-performance heat pump.

It enables:

- range between 300 and 350 km on the WLTP cycle, based on the vehicle's weight and aerodynamics;
- full charge in less than eight hours for a customer who has a WallBox (single-phase 7.4kW -32A);
- ultra-fast 80% battery charge in less than 30 minutes with a 100kW fast charger available on public charging stations;
- the same cabin space and boot space as combustion versions;
- the acoustic comfort of fully electric operation.

It is manufactured in Europe and China.

Groupe PSA's new-generation fully electric offer will be launched in 2019 with the DS3 Crossback E-Tense. In all, seven models will be marketed by 2021.

The Mild Hybrid

In September 2018, Groupe PSA and Punch Powertrain announced their intention to create a joint venture, Punch Powertrain PSA e-transmissions, which will produce the future generation of e-DCT electric transmissions beginning in 2022. This 48V dual-clutch electric gearbox will be fitted on Groupe PSA's future Mild Hybrid (MHEV) models, lowering consumption by as much as 15%.

4.5.2.1.3. Optimisation of the vehicle and its use

In addition to work done on powertrains, Groupe PSA is working on all fronts to reduce its vehicles' consumption and in turn its CO₂ footprint:

- **mass**: market leader in terms of average vehicle weight, Groupe PSA has made the optimisation of mass a central feature of vehicle design. The use of high-performance materials such as very high and extra high strength steel, hot stamped steel, aluminium and composites, and innovative process, platform design and lines offers substantial gains in mass. The new 3008, for instance, voted "Car of the Year 2017", developed on the EMP2 platform, weighs 100 kg less than the previous 3008;
- **overall energy efficiency** by optimising aerodynamics, tyre rolling resistance, mechanical friction losses (brakes, bearings, rings, etc.) and power consumption (engines, equipment such as air conditioning, etc.);
- the Group also offers **driver assistance** that allows drivers to use their car more ecologically.

4.5.2.2. Intelligent cars: autonomous and connected

Customers want their cars to provide them with independence but also to contribute to a collective well-being. The autonomous and connected cars of tomorrow will focus on this social change, encouraging the emergence of new transport and mobility models, while saving customers time and energy.

4.5.2.2.1. The communicating connected car

The communicating connected car marks the transition from a closed-off vehicle to a more open vehicle, with mobile devices connected to the cloud. Thus, the motor vehicle is becoming part of the Internet of Things (IoT), in order to provide new experiences. This digital revolution requires organising and managing car data security. To this end, Groupe PSA is partnering with Huawei to develop an automotive IoT software platform with world coverage, the connected vehicle modular platform (CVMP).

- The CVMP will ensure that all digital interactions between the car and the cloud are managed securely while at the same time guaranteeing data integrity, authenticity and confidentiality.
- CVMP will make it possible to introduce new services such as remote on-demand car diagnostics and remote control solutions such as battery charging and pre-heating; over-the-air car software updates, traffic information and navigation; car sharing and corporate fleet management; and customised onboard services such as personal assistant solutions.

The DS7 Crossback, rolled out in China in 2018, is Groupe PSA's first vehicle to be fitted with this new software platform.

In addition, Groupe PSA is a forerunner in the development of C-V2X technology, which enables the car to communicate with its environment (cars, infrastructure, etc.). Through road tests and public demonstrations carried out since early 2018, the advanced performances of this technology have been assessed in order to improve road safety and traffic management:

- in March: Groupe PSA and Qualcomm Technologies, partners for the development of future telematic and multimedia equipment, performed a demonstration that confirmed C-V2X's direct communication abilities;
- in July, the two companies partnered with several car manufacturers and automotive equipment suppliers to test the interoperability between vehicles of different brands, two-wheel vehicles and infrastructure; this was a first in France;

- in September, Groupe PSA presented the latest technological breakthroughs in China. Locally, this technology, which is called LTE-V2X is developed separately with Huawei and Qualcomm

Technologies. Demonstrations took place in Wuxi, the first connected city in the world, during the World IoT Expo 2018.

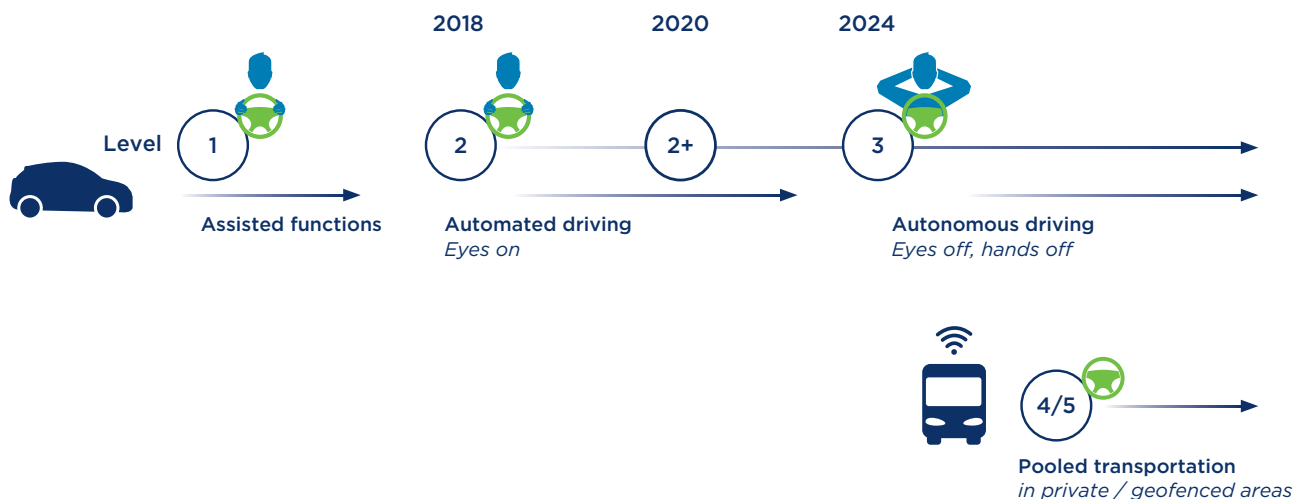
The C-V2X direct communication technology is scheduled to be rolled out in 2020.

4.5.2.2.2. Self-driving: towards the autonomous car

In order to offer increasingly safer cars to its customers, cars that take the pressure off the driver during tedious driving conditions, and thereby make daily life easier, Groupe PSA is launching a wide range of assistance functions that will gradually lead to the option to partially, and then totally, hand over responsibility to the car, with total peace of mind, should the driver choose to do so.

As such, the autonomous car is becoming a reality, with increasing elements of automation and regulated autonomy, as shown in the timeline below.

The Groupe PSA cars are equipped with the first technology building blocks, which are the precursors of tomorrow's autonomous car:



In 2018, Groupe PSA introduced its second wave of ADAS, which incorporates the first level 2 functions. Launched on the DS7 Crossback, functions such as HIA (Highway Integrated Assist), Night vision, latest-generation City Park and Driver Attention Alert are also fitted onto the new Peugeot 508 and 508 SW and the Citroën C5 Aircross.

In addition, the Group introduced Surround Rear vision, which enhances peripheral rear vision on the new generation of commercial vehicles - Peugeot Partner, Citroën Berlingo Van, Opel

Combo and Vauxhall Combo - marking a major innovation in this segment.

Groupe PSA prototypes with level 3 and 4 autonomous functions continue to be tested on the open road in Europe, with over 170,000km having been travelled. Furthermore, tests conducted in China in 2018 travelled more than 9,000km.

In June 2018, Groupe PSA and NuTonomy drove an autonomous Peugeot 3008 in Singapore in an urban environment, on the open road among the normal daily traffic.

4.5.2.2.3. Artificial intelligence

Groupe PSA believes that artificial intelligence is central to a profound transformation in the automotive world and the mobility of tomorrow.

This conviction motivated the Group to become a founding member of the PRAIRIE institute⁽¹⁾, which was inaugurated in March 2018. Groupe PSA is the first car manufacturer to join the institute, which

aims to bring together top artificial intelligence scientists and manufacturers to become a global leader in the field.

In addition, in 2018 Groupe PSA partnered with INRIA⁽²⁾, the French national research institute for the digital sciences, to create an "Artificial Intelligence" OpenLab, whose work will focus on applied research for the automotive industry.

4.5.3. Groupe PSA Innovation

Innovation guarantees a genuine potential for differentiation in a demanding, fast-evolving market. Innovation enables Groupe PSA to stand out from the competition and bring to birth the car of tomorrow.

Groupe PSA commands a portfolio of high-value innovations protected by industrial property rights.

In 2018, Groupe PSA filed 1,074 patent applications in France. This high number of patents is testament to the Group's commitment to protecting and promoting its innovations.

(1) PaRis Artificial Intelligence Research Institute.

(2) French national research institute for the digital sciences.

4.5.3.1. OPEN INNOVATION

To identify new trends, bring innovative technologies to market faster and lower its development expenditure, Groupe PSA draws on an Open Innovation approach, which brings together a broad range of partners that enable it to detect new trends and identify technological and scientific breakthroughs all over the world:

The “individuals” ecosystem, which encompasses the Group's employees, its customers and users of mobility in the broad sense, aims to involve customers in the innovation process, right from the beginning. Thanks to incubators established in France and Latin America, by end-2018 more than 470 applications were submitted and 24 projects were initiated.

The “academic” ecosystem focuses on scientific partnerships with the most advanced universities and laboratories in their respective fields. This scientific network is led by Stellab, in close collaboration with PSA University. At end-2018, it comprised 19 OpenLabs and four academic chairs, including the “AI: Artificial Intelligence” OpenLab with INRIA, which was created in 2018 (see Section 4.5.2.2.3).

The “institutions” ecosystem incorporates ministries, local administrations, the French National Research Agency (ANR), Agency for the Environment and Energy Management (ADEME), competitiveness clusters and the European Commission. Under this ecosystem, Groupe PSA is an active member of automotive industry competitiveness clusters (MOV'EO, *Véhicule du Futur*, ID4car) which foster collaborative projects, close relationships with SMEs and startups and encourage meetings with new potential partners.

In 2018, Groupe PSA took part in:

- twenty-one projects funded by the European Commission, including:
 - the connected autonomous vehicle, through the SCOOP and L3PILOT projects,
 - new urban-mobility objects, through the EU-LIVE project,
 - the manufacturing plant of the future, through the Thomas, Versatile and Scalable projects;
- some 15 projects supported by the French government, mainly the French National Research Agency (*Agence Nationale de la Recherche*), the Public Investment Bank (*Banque Publique d'Investissement*) and the Agency for the Environment and Energy Management (ADEME), including:
 - AutoConduct (adaptation of the vehicle's autonomous automation strategy),
 - QAIcars (air quality in the passenger compartment),
 - Innovative Equipment for Electric Vehicles (development of innovative battery packs).

The “business” ecosystem incorporates SMEs, VSEs, startups and businesses from a variety of industries involved in the innovation process to enhance business agility and help seize new scientific, technological and businesses opportunities as early as possible. This activity is organised around a cell known as the “Business Lab”, which, beyond R&D, works for all of Groupe PSA.

4.5.4. R&D effectiveness

4.5.4.1. THE R&D BUDGET

In 2018, capitalised R&D investment and expenditure amounted to €4,721 million (including €164 million in non-recurring investment), of which €1,313 million for Faurecia, compared with €4,713 million in 2017, of which €1,432 million for Faurecia and €2,673 million in 2016, including €389 million for Faurecia. Groupe PSA will continue its programme to optimise and make more effective its R&D expenses and investments, keeping them within a controlled scope. For further information, please refer to Note 4.3 to the 2018 consolidated financial statements, Section 5.6, below.

Groupe PSA's R&D fuels the DNA of its five automotive brands in order to market ever-more attractive cars. The new body styles launched in 2018 illustrate their clear differentiation.

New body styles launched in 2018:

- Peugeot: New 508 and 508 SW Partner/Rifter (voted Van of the Year 2018);
- Citroën: C5 Aircross C3 Aircross in China (known locally as the C4 Aircross) Berlingo (voted Van of the Year 2018);
- DS: Marketing of the DS7 Crossback in Europe and China and reveal of the DS3 Crossback at the Paris Motor Show;
- Opel and Vauxhall: Combo (voted Van of the Year 2018).

2018 updates:

- Citroën C4 Cactus in Europe and Latin America;
- Peugeot 408 in China.

4.5.4.2. GLOBAL IMPACT OF R&D

Groupe PSA's R&D is global and structured around four clusters:

- **an R&D cluster in Europe:**
 - the main base in France, in charge of the early phase, the design and engineering of vehicles and subassemblies. At end-2018, the workforce in France was 9,630 strong (8,956 full-time equivalent), based mostly at the three R&D centres and their testing site: Vélizy/La Ferté-Vidame, Sochaux/Belchamp and Poissy Centre d'Expertise Métiers/Carrières-sous-Poissy,
 - one R&D centre in Rüsselsheim, Germany, tasked with developing all new Opel/Vauxhall cars, light commercial vehicles for all of Groupe PSA's brands built on a special LCV platform⁽¹⁾, the new generation of four-cylinder petrol engines, and leading the 15 competence centres (expertise fields). The Rüsselsheim Technical Centre had 6,358 employees at end-2018;
- **one R&D centre in Morocco**, located in Casablanca since July 2017, in charge of vehicle and subassembly project development (“Reskin”, updates and series production) and supporting Groupe PSA's growth in the Africa Middle East region. At end 2018, the MTC (Morocco Technical Center) employed a workforce of 329 staff;
- **one R&D cluster in China** with a workforce of 1,950 people, of whom 1,300 were involved in the two joint ventures at end-2018:
 - two sites with its partner Dongfeng Motors: Shanghai (the Group's China Tech Centre) and Wuhan, in charge of developing new prototype vehicles, modifying engines and fostering local integration,
 - one site with its partner Changan in Shenzhen, responsible for local integration and manufacturing;

(1) LCV: Light Commercial Vehicle.

- **one R&D cluster in Latin America**, at São Paulo, dedicated to local sourcing and manufacturing, with a workforce of 450 people.

4.5.4.3. PRESERVATION OF CORE COMPETENCIES

The R&D jobs and skills strategy aims to focus available resources on the most strategic areas for the business:

- *via* its expertise network established in 2010 which at end-2018 included 23 senior experts, 159 experts and 462 specialists in engineering (PCD and OV) who provide the Group with key competencies;
- *via* internal reconversions: 1,885 career paths have been designed by the Quality and Engineering Department (DQI) as part of the internal reconversion programme called "Top Compétences" since it was launched, enabling employees to focus on and acquire skills that are highly valuable for the Group's R&D;
- *via* targeted recruitment: the number of targeted hires in 2018 for the DQI was 94;
- by subcontracting a percentage of standard operations to core suppliers of engineering services.

4.5.4.4. PERFORMANCE

Improving the effectiveness of Groupe PSA's R&D relies on three key factors:

- a targeted product and technology strategy and programme-based organisation to maximise the reuse of parts (see paragraph 4.5.1);
- the transformation of its R&D and a revolutionary internal performance plan;
- strategic partnerships.

4.5.4.4.1. The transformation of R&D and the performance plan

R&D has pledged to achieve a productivity gain of 5% per year, reinvested in Groupe PSA's engineering. To do this, the Quality and Engineering Department is leading a performance plan, DRIVE.

In 2018, the DRIVE plan generated savings of €60 million. The major drivers contributing to this achievement are:

- the "Digital Validation Boost" project which is aimed at tipping the balance between digital validations and physical validations in favour of digital, so as to reduce the number of physical resources in 2018, this project generated a saving of €16 million;
- the reduction of technical diversity, which has reduced the number of references by 40% on projects currently in development compared with the current situation;
- reductions in R&D costs entailed by optimising average subcontracting costs and reducing the number of subcontractors to achieve the break-even defined in Push to Pass;
- optimisation of floor areas occupied by Groupe PSA R&D (down 40% since 2013 at the end of 2018).

4.5.4.4.2. Partnerships

To effectively deploy its roadmap to cutting-edge technologies, Groupe PSA leverages its internal know-how combined with strategic partnerships:

- the CMP platform and its electric eCMP version are developed with Dongfeng Motor Corp under the DCPA joint venture;
- in the field of clean technologies, Groupe PSA has announced two joint ventures:
 - Nidec-PSA e-motors, for the design and engineering and manufacturing of electric machines,
 - Punch Powertrain PSA e-transmissions, for the electric transmission system (e-DCT);
- in the field of connectivity, Groupe PSA has joined forces with:
 - Huawei to develop its IoT CVMP (Connected Vehicle Modular Platform), which corresponds to Cloud PSA,
 - Qualcomm for the connected cockpits in 5G,
 - Harman for over-the-air infotainment post-2020.

4.6. RECENT EVENTS AND OUTLOOK

4.6.1. Trend Information

Market Outlook

In 2019, the Group anticipates a stable automotive market in Europe, a decrease of 1% in Latin America, and 3% in China, and growth of 5% in Russia.

New operational Targets

Having overpassed the initial targets of the Push to Pass plan for the period 2015-2018, Groupe PSA sets the following new target for the period 2019-2021 (including Opel Vauxhall):

- Deliver over 4.5% Automotive⁽¹⁾ recurring operating margin on average in 2019-2021.

4.6.2. Profit forecasts or estimates

The Group has not made any profit forecasts or estimates.

(1) Automotive division (PCDOV) recurring operating income related to revenue.



ANALYSIS OF THE BUSINESS AND GROUP OPERATING RESULTS IN 2018 AND OUTLOOK

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018



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The consolidated financial statements of the Groupe PSA are presented for the years ended 31 December 2018 and 2017. The 2016 consolidated financial statements are included in the Registration Document that was filed with the French securities regulator (*Autorité des Marchés Financiers*) on 3 April 2017 under no. D.17-0289.

5.1. CONSOLIDATED STATEMENTS OF INCOME

		2018			
	Notes	Manufacturing and sales companies	Finance companies	Eliminations	Total
(in million euros)					
Continuing operations					
Revenue	4.1	73,972	71	(16)	74,027
Cost of goods and services sold		(59,180)	(69)	16	(59,233)
Selling, general and administrative expenses		(6,598)	(25)	-	(6,623)
Research and development expenses	4.3	(2,482)	-	-	(2,482)
Recurring operating income (loss)		5,712	(23)	-	5,689
Non-recurring operating income	4.4 - 7.3	332	-	-	332
Non-recurring operating expenses	4.4 - 7.3	(1,620)	(1)	-	(1,621)
Operating income (loss)		4,424	(24)	-	4,400
Financial income		178	10	-	188
Financial expenses		(634)	-	-	(634)
Net financial income (expense)	11.2	(456)	10	-	(446)
Income (loss) before tax of fully consolidated companies		3,968	(14)	-	3,954
Current taxes		(1,008)	-	-	(1,008)
Deferred taxes		395	(2)	-	393
Income taxes	13	(613)	(2)	-	(615)
Share in net earnings of companies at equity	10.3	(404)	360	-	(44)
Consolidated profit (loss) from continuing operations		2,951	344	-	3,295
Attributable to equity holders of the parent		2,481	346	-	2,827
Operations held for sale or to be continued in partnership					
Profit (loss) from operations held for sale or to be continued in partnership		-	-	-	-
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD		2,951	344	-	3,295
Attributable to equity holders of the parent		2,481	346	-	2,827
Attributable to minority interests		470	(2)	-	468

(in euros)

Basic earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 14.2)	3,16
Basic earnings per €1 par value share - attributable to equity holders of the parent (Note 14.2)	3,16
Diluted earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 14.2)	3,01
Diluted earnings per €1 par value share - attributable to equity holders of the parent (Note 14.2)	3,01

		2017 restated ⁽¹⁾			
		Manufacturing and sales companies	Finance companies	Eliminations	Total
(in million euros)	Notes				
Continuing operations					
Revenue	4.1	62,140	139	(23)	62,256
Cost of goods and services sold		(49,797)	(98)	23	(49,872)
Selling, general and administrative expenses		(6,226)	(27)	-	(6,253)
Research and development expenses	4.3	(2,153)	-	-	(2,153)
Recurring operating income (loss)		3,964	14	-	3,978
Non-recurring operating income	4.4 - 7.3	202	3	-	205
Non-recurring operating expenses	4.4 - 7.3	(1,106)	(3)	-	(1,109)
Operating income (loss)		3,060	14	-	3,074
Financial income		163	4	-	167
Financial expenses		(404)	(1)	-	(405)
Net financial income (expense)	11.2	(241)	3	-	(238)
Income (loss) before tax of fully consolidated companies		2,819	17	-	2,836
Current taxes		(552)	(13)	-	(565)
Deferred taxes		(137)	3	-	(134)
Income taxes	13	(689)	(10)	-	(699)
Share in net earnings of companies at equity	10.3	(9)	226	-	217
Consolidated profit (loss) from continuing operations		2,121	233	-	2,354
Attributable to equity holders of the parent		1,704	227	-	1,931
Operations held for sale or to be continued in partnership					
Profit (loss) from operations held for sale or to be continued in partnership		(7)	-	-	(7)
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD		2,114	233	-	2,347
Attributable to equity holders of the parent		1,697	227	-	1,924
Attributable to minority interests		417	6	-	423

(in euros)

Basic earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 14.2)	2.18
Basic earnings per €1 par value share - attributable to equity holders of the parent (Note 14.2)	2.17
Diluted earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 14.2)	2.05
Diluted earnings per €1 par value share - attributable to equity holders of the parent (Note 14.2)	2.04

⁽¹⁾ These financial statements have been restated applying IFRS 15. The impacts on the 2017 consolidated financial statements are presented in Note 1.2

2017 figures of the manufacturing and sales companies cover five months of the Opel Vauxhall Automotive segment's operations.

5.2. CONSOLIDATED COMPREHENSIVE INCOME

	2018		
	Before tax	Income tax benefit (expense)	After tax
<i>(in million euros)</i>			
Consolidated profit (loss) for the period	3,910	(615)	3,295
Fair value adjustments to cash flow hedges	16	-	16
› of which, reclassified to the income statement	(10)	7	(3)
› of which, recognised in equity during the period	26	(7)	19
Gains and losses from remeasurement of financial assets	-	-	-
› of which, reclassified to the income statement	-	-	-
› of which, recognised in equity during the period	-	-	-
Exchange differences on translating foreign operations	(187)	-	(187)
Amounts to be potentially reclassified to profit or loss	(171)	-	(171)
Actuarial gains and losses on defined benefits' pension obligations	334	(68)	266
Amounts not to be reclassified to profit or loss	334	(68)	266
Total other amounts of comprehensive income (loss)	163	(68)	95
› of which, companies at equity	(27)	-	(27)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	4,073	(683)	3,390
› of which, attributable to equity holders of the parent			2,933
› of which, attributable to minority interests			457

Items recognised in comprehensive income correspond to all changes in equity resulting from transactions with third parties other than shareholders.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

Consolidated comprehensive income

	2017 ⁽¹⁾		
	Before tax	Income tax benefit (expense)	After tax
<i>(in million euros)</i>			
Consolidated profit (loss) for the period	3,046	(699)	2,347
Fair value adjustments to cash flow hedges	35	(8)	27
› of which, reclassified to the income statement	(4)	4	-
› of which, recognised in equity during the period	39	(12)	27
Gains and losses from remeasurement of financial assets	6	(1)	5
› of which, reclassified to the income statement	-	-	-
› of which, recognised in equity during the period	6	(1)	5
Exchange differences on translating foreign operations	(421)	-	(421)
Amounts to be potentially reclassified to profit or loss	(380)	(9)	(389)
Actuarial gains and losses on defined benefits' pension obligations	(104)	26	(78)
Amounts not to be reclassified to profit or loss	(104)	26	(78)
Total other amounts of comprehensive income (loss)	(484)	17	(467)
› of which, companies at equity	(113)	-	(113)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	2,562	(682)	1,880
› of which, attributable to equity holders of the parent			1,571
› of which, attributable to minority interests			309

(1) These financial statements have been restated applying IFRS 15. The impacts on the 2017 consolidated financial statements are presented in Note 1.2.

2017 figures of the manufacturing and sales companies cover five months of the Opel Vauxhall Automotive segment's operations.



5.3. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Assets		31 December 2018			
		Manufacturing and sales companies	Finance companies	Eliminations	Total
(in million euros)		Notes			
Goodwill	7.1	3,608	-	-	3,608
Intangible assets	7.1	9,145	56	-	9,201
Property, plant and equipment	7.2	14,134	2	-	14,136
Investments in companies at equity	10	1,072	2,372	-	3,444
Investments in non-consolidated companies		397	12	-	409
Other non-current financial assets	11.5.A	684	28	-	712
Other non-current assets	8.1	1,143	117	-	1,260
Deferred tax assets	13	1,027	9	-	1,036
Total non-current assets		31,210	2,596	-	33,806
Operating assets					
Loans and receivables - finance companies	12.2.A	-	179	-	179
Short-term investments - finance companies		-	79	-	79
Inventories	5.1	6,710	-	-	6,710
Trade receivables - manufacturing and sales companies	5.2	1,929	-	(25)	1,904
Current taxes	13	363	13	-	376
Other receivables	5.3.A	2,500	82	(2)	2,580
		11,502	353	(27)	11,828
Current financial assets	11.5.A	842	-	-	842
Financial investments	11.5.B	50	-	-	50
	11.5.C & 12.2.C				
Cash and cash equivalents		14,961	466	(1)	15,426
Total current assets		27,355	819	(28)	28,146
TOTAL ASSETS		58,565	3,415	(28)	61,952

Equity and liabilities		31 December 2018			
		Manufacturing and sales companies	Finance companies	Eliminations	Total
(in million euros)		Notes			
Equity	14				
Share capital					905
Treasury shares					(270)
Retained earnings and other accumulated equity, excluding minority interests					16,450
Minority interests					2,509
Total equity					19,594
Non-current financial liabilities	11.6	5,257	-	-	5,257
Other non-current liabilities	8.2	4,926	-	-	4,926
Non-current provisions	9	1,392	-	-	1,392
Deferred tax liabilities	13	774	7	-	781
Total non-current liabilities		12,349	7	-	12,356
Operating liabilities					
Financing liabilities - finance companies	12.3	-	328	(1)	327
Current provisions	9	4,921	144	-	5,065
Trade payables		13,551	-	-	13,551
Current taxes	13	522	3	-	525
Other payables	5.3.B	8,324	55	(27)	8,352
		27,318	530	(28)	27,820
Current financial liabilities	11.6	2,182	-	-	2,182
Total current liabilities		29,500	530	(28)	30,002
TOTAL EQUITY AND LIABILITIES					61,952

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

Consolidated statements of financial position

31 December 2017 restated ⁽¹⁾					
Assets (in million euros)	Notes	Manufacturing and sales companies	Finance companies	Eliminations	Total
Goodwill	7.1	3,320	1	-	3,321
Intangible assets	7.1	8,215	54	-	8,269
Property, plant and equipment	7.2	13,215	3	-	13,218
Investments in companies at equity	10	1,356	2,116	-	3,472
Investments in non-consolidated companies		391	2	-	393
Other non-current financial assets	11.5.A	487	23	-	510
Other non-current assets	8.1	1,211	101	-	1,312
Deferred tax assets	13	796	13	-	809
Total non-current assets		28,991	2,313	-	31,304
Operating assets					
Loans and receivables - finance companies	12.2.A	-	331	-	331
Short-term investments - finance companies		-	114	-	114
Inventories	5.1	7,289	-	-	7,289
Trade receivables - manufacturing and sales companies	5.2	2,460	-	(34)	2,426
Current taxes	13	338	15	-	353
Other receivables	5.3.A	2,687	85	(2)	2,770
		12,774	545	(36)	13,283
Current financial assets	11.5.A	1,269	-	-	1,269
Financial investments	11.5.B	165	-	-	165
Cash and cash equivalents	11.5.C & 12.2.C	11,582	320	(8)	11,894
Total current assets		25,790	865	(44)	26,611
TOTAL ASSETS		54,781	3,178	(44)	57,915

31 December 2017 restated ⁽¹⁾					
Equity and liabilities (in million euros)	Notes	Manufacturing and sales companies	Finance companies	Eliminations	Total
Equity 14					
Share capital					905
Treasury shares					(270)
Retained earnings and other accumulated equity, excluding minority interests					13,929
Minority interests					2,142
Total equity					16 706
Non-current financial liabilities	11.6	4,778	-	-	4,778
Other non-current liabilities	8.2	4,280	-	-	4,280
Non-current provisions	9	1,596	-	-	1,596
Deferred tax liabilities	13	890	7	-	897
Total non-current liabilities		11,544	7	-	11,551
Operating liabilities					
Financing liabilities - finance companies	12.3	-	415	(8)	407
Current provisions	9	4,663	119	-	4,782
Trade payables		13,362	-	-	13,362
Current taxes	13	225	9	-	234
Other payables	5.3.B	8,297	81	(36)	8,342
		26,547	624	(44)	27,127
Current financial liabilities	11.6	2,531	-	-	2,531
Total current liabilities		29,078	624	(44)	29,658
TOTAL EQUITY AND LIABILITIES					57,915

(1) These financial statements have been restated applying IFRS 15. The impacts on the 2017 consolidated financial statements are presented in Note 1.2.

5.4. CONSOLIDATED STATEMENTS OF CASH FLOWS

		2018			
(in million euros)	Notes	Manufacturing and sales companies	Finance companies	Eliminations	Total
Consolidated profit (loss) from continuing operations		2,951	344	-	3,295
Adjustments for non-cash items:					
› depreciation, amortisation and impairment	15.2	2,983	12	-	2,995
› provisions		271	33	-	304
› changes in deferred and current taxes		(143)	1	-	(142)
› (gains) losses on disposals and other		(196)	(9)	-	(205)
Share in net (earnings) losses of companies at equity, net of dividends received		445	(256)	-	189
Revaluation adjustments taken to equity and hedges of debt		78	(6)	-	72
Change in carrying amount of leased vehicles		226	-	-	226
Funds from operations		6,615	119	-	6,734
Changes in working capital	5.4.A	1,607	47	7	1,661
Net cash from (used in) operating activities of continuing operations		8,222	166	7	8,395
Proceeds from disposals of shares in consolidated companies and of investments in non-consolidated companies		31	7	-	38
Capital increase and acquisitions of consolidated companies and equity interests		(704)	(9)	-	(713)
Proceeds from disposals of property, plant and equipment and of intangible assets		509	-	-	509
Investments in property, plant and equipment ⁽¹⁾	7.2.B	(2,510)	-	-	(2,510)
Investments in intangible assets ⁽²⁾	7.1.B	(2,045)	(16)	-	(2,061)
Change in amounts payable on fixed assets		(198)	-	-	(198)
Other		196	-	-	196
Net cash from (used in) investing activities of continuing operations		(4,721)	(18)	-	(4,739)
Dividends paid:					
› to Peugeot S.A. shareholders		(474)	-	-	(474)
› to minority shareholders of subsidiaries		(143)	-	-	(143)
Proceeds from issuance of shares		27	-	-	27
(Purchases) sales of treasury shares		(48)	-	-	(48)
Changes in other financial assets and liabilities	11.3.B	631	-	-	631
Other		-	-	-	-
Net cash from (used in) financing activities of continuing operations		(7)	-	-	(7)
Net cash from the transferred assets and liabilities of operations held for sale or to be continued in partnership		-	-	-	-
Impact of hyperinflation in Argentina		22	-	-	22
Effect of changes in exchange rates		(66)	-	-	(66)
Increase (decrease) in cash from continuing operations and held for sale or to be continued in partnership		3,450	148	7	3,605
Net cash and cash equivalents at beginning of period		11,491	314	(8)	11,797
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	15.1	14,941	462	(1)	15,402

(1) Of which for the manufacturing and sales activities, €673 million for the Automotive Equipment segment, €1,464 million for the Peugeot Citroën DS Automotive segment and €373 million for the Opel Vauxhall Automotive segment.

(2) Of which for the manufacturing and sales activities, €117 million for the Peugeot Citroën DS Automotive segment, excluding research and development.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

Consolidated statements of cash flows

		2017 restated ⁽¹⁾			
		Manufacturing and sales companies	Finance companies	Eliminations	Total
(in million euros)	Notes				
Consolidated profit (loss) from continuing operations		2,121	233	-	2,354
Adjustments for non-cash items:					
› depreciation, amortisation and impairment	15.2	2,741	13	-	2,754
› provisions		225	(5)	-	220
› changes in deferred and current taxes		137	(3)	-	134
› (gains) losses on disposals and other		(134)	(5)	-	(139)
Share in net (earnings) losses of companies at equity, net of dividends received		240	(88)	-	152
Revaluation adjustments taken to equity and hedges of debt		28	-	-	28
Change in carrying amount of leased vehicles		(90)	-	-	(90)
Funds from operations		5,268	145	-	5,413
Changes in working capital	5.4.A	123	(78)	1	46
Net cash from (used in) operating activities of continuing operations⁽²⁾		5,391	67	1	5,459
Proceeds from disposals of shares in consolidated companies and of investments in non-consolidated companies		81	4	-	85
Capital increase and acquisitions of consolidated companies and equity interests		(840)	(525)	270	(1,095)
Proceeds from disposals of property, plant and equipment and of intangible assets		323	-	-	323
Investments in property, plant and equipment ⁽³⁾	7.2.B	(2,351)	-	-	(2,351)
Investments in intangible assets ⁽⁴⁾	7.1.B	(1,931)	(16)	-	(1,947)
Change in amounts payable on fixed assets		(239)	-	-	(239)
Other		66	2	-	68
Net cash from (used in) investing activities of continuing operations		(4,891)	(535)	270	(5,156)
Dividends paid:					
› to Peugeot S.A. shareholders		(431)	-	-	(431)
› to minority shareholders of subsidiaries		(129)	(6)	-	(135)
Proceeds from issuance of shares		305	270	(270)	305
(Purchases) sales of treasury stock		(137)	-	-	(137)
Changes in other financial assets and liabilities	11.3.B	43	-	(1)	42
Other		2	-	-	2
Net cash from (used in) financing activities of continuing operations		(347)	264	(271)	(354)
Net cash from the transferred assets and liabilities of operations held for sale or to be continued in partnership		(7)	-	-	(7)
Effect of changes in exchange rates		(119)	(2)	-	(121)
Increase (decrease) in cash from continuing operations and held for sale or to be continued in partnership		27	(206)	-	(179)
Net cash and cash equivalents at beginning of period		11,464	520	(8)	11,976
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	15.1	11,491	314	(8)	11,797

(1) The 2017 financial statements have been restated applying IFRS 15. The impact resulted in an improvement in the change in working capital and an increase in the funds from operations (increase in the net depreciation provision) in the amount of €178 million at 31 December 2017 (see Note 1.2).

(2) Excluding flows related to the non-transferred debt of finance companies to be continued in partnership.

(3) Of which for the manufacturing and sales activities, €743 million for Automotive Equipment Division and €1,462 million for the Automotive Division.

(4) Of which for the manufacturing and sales activities, €134 million for Automotive Equipment Division, excluding research and development.

2017 figures of the manufacturing and sales companies cover five months of the Opel Vauxhall Automotive segment's operations.

5.5. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Revaluations - excluding minority interests							Equity -Attributable to equity holders of the parent	Equity -Minority interests	Total equity
	Share capital	Treasury stock	Retained earnings excluding revaluations	Cash flow hedges	Remea- surement of the fair value of financial assets	Actuarial gains and losses on pension obligations	Effect of changes in exchange rates			
(in million euros)										
At 31 December 2016	860	(238)	12,108	6	18	(31)	(66)	12,657	1,961	14,618
1st implementation of IFRS 15	-	-	18	-	-	-	-	18	(24)	(6)
At 31 December 2016 restated ⁽¹⁾	860	(238)	12,126	6	18	(31)	(66)	12,675	1,937	14,612
Effect of IFRS 15 in 2017	-	-	(3)	-	-	-	-	(3)	(5)	(8)
Income and expenses recognised in equity for the period	-	-	1,929	22	5	(80)	(302)	1,574	314	1,888
Measurement of stock options and performance share grants	-	-	29	-	-	-	-	29	11	40
Repurchase of treasury stock	-	(116)	(18)	-	-	-	-	(134)	(22)	(156)
Effect of changes in scope of consolidation and other	-	-	(6)	-	-	-	-	(6)	27	21
Issuance of shares	45	-	243	-	-	-	-	288	17	305
Peugeot SA equity warrants delivered to General Motors	-	-	541	-	-	-	-	541	-	541
Treasury shares delivered to employees	-	84	(53)	-	-	-	-	31	-	31
Dividends paid by Peugeot S.A.	-	-	(431)	-	-	-	-	(431)	-	(431)
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(137)	(137)
At 31 December 2017 restated ⁽¹⁾	905	(270)	14,357	28	23	(111)	(368)	14,564	2,142	16,706
1st implementation of IFRS 9	-	-	31	-	(23)	-	-	8	-	8
Impact of hyperinflation in Argentina	-	-	29	-	-	-	-	29	2	31
At January 1st 2018 restated ⁽²⁾	905	(270)	14,417	28	-	(111)	(368)	14,601	2,144	16,745
Income and expenses recognised in equity for the period	-	-	2,827	9		257	(160)	2,933	457	3,390
Measurement of stock options and performance share grants	-	-	38	-		-	-	38	11	49
Dividends linked to equity warrants granted to General Motors	-	-	(12)	-		-	-	(12)	-	(12)
Effect of changes in scope of consolidation and other	-	-	21	-		-	-	21	46	67
Issuance of shares	-	-	-	-		-	-	-	25	25
Treasury shares	-	-	(22)	-		-	-	(22)	(25)	(47)
Dividends paid by Peugeot S.A.	-	-	(474)	-		-	-	(474)	-	(474)
Dividends paid by other Group companies	-	-	-	-		-	-	-	(149)	(149)
AT 31 DECEMBER 2018	905	(270)	16,795	37		146	(528)	17,085	2,509	19,594

(1) Financial statements restated after the first application of IFRS 15.

(2) Financial statements restated after the first application of IFRS 9 and IFRS 15.

5.6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

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PRELIMINARY NOTE

The consolidated financial statements for 2018 including explanatory notes were approved for issue by the Managing Board of Peugeot S.A. on 18 February 2019 with Note 18 taking into account events that occurred in the period up to the Supervisory Board Meeting on 25 February 2019.

NOTE 1 ACCOUNTING POLICIES AND PERFORMANCE INDICATORS

1.1. ACCOUNTING STANDARDS APPLIED

The Groupe PSA's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union on 31 December 2018. As the IFRS standards not adopted by the European Union do not have a material impact on the Group's consolidated financial statements, they are thus also compliant with the IFRS framework.

International Financial Reporting Standards include IFRSs and IASs (International Accounting Standards) and the related interpretations as prepared by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The main new IFRS standards applicable to the Group in 2018 are as follows (see Note 1.2):

- IFRS 15 - «Revenue from Contracts with Customers»;
- IFRS 9 - «Financial Instruments».

In addition, IAS 29 has been applied to the operations in Argentina (see Note 1.3).

Except the standard IFRS 16 (see Note 1.6), the new IFRS standards that will be applied in the years to come have potentially no material impact on the consolidated financial statements.

1.2. FIRST APPLICATION OF IFRS 15 AND IFRS 9 - ACCOUNTING PRINCIPLES AND IMPACTS ON THE 2017 CONSOLIDATED FINANCIAL STATEMENTS

A. Accounting principles

The Group has chosen to apply IFRS 15 retrospectively. The opening and closing consolidated statements of financial position for 2017, the consolidated statement of income for 2017 as well as the consolidated statement of cash flows for 2017 have been restated.

For IFRS 9, the Group has decided to apply the three phases:

- on a prospective basis for phases 1 and 2, with the cumulative impact of the transition recorded through the adjustment of the opening consolidated equity balance at 1 January 2018, and without restatement of the comparative period, as authorized by the standard;
- on a prospective basis effective 1 January 2018 for phase 3.

The applicable accounting principles for 2018 applying IFRS 15 and IFRS 9 are described in the following Notes:

- 4.1.A - Revenue;
- 5.2 - Trade receivables;
- 9 - Current and non-current provisions;
- 11.7.B - Hedging instruments (manufacturing and sales companies);
- 11.8 - Financial instruments (manufacturing and sales companies);
- 12.1 - Financing and financial instruments - Finance companies.

B. Impact on the 2017 consolidated financial statements

1) Consolidated statement of income

(in million euros)	2017 Reported in February 2018	IFRS 15 impact in 2017	2017 Restated
Continuing operations			
Sales and revenue	65,210	(2,954)	62,256
Recurring operating income (loss)	3,991	(13)	3,978
Operating income (loss)	3,087	(13)	3,074
Income (loss) before tax of fully consolidated companies	2,849	(13)	2,836
Consolidated profit (loss) from continuing operations	2,365	(11)	2,354
Operations held for sale or to be continued in partnership			
Profit (loss) from operations held for sale or to be continued in partnership	(7)	-	(7)
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	2,358	(11)	2,347
<i>Attributable to equity holders of the parent</i>	<i>1,929</i>	<i>(5)</i>	<i>1,924</i>
<i>Attributable to minority interests</i>	<i>429</i>	<i>(6)</i>	<i>423</i>

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

Notes to the consolidated financial statements at 31 December 2018

The impact of the first application of IFRS 15 on the consolidated revenue published for 2017 for Groupe PSA is €2,954 million for the Group excluding inter companies' revenue, and €3,220 million for the Automotive Equipment segment. The impact is only from the Automotive Equipment segment and mainly concerns sales of monoliths⁽¹⁾ by Faurecia, products ordered by customers for whom

Faurecia is considered as an agent. Indeed, these components are used in catalyst and their technical specifications are directly settled between final customer and monoliths producer. They are bought by Faurecia to be integrated to emission control systems sold to final customers without direct added value.

2) Consolidated statement of financial position

ASSETS <i>(in million euros)</i>	At 31 December 2017 Reported in February 2018	IFRS 15 impact in 2017	At 31 December 2017 Restated	IFRS 9 impact	At January 1st 2018 IFRS 9 & 15 restated
Total non-current assets	31,006	298	31,304	11	31,315
Operating assets	13,171	112	13,283	(3)	13,280
Current financial assets	1,269	-	1,269	-	1,269
Financial investments	165	-	165	-	165
Cash and cash equivalents	11,894	-	11,894	-	11,894
Total current assets	26,499	112	26,611	(3)	26,608
TOTAL ASSETS	57,505	410	57,915	8	57,923

EQUITY AND LIABILITIES

(in million euros)

Equity	At 31 December 2017 Reported in February 2018	IFRS 15 impact in 2017	At 31 December 2017 Restated	IFRS 9 impact	At January 1st 2018 IFRS 9 & 15 restated
Total equity	16,720	(14)	16,706	8	16,714
Total non-current liabilities	11,551	-	11,551	-	11,551
Operating liabilities	26,703	424	27,127	-	27,127
Current financial liabilities	2,531	-	2,531	-	2,531
Total current liabilities	29,234	424	29,658	-	29,658
TOTAL EQUITY AND LIABILITIES	57,505	410	57,915	8	57,923

The impacts of the application of IFRS 15, at 1 January 2017, are the following:

- €410 million on assets (€298 million on non-current assets and €112 million on operating assets);

- €424 million on operating liabilities;

- -€14 million on equity.

3) Consolidated statement of Cash Flows

<i>(in million euros)</i>	2017 Reported in February	IFRS 15 impact in 2017	Restatement Financing activities ⁽¹⁾	2017 Restated
Funds from operations	5,350	63		5 413
Changes in working capital	(73)	115	4	46
Net cash from (used in) operating activities of continuing operations	5,277	178	4	5,459
Net cash from (used in) investing activities of continuing operations	(4,978)	(178)	-	(5,156)
Net cash from (used in) financing activities of continuing operations	(354)	-	-	(354)
Net cash from the transferred assets and liabilities of operations held for sale or to be continued in partnership	(7)	-	-	(7)
Effect of changes in exchange rates	(121)	-		(121)
Increase (decrease) in cash from continuing operations held for sale or to be continued in partnership	(183)	-	4	(179)
Net cash and cash equivalents at beginning of period	11,986	-	(10)	11,976
NET CASH AND CASH EQUIVALENTS OF CONTINUING OPERATIONS AT END OF PERIOD	11,803	-	(6)	11,797

(1) In accordance with ANC recommendation 2017-02 on the format of consolidated financial statements for banking sector institutions, Banque PSA Finance has changed the presentation of the statement of cash flows

(1) Monoliths are precious metals and ceramics used in emission control systems.

The explanatory notes to the financial statements of the fiscal year 2017 have been restated applying IFRS 15.

1.3. IMPACT OF HYPERINFLATION IN ARGENTINA - APPLICATION OF IAS 21 AND IAS 29

Cumulative inflation over three years in Argentina exceeded the 100% threshold at 1 July 2018, resulting in the retroactive application of IAS 29 at 1 January 2018. This consists in the revaluation of non-monetary assets and liabilities (property, plant and equipment, intangible assets, inventories and equity) by taking into account inflation since their recognition in the consolidated balance sheet. The offset of this revaluation at 1 January 2018 is recognised in equity. The revaluations for the 2018 financial year are presented under "other financial income/expenses". The various lines of the statement of income for the financial year are revalued to take into account inflation since the completion of each transaction. The offset is presented under "other financial income/expense". cash flows are also revalued according to the same principles. The offset is presented in a specific line of the statement of cash flows "impact of hyperinflation".

In application of **IAS 21 - The effects of changes in foreign exchange rates**, the statement of income and the cash flows are converted at the closing rate.

The main effects of the application of hyperinflation accounting are:

- -€114 million in revenue;
- -€96 million on recurring operating income (loss);
- €79 million in net financial income (expense);
- -€19 million in net profit or loss.

1.4. USE OF ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions in order to determine the reported amounts of certain assets, liabilities, income and expense items, as well as certain amounts disclosed in the explanatory notes to the financial statements relating to contingent assets and liabilities.

The estimates and assumptions used are those deemed by management to be the most pertinent and accurate in view of the Group's circumstances and past experience.

Given the uncertainty inherent in any projections, actual results may differ from initial estimates.

For the preparation of the 2018 consolidated annual financial statements, special attention was paid to the following items:

- the recoverable amount of intangible assets and property, plant and equipment (see Note 7.3), as well as the recoverable amount of investments in companies at equity (see Note 10.3);
- fair value of assets and liabilities as part of a business combination (see Note 2.3.A);
- recognition of development expenditures as assets (see Note 4.3);
- useful lives of assets. The Group has reviewed the useful lives of its property, plant and equipment in order to conform to the observed periods (see Note 7.2). Overall, this analysis resulted in a lengthening of the depreciation periods, leading to a decrease in the depreciation expenses for the Peugeot Citroën DS and Opel Vauxhall Automotive segments of €133 million over the financial year;

- provisions (particularly restructuring provisions, pensions, warranty provisions for new cars as well as claims and litigation) (see Note 4.4.B, Note 6.1 and Note 9);
- sales incentives (see Note 4.1.A.(1).(a));
- residual values of vehicles sold with buyback commitment (see Note 7.2.C and Note 8.2);
- deferred tax assets (see Note 13).

1.5. PERFORMANCE INDICATORS

In its financial communications, the Group publishes performance indicators that are not directly discernible from the summary consolidated financial statements. The main indicators defined in the notes to the consolidated financial statements are as follows:

- recurring operating income (loss) by segment (see Note 3.1 and Note 4);
- free cash flow and operating free cash flow (see Note 15.5);
- net financial position (see Note 11.3);
- financial security (see Note 11.4).

1.6. APPLICATION OF IFRS 16 WITHIN GROUPE PSA

Groupe PSA decided to apply IFRS 16 Leases at 1 January 2019 (mandatory application date). This standard replaces IAS 17 and the IFRIC 4, SIC 15 and SIC 27 interpretations.

For lessees, accounting is now based on a single model, resulting from the elimination of the distinction between operating leases and finance leases.

IFRS 16 stipulates the recognition of any leases on the balance sheet of the lessees, with the recognition of an asset (representing the right-of-use of the leased asset for the term of the lease) and of a debt (for the obligation to pay rent).

For lessors, the distinction between operating leases and finance leases remains, with a mode of recognition that is essentially unchanged.

The assumptions used by Groupe PSA from among the transition and exemption options provided by IFRS 16 are the following:

- transition measures:
 - use of the simplified retrospective approach. No restatement of the comparative periods. The cumulative impact of the first-time application of IFRS 16 is recognised as an adjustment to opening equity at 1 January 2019,
 - at 1 January 2019, old leases are exempt from re-assessment,
 - the lease liability is assessed at the present value of the rental payments remaining due. The Group makes use of knowledge acquired after the fact, for example, to determine the term of a lease that contains renewal or termination options,
 - the right-of-use as at the transition date is equal to the liability of the lease, adjusted for the amount of the rent payments paid in advance or to be paid. The initial direct costs are included in the valuation of the right-of-use on the transition date;
- permanent exemptions:
 - exemption of old leases with a residual term of less than 12 months at 1 January 2019, and subsequently, exemption of new short-term leases (term of less than 12 months including renewal periods with an economic incentive),
 - **the lease term** refers to the non-cancellable period of each lease except if the Group is reasonably certain it will exercise the contractually stipulated renewal or termination options,

- **the discount rate** applied as at the transition date is the incremental borrowing rate corresponding to the lease term. Subsequently, the same will apply if the implicit lease rate is unknown.

The quantified impacts are being determined and audited. At 1 January 2019, the net financial position would be reduced by an amount between €1.4 billion and €1.6 billion. The recognition

of rentals on the balance sheet will also result in an increase in non-current assets. The types of property leased is mostly real estate assets and, to a lesser extent, some material-handling equipment and IT infrastructures.

The new standard will also impact the following indicators: recurring operating income (improvement), net financial income (deterioration), free cash flow (improvement).

NOTE 2 SCOPE OF CONSOLIDATION

2.1. ACCOUNTING POLICIES

A. Consolidation policies

1) Consolidation methods

The generic name Groupe PSA refers to the Group of companies of which Peugeot S.A. is the parent.

The financial statements of Peugeot S.A. and companies in which Peugeot S.A. directly or indirectly exercises exclusive control are fully consolidated.

Companies in which Peugeot S.A. directly or indirectly exercises a significant influence are included in the consolidated financial statements using the equity method.

Pursuant to IFRS 11, joint operations must be recognised based on the proportion of assets, liabilities, revenue and expenses controlled by the Group. A joint operation may be conducted under a contractual arrangement or through a jointly controlled entity. Joint arrangements that are qualified as joint ventures because the parties have rights to the net assets of the arrangement will be accounted for using the equity method.

The securities of companies that meet the criteria for consolidation and that are not consolidated for materiality or feasibility reason would not in aggregate have a material effect on the consolidated financial statements. These securities are recognised as equity investments in accordance with the general principles set out in Note 11.8.

All significant intragroup transactions and internal margins are eliminated in consolidation.

The Group attributes the profit or loss of a subsidiary between the parent and minority interests based on their respective ownership interests. As a result, if there is no agreement committing the parent to absorbing the losses of the subsidiary, minority interests may be negative.

2) Changes in scope of consolidation resulting in exclusive control

Business combinations occurring after 1 January 2010 are accounted for using the acquisition method, in accordance with **IFRS 3 (Revised) – Business Combinations**.

The identifiable assets acquired and liabilities and contingent liabilities assumed are measured at acquisition-date fair value, provided that they meet the accounting criteria of IFRS 3 (Revised). The residual goodwill represents anticipated post-acquisition cash flows due to synergies in addition to the assets and liabilities recognised on initial consolidation. Acquisition-related costs are recognised as expenses in the period in which the costs are incurred.

In the event of a price adjustment in the 12 months following the acquisition date, the provisional initial assessment is adjusted against goodwill. Any subsequent adjustment is recognised as debt or credit against profit or loss of the Group.

In accordance with **IAS 36 – Impairment of Assets**, goodwill is not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired (see Note 7.3).

3) Goodwill on equity-accounted companies

Goodwill attributable to acquisitions of equity-accounted companies is the excess of the cost of shares, including directly attributable acquisition costs, over the Group's equity in the acquisition-date fair value of the identifiable assets and liabilities acquired. It is included in "Investments in companies at equity" and tested for impairment at the level of the equity-accounted companies concerned.

4) Other changes in scope of consolidation

Any change in ownership interests resulting in the loss of control of an entity is recognised under non-recurring operating income (loss) (if material) as a disposal of the whole entity immediately followed by an investment in the remaining interest.

Changes in ownership interests that do not result in a loss of control of the subsidiary are accounted for as equity transactions (transactions with owners in their capacity as owners) and therefore lead to equity, including transaction costs, being reallocated between the parent and the minority interests.

B. Conversion methods

1) Translation of the financial statements of foreign subsidiaries

(a) Standard method

The Group's functional currency is the euro (€), which is also the presentation currency in the consolidated financial statements. The functional currency of most foreign subsidiaries is their local currency, corresponding to the currency in which the majority of their transactions are denominated. The statements of financial position of these subsidiaries are translated at the year-end exchange rate and their income statements are translated on a monthly basis at the average exchange rate for each month. Gains and losses resulting from the translation of financial statements of foreign subsidiaries are recorded in equity under "Translation reserv". Goodwill arising on the acquisition of these subsidiaries is measured in their functional currency.

(b) Specific method

Certain subsidiaries outside the euro zone carry out most of their transactions in euros or US dollars, which is accordingly recognised as their functional currency. Non-monetary items in these subsidiaries' accounts are translated at the historical exchange rate and monetary items at the year-end exchange rate. The resulting translation gains and losses are recognised directly in profit or loss.

The Group does not operate in hyperinflationary countries within the meaning of **IAS 21 - The Effects of Changes in Foreign Exchange Rates**, except Argentina.

2) Translation of transactions in foreign currencies

In compliance with IAS 21, transactions in foreign currencies are translated into the subsidiary's functional currency at the exchange rate on the transaction date.

At each statement of financial position date, monetary items are translated at the closing rate and the resulting translation adjustment is recognised in profit or loss, as follows:

- in recurring operating income, for commercial transactions carried out by all Group companies and for financing transactions carried out by the Banque PSA Finance group;
- in interest income or finance costs for financial transactions carried out by the manufacturing and sales companies.

2.2. COMPOSITION OF THE GROUP

The Group consists of the Peugeot S.A. holding company, listed on Euronext, and its affiliates consolidated in accordance with Note 2.1.

The Group's operations are organised around five main segments (see Note 3):

- the Peugeot Citroën DS Automotive segment, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot, Citroën and DS brands. It mainly comprises wholly owned subsidiaries, as well as jointly controlled subsidiaries for the production of vehicles or subassemblies in Europe and for industrial and commercial activities in China. These jointly controlled subsidiaries are consolidated in accordance with IFRS 11 (see Note 2.1);
- the Opel Vauxhall Automotive segment, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Opel and Vauxhall brands. It mainly comprises wholly owned subsidiaries;

- the Automotive Equipment segment, corresponding to the Faurecia Group comprising the Interior Systems, the Seating and the Clean Mobility businesses. Faurecia is listed on Euronext. Peugeot S.A. holds 46.34% of Faurecia's capital and 63.11% of its voting rights which give exclusive control by the Group. The exercise of all the dilutive instruments issued by Faurecia would have no impact on the Group's exclusive control;
- the Finance segment, corresponding to the Banque PSA Finance group, which provides retail financing to customers of the Peugeot, Citroën, DS, Opel and Vauxhall brands and wholesale financing to the brands' dealer networks. Banque PSA Finance is classified as a financial institution. This mainly stems from the partnership between Banque PSA Finance and Santander Consumer Finance for the Peugeot, Citroën and DS brands as well as from the partnership with BNP Paribas for the Opel and Vauxhall brands.

The Group's other activities are housed under "Other businesses", which notably includes the Peugeot S.A. holding company, and minority stakes in the GEFCO group as well as in Peugeot Scooters (Peugeot Motorcycles) both consolidated by the equity method.

	31 December 2018	31 December 2017
Fully consolidated companies		
Manufacturing and sales companies ⁽¹⁾	325	317
Finance companies	18	18
	343	335
Joint operations		
Manufacturing and sales companies	3	3
Companies at equity		
Manufacturing and sales companies	38	55
Finance companies ⁽²⁾	43	43
	81	98
CONSOLIDATED COMPANIES	427	436

(1) of which 39 new companies fully consolidated, of which 34 for the Automotive Division Opel Vauxhall at 31/12/2017.

(2) of which 14 new companies accounted at equity, of which 12 for the Finance Division Opel Vauxhall at 31/12/2017.

2.3. FINALISATION OF THE ACQUISITION OF THE OPEL VAUXHALL BUSINESSES

On 6 March 2017, Groupe PSA signed an agreement with General Motors Co. (GM) to purchase the majority of its Opel Vauxhall's subsidiaries and some European operations of GM Financial in partnership with BNP Paribas.

A. Automotive businesses

On 31 July 2017, Groupe PSA completed the acquisition of Opel's and Vauxhall's automotive subsidiaries from GM. The allocation of the purchase price became definitive on 31 July 2018. It did not result in a material revision of the goodwill of €1,823 million, or the fair values of the identified assets and liabilities.

B. Financing activities

On 1 November 2017, Banque PSA Finance, a wholly-owned subsidiary of Groupe PSA and BNP Paribas Personal Finance, a wholly-owned subsidiary of BNP Paribas, finalised the joint acquisition of all of GM Financial's European operations, encompassing the existing Opel Bank, Opel Financial Services and Vauxhall Finance brands. Work to identify and measure the fair value of the assets and liabilities was finalised on 30 June 2018. Groupe PSA made the definitive allocation of this first consolidation difference without any material impact to the consolidated financial statements.

NOTE 3 SEGMENT INFORMATION

In accordance with **IFRS 8 - Operating Segments**, segment information is presented in line with the indicators used internally by management to measure the performance of the Group's different business segments. The Group's main performance indicator on the segments is recurring operating income.

The definition of operating segments is provided in Note 2.2.

3.1. BUSINESS SEGMENTS

The columns for each segment shown in the table below are on a stand-alone basis. All intersegment transactions are eliminated and, for the purposes of reconciliation with the Group's financial statements, are shown under the heading "Eliminations and unallocated" together with unallocated amounts. Faurecia and Banque PSA Finance publish consolidated financial statements and

segment information for these two businesses is therefore presented down to the level of net profit (loss). For the other segments, as cash positions and taxes are managed jointly in some countries, only operating income and share in net earnings of equity-accounted companies are presented by segment.

All intersegment commercial transactions are carried out on an arm's length basis on the same terms and conditions as those applicable to the supply of goods and services to third parties.

The 100% column under Finance companies represents the data on full consolidation of the companies in partnership with Santander and BNP Paribas. This column coupled with the "Reconciliation" column make it possible to piece together the consolidated contribution of finance companies, with the share in net earnings of companies at equity in partnership with Santander and BNP Paribas.

	2018							
	Automotive				Finance companies		"Eliminations and unallocated" ⁽¹⁾	Total
	Peugeot Citroën DS	Opel Vauxhall	Automotive Equipment	Other Businesses	100%	Réconciliation		
(in million euros)								
Revenue								
› third parties	41,638	16,913	15,418	3	1,807	(1,752)	-	74,027
› intragroup, intersegment	1,389	1,393	2,107	145	182	-	(5,216)	-
Total⁽²⁾	43,027	18,306	17,525	148	1,989	(1,752)	(5,216)	74,027
Recurring operating income (loss)	3,617	859	1,263	(19)	939	(962)	(8)	5,689
Non-recurring operating income	321	7	4	-	-	-	-	332
Restructuring costs	(432)	(512)	(104)	(4)	(4)	4	-	(1,052)
Impairment of CGUs, provisions for onerous contracts and other	(277)	-	(21)	-	(1)	-	-	(299)
Other non-recurring operating income and (expenses), net	(172)	(71)	(27)	-	(7)	7	-	(270)
Operating income (loss)	3,057	283	1,115	(23)	927	(951)	(8)	4,400
Interest income			10		-	-	9	19
Finance costs			(120)		-	-	(168)	(288)
Other financial income			7		23	(13)	152	169
Other financial expenses			(60)		1	(1)	(286)	(346)
Net financial income (expense)	-	-	(163)	-	24	(14)	(293)	(446)
Income taxes expense			(190)		(290)	288	(423)	(615)
Share in net earnings of companies at equity	(448)	-	31	13	13	347	-	(44)
Consolidated profit (loss) from continuing operations			793		674	(330)		3,295
Profit (loss) from operations to be sold or continued in partnership	-	-	-	-	-	-	-	-
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD			793		674	(330)		3,295
Capital expenditure (excluding sales with a buyback commitment)	2,746	541	1,269	-	40	(23)		4,573
Depreciation provision	(1,832)	-90	(879)	-	(33)	19		(2,725)

(1) The "Eliminations and unallocated" column includes eliminations of intersector sales between the Finance companies and the other sectors (€106 million).

(2) of which a turnover of €41,337 million for manufacturer's activity of the Automotive Division Peugeot Citroën DS.

(3) The capital expenditure of the Peugeot Citroën DS and Opel Vauxhall segments relates to capital expenditure incurred for the production of Peugeot Citroën DS and Opel Vauxhall vehicles.

In 2018, on a fully consolidated basis, Banque PSA Finance (Finance Companies segment) generated net banking revenue of €1,611 million. Net provision expense (cost of risk) amounted to €38 million.

In 2018, after application of IFRS 5, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €2 million.

	2017							Total
	Peugeot Citroën DS	Opel Vauxhall	Automotive Equipment	Other Businesses	Finance companies		Eliminations and unallocated ⁽¹⁾	
(in million euros)					100%	Réconciliation		
Revenue								
▸ third parties	40,281	6,864	14,993	2	1,347	(1,231)	-	62,256
▸ intragroup, intersegment	454	374	1,969	88	129	-	(3,014)	-
Total⁽²⁾	40,735	7,238	16,962	90	1,476	(1,231)	(3,014)	62,256
Recurring operating income (loss)	2,966	(179)	1,156	23	632	(618)	(2)	3,978
Non-recurring operating income	176	2	4	20	3	-	-	205
Restructuring costs	(426)	(440)	(86)	1	(1)	1	-	(951)
Impairment of CGUs, provisions for onerous contracts and other	(96)	-	-	-	-	-	-	(96)
Other non-recurring operating income and (expenses), net	(11)	(38)	(14)	4	(14)	11	-	(62)
Operating income (loss)	2,609	(655)	1,060	48	620	(606)	(2)	3,074
Interest income			12		-	-	30	42
Finance costs			(114)		-	-	(94)	(208)
Other financial income			-		5	(1)	121	125
Other financial expenses			(29)		(1)	-	(167)	(197)
Net financial income (expense)	-		(131)	-	4	(1)	(110)	(238)
Income taxes expense			(261)		(204)	194	(428)	(699)
Share in net earnings of companies at equity	(55)		35	11	17	209	-	217
Consolidated profit (loss) from continuing operations			703		437	(204)		2,354
Profit (loss) from operations to be continued in partnership	-		(7)	-	-	-	-	(7)
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD			696		437	(204)		2,347
Capital expenditure (excluding sales with a buyback commitment)	2,717	169	1,217	-	30	(13)		4,120
Depreciation provision	(1,877)	(25)	(796)	-	(19)	7		(2,710)

(1) The "Eliminations and unallocated" column includes eliminations of intersector sales between the Finance companies and the other sectors (€166 million).
(2) of which a turnover of €35,948 million for manufacturer's activity of the Automotive Division.

2017 figures of the Opel Vauxhall Automotive segment include the operations of the five last months.

In 2017, on a fully consolidated basis, Banque PSA Finance (Finance Companies segment) generated net banking revenue of €1,145 million. Net provision expense (cost of risk) amounted to €64 million.

In 2017, after application of IFRS 5, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €46 million. Net provision expense (cost of risk) amounted to €5 million.

3.2. GEOGRAPHICAL SEGMENTS

The indicators provided by region are revenue broken down by customer marketing area and property, plant and equipment broken down by geographic location of the consolidated companies.

(in million euros)	Europe ⁽¹⁾	Eurasia	China & South-Asia	India Pacific	Latin America	Middle East & Africa	North America	Total
2018								
Revenue	58,007	557	3,147	1,478	3,842	2,802	4,194	74,027
Property, plant and equipment	12,151	122	541	141	651	166	364	14,136
2017 restated ⁽²⁾								
Revenue	46,269	477	2,920	1,226	4,490	2,975	3,899	62,256
Property, plant and equipment	11,511	143	453	123	578	73	337	13,218

(2) Financial statements restated after the first application of IFRS 15

(1) of which France:

(in million euros)	2018	2017
Revenue	16,306	14,751
Property, plant and equipment	5,991	5,779

NOTE 4 OPERATING INCOME

Operating income corresponds to profit (loss) before net financial income or expense, current and deferred taxes and the Group's share in the net earnings of equity-accounted companies. It includes the revenue, the cost of goods and services sold, the selling, general and administrative expenses (general administrative expenses, indirect selling expenses and warranty costs) as well as the research and development expenses.

The Group uses recurring operating income as its main business performance indicator. Recurring operating income corresponds to operating income before other non-recurring operating income and expenses, defined restrictively as material items of income and expense that are unusual in nature or infrequent in occurrence and not included in the Group's recurring performance.

In practice, other non-recurring operating income and expenses consist mainly of the following items which are described in the notes to the financial statements where appropriate (see Note 4.4):

- restructuring and early-termination plan costs;
- impairment losses (and subsequent adjustments) recognised on (i) non-current assets following impairment tests performed on the cash-generating units (CGUs) to which they belong, and (ii) the corresponding onerous contracts;
- gains on disposals of real estate and impairment of real estate held for sale.

4.1. REVENUE

A. Accounting policies

IFRS 15 - Revenue from contracts with customers bases the recognition of revenue on the transfer of the control of goods and services to the customer, whereas **IAS 18 - Revenue** based it on the transfer of the risks and rewards.

1) Manufacturing and sales companies

(a) Peugeot Citroën DS and Opel Vauxhall Automotive segments

The bulk of automotive business revenue is from the sale of new and used vehicles, and the sale of spare parts. The transfer of control takes place at the same time as the transfer of risks and rewards.

For new vehicles, this transfer generally corresponds to the date when the vehicles are made available to independent dealers or the delivery date, in the case of direct sales to end customers.

The cost of current and future sales incentive programmes is deducted from net income in the period in which the sales were registered. They are provisioned country by country on the basis of historical costs for the previous three months. In cases where the cost of the programme varies according to sales, it is deducted from revenue.

The Group's incentive programmes include retail financing granted at a significant discount to market interest rates. The corresponding cost is recognised at the time of the sale, as a deduction from revenue.

Rebilling of expenses incurred as part of operations in which the Group is considered to be an agent are not included in revenue, but as a deduction from costs incurred. The same applies to sales of raw materials, parts, and subassemblies to sub-contractors that are destined to be bought back at cost.

The Group provides services to its customers (mostly servicing and maintenance contracts and warranty extensions), for consideration or free of charge. These represent distinct performance obligations under IFRS 15, for which the associated revenue is recognised over time as and when the service is performed.

The warranties provided to end customers are designed to cover defects in the vehicles sold. Insurance type guarantees are subject to provisions in accordance with IAS 37 (see Note 9).

Sales of new vehicles with a buyback commitment are not recognised in revenue at the time of delivery of the vehicle but are accounted for as leases when it is probable that the vehicle will be bought back.

The difference between the sale price and the buyback price is recognised as rental revenue on a straight-line basis over the duration of the buyback commitment. The vehicle is initially recognised at production cost. It is depreciated on a straight-line basis over the term of the lease, less its residual value, representing the estimated resale price on the used vehicle market. Any additional gain made on the final sale of the vehicle is recognised in the period in which it is sold on the used vehicle market. If the net difference is a loss, an allowance is booked when the buyback contract is signed.

Transportation service contracts were analysed, and the Group confirms that it operates as principal.

Revenue from engineering product performances is recognised over the term of the license agreement on a straight-line basis, insofar as the Group is required to update the underlying technology it owns, or at the same rate as the sales of vehicles and subassemblies when licensing revenue is conditional on certain volumes.

To date, the Group does not have a significant financial component that would require adjustments between revenue and net financial income (expense) under IFRS 15.

(b) Automotive Equipment segment

The Automotive Equipment segment performs development work and manufactures or purchases specific tooling to produce parts or modules for programmes covered by specific customer orders.

Sales of monoliths⁽¹⁾, products ordered by customers for which the Group acts as agent according to IFRS 15, are no longer recognised in revenue.

Concerning tools, transfer of control is usually carried out shortly before the launch of production, and the revenue is now recognised at that date.

Development work is generally considered as a capitalisable pre-production expense and does not create, in this case, a recognition of revenue that is separate from the revenue from the parts. Development work is recognised under intangible assets (see Note 4.3.A).

(1) Monoliths are precious metals and ceramics used in emission control systems.

2) Finance companies

IFRS 15 sets the accounting principles for revenue pertaining to contracts entered into with customers. Contracts that concern specific standards are excluded: lease contracts, insurance contracts, and financial instruments. Consequently, most of Banque PSA Finance's revenues are excluded from the scope of IFRS 15. There has not been a significant change due to the application of IFRS 15.

The Group's finance companies and the finance companies in partnership with Santander provide wholesale financing to dealer networks and retail financing to customers of the Peugeot Citroën DS automotive business. Since 1 November 2017, the finance

companies in partnership with BNP Paribas have been providing wholesale financing to the dealer networks and retail financing to the customers of the Opel - Vauxhall automotive business. Financing may take the form of conventional loans, finance leases, buyback contracts or long-term leasing. Sales financing revenues are recorded using the yield-to-maturity method, so as to recognise a constant rate of interest over the life of the loan.

Most of the finance activities are managed in partnership with Santander and BNP Paribas. The revenue of these operations is not included in the Group's consolidated revenue as these companies are accounted for by the equity method (see Notes 10.4.C et 10.4.D). The revenue of all financing activities at 100% is presented in Note 3.1.

B. Key figures

(in million euros)

	2018	2017
Sales of vehicles and other goods	72,417	60,490
Service revenue	1,555	1,650
Financial services revenue	55	116
TOTAL	74,027	62,256

Sales of goods consist mainly of sales of vehicles and automobile parts, sub-assemblies and components.

Service revenues primarily comprise auto repairs and servicing by captive dealers, and vehicle leasing services as described in Note 7.2.C.

Financial services revenue corresponds for the most part to gross interest income, insurance premiums and other gross revenues.

4.2. RECURRING OPERATING EXPENSES ANALYSED BY NATURE

Broken down by type, operating expenses include staff costs and the depreciation of intangible assets and property, plant and equipment, explained below. Other recurring operating expenses are analysed by each segment at its own appropriate level with the result that they cannot be presented on a consistent basis at Group level.

Staff costs

Group staff costs of the consolidated companies included in the recurring operating income are as follows:

(in million euros)

	2018	2017
Automotive Division Peugeot Citroën DS ⁽¹⁾	(4,486)	(4,537)
Automotive Division Opel Vauxhall ⁽²⁾	(2,309)	(1,101)
Automotive Equipment Division	(3,304)	(3,177)
Finance companies	(6)	(7)
Other businesses	(137)	(98)
TOTAL	(10,242)	(8,920)

(1) Including €3,990 million representing staff costs of manufacturing activities of the Peugeot Citroën DS Automotive segment (€4,030 million in 2017).

(2) Including €2,301 million representing staff costs of manufacturing activities of the Opel Vauxhall Automotive segment (€1,088 million from August to December 2017).

The Competitiveness and Employment Tax Credit (CICE) has been deducted from personnel expenses in the amount of €83 million (€103 million in 2017).

Details of pension costs are disclosed in Note 6.

Depreciation expense

Depreciation expense included in recurring operating income breaks down as follows:

(in million euros)	2018	2017
Capitalised development expenditure	(1,065)	(939)
Other intangible assets	(123)	(98)
Specific tooling	(669)	(616)
Other property, plant and equipment	(958)	(1,057)
TOTAL	(2,815)	(2,710)

4.3. RESEARCH AND DEVELOPMENT EXPENSES

A. Accounting policies

Research and development expenses include the cost of scientific and technical activities, industrial property, and the education and training necessary for the development, production or implementation and marketing of new or substantially improved materials, methods, products, processes, systems or services.

Under **IAS 38 - Intangible Assets**, development expenditure is recognised as an intangible asset if the entity can demonstrate in particular:

- its intention to complete the intangible asset as well as the availability of adequate technical, financial and other resources for this purpose;
- that it is probable that the future economic benefits attributable to the development expenditure will flow to the entity;
- that the cost of the asset can be measured reliably.

Capitalised development costs include related borrowing costs (see Note 11.2.A).

Expenses for the year include research costs, non-capitalised study and development costs under the above criteria, and the depreciation of capitalised development costs.

1) Peugeot Citroën DS and Opel Vauxhall Automotive segment

Development expenditure on vehicles and mechanical sub-assemblies (engines and gearboxes) incurred between the project launch (corresponding to the styling decision for vehicles) and the start-up of pre-series production is recognised in intangible assets. It is amortised from the start-of-production date

over the asset's useful life, representing up to seven years for vehicles and ten years for mechanical sub-assemblies and modules. The capitalised amount mainly comprises payroll costs of personnel directly assigned to the project, the cost of prototypes and the cost of external services related to the project. No overheads or indirect costs related to research and development activities are included, such as rent, building depreciation and information system utilisation costs.

The capitalised amount also includes the portion of qualifying development expenditure incurred by the Group under cooperation agreements that is not billed to the partner.

Generally, development costs billed to the Group by its partners under cooperation agreements are also capitalised, when they are meeting capitalisation criteria. All development expenditure incurred to develop mechanical sub-assemblies compliant with new emissions standards is monitored on a project-by-project basis and capitalised.

2) Automotive Equipment Division

Development work is undertaken for all programmes covered by specific customer orders. Where development costs are paid in proportion to parts delivered to the customer, with their full recovery being subject to an unguaranteed minimum level of orders placed by the customer, the costs incurred during the period between the customer's acceptance of the commercial offer and the start-of-production date of the parts or modules are recognised in intangible assets. The intangible asset is amortised based on the quantity of parts delivered to the customer, provided that accumulated amortisation at each year-end does not represent less than the amount that would be recognised if the asset were amortised on a straight-line basis over five years. If the contract includes a payment guarantee, the development expenditure is recognised in inventories and work-in-progress.

B. Research and development expenses, net

(in million euros)	Notes	2018	2017
Total expenditure ⁽¹⁾		(3,914)	(3,586)
Capitalised development expenditure ⁽²⁾⁽³⁾		2,099	2,021
Non-capitalised expenditure		(1,815)	(1,565)
Amortisation of capitalised development expenditure	7.1	(667)	(588)
TOTAL		(2,482)	(2,153)

(1) Including €2,041 million for the Peugeot Citroën DS Automotive segment (€2,055 million in 2017) and €831 million for the Opel Vauxhall automotive segment (€408 million in 2017 for the five last months of the year).

(2) In addition to this expenditure, borrowing costs are capitalised pursuant to IAS 23 - Borrowing costs (Revised) (see Note 11.2.A).

(3) The development expenditure is capitalised in intangible assets for €1,897 million in 2018 (€1,798 million in 2017) and the balance in inventories.

The amounts presented in the above table are stated net of research funding received by the Group.

In addition, the depreciation of the capitalised development expenditure is classified in "Cost of goods and services sold" for €399 million in 2018 (€348 million in 2017).

4.4. NON-RECURRING OPERATING INCOME AND EXPENSES

(in million euros)	Notes	2018	2017
Net gains on disposals of real estate assets		312	164
Reversal of impairment loss on CGUs, other assets and provisions for onerous contracts of the Peugeot Citroën DS Automotive segment	7.3.B	10	12
Reversal of impairment loss on CGUs, other assets and provisions for onerous contracts of the Opel Vauxhall Automotive segment		8	1
Other non-recurring operating income on other CGUs		2	28
Total non-recurring operating income		332	205
Impairment loss on CGUs, other assets and provisions for onerous contracts of the Peugeot Citroën DS Automotive segment	7.3.B	(449)	(107)
Impairment loss on CGUs, other assets and provisions for onerous contracts of the Opel Vauxhall Automotive segment		(71)	(38)
Impairment loss on other CGUs	7.3.C	(22)	-
Restructuring costs	4.4.B	(1,052)	(951)
Other non-recurring operating expenses on other CGUs		(27)	(13)
Total non-recurring operating expenses		(1,621)	(1,109)

A. Impairment test on CGU, provisions for onerous contracts and other depreciations

The main items of impairment testing, provisions for onerous contracts and other impairment are disclosed in Note 7.3.B.

B. Restructuring costs

Restructuring costs consist mainly of workforce reductions.

(in million euros)	2018	2017
Peugeot Citroën Automotive segment	(432)	(426)
Opel Vauxhall Automotive segment	(512)	(440)
Automotive Equipment segment	(104)	(86)
Other businesses segment	(4)	1
TOTAL	(1,052)	(951)

Peugeot Citroën DS Automotive segment

In 2018, Peugeot Citroën DS Automotive segment restructuring costs amounted to €432 million.

They relate chiefly to the recognition of the restructuring plans covering the industrial sites in Europe in the amount of €306 million, including redundancy costs for €217 million (Jobs and Skills Matching System -DAEC-, Jobs and Skills Reallocation Plan -PREC-, Employment Safeguarding Plan -PSE- and older employee plans) as well as the reorganisation of the commercial operations in Europe in the amount of €58 million. Other restructuring costs relate mainly to subsidiaries in Latin America for €18 million.

Opel Vauxhall Automotive segment

In 2018, Opel Vauxhall Automotive segment restructuring costs amounted to €512 million. They relate chiefly to the recognition of the restructuring plans covering the industrial sites in Europe in the amount of €448 million and the reorganisation of the commercial operations in Europe in the amount of €64 million.

Automotive Equipment segment (Faurecia Group)

In 2018, Faurecia Group restructuring costs totalled €104 million, including €101 million in provisions for redundancy costs, mainly in Germany, the United States, France and Spain.

NOTE 5 REQUIREMENTS IN WORKING CAPITAL OF MANUFACTURING AND SALES COMPANIES

5.1. INVENTORIES

Inventories are stated at the lower of cost and net realisable value, in accordance with **IAS 2 - Inventories**.

Cost is determined by the first-in-first-out (FIFO) method and includes all direct and indirect variable production expenses, plus fixed production expenses based on the normal capacity of each production facility.

Cost is determined by the first-in-first-out (FIFO) method. It includes all direct and indirect variable production expenses, plus fixed expenses based on the normal capacity of each production facility.

The net realisable value of inventories intended to be sold corresponds to their selling price, as estimated based on market

conditions and any relevant external information sources, less the estimated costs necessary to complete the sale (such as variable direct selling expenses, refurbishment costs not billed to customers for used vehicles and other goods).

The Automotive Equipment segment performs development work and manufactures or purchases specific tooling to produce parts or modules for programmes covered by specific customer orders. When the contract includes a payment guarantee, the development expenditure and the costs of toolings are recognised in inventories and work-in-progress and the corresponding revenue is recognised when the customer signs off on each technical phase.

	31 December 2018			31 December 2017		
	Gross	Allowance	Net	Gross	Allowance	Net
(in million euros)						
Raw materials and supplies	1,280	(154)	1,126	1,272	(153)	1,119
Semi-finished products and work-in-progress	1,028	(33)	995	1,017	(30)	987
Goods for resale and used vehicles	1,016	(62)	954	1,204	(83)	1,121
Finished products and replacement parts	3,873	(238)	3,635	4,289	(227)	4,062
TOTAL	7,197	(487)	6,710	7,782	(493)	7,289

5.2. TRADE RECEIVABLES

Following the application of IFRS 9, a provision for impairment is recorded on the trade receivables of manufacturing and sales companies upon their initial recognition, based on an assessment of expected credit losses at maturity. The impairment is then reviewed according to the increase in the risk of non-recovery, if applicable. Indications of probable impairment include the existence of unresolved claims or litigation, the age of the receivables and the obligor's significant financial difficulties.

In accordance with IFRS 9 and with no change with IAS 39, the Group derecognises receivables for which the contractual rights to receive the cash flows have been transferred along with

substantially all of the risks and rewards of ownership. In analysing the transfer of risks, dilution risk is not included inasmuch as it has been defined and correctly segregated notably from the risk of late payment. Transferred receivables are not derecognised when the default risk is retained by the Group. Costs incurred in transferring a receivable are recognised in financial expense.

In segment reporting, this rule also applies to the Peugeot Citroën DS and Opel Vauxhall Automotive segments' debts transferred to the Group's finance companies and to the finance companies in partnership.

	31 December 2018	31 December 2017
(in million euros)		
Trade receivables	2,272	2,767
Allowances for doubtful accounts	(343)	(307)
Total - manufacturing and sales companies	1,929	2,460
Elimination of transactions with the Finance companies	(25)	(34)
TOTAL	1,904	2,426

Assignments of trade receivables to financial institutions are disclosed in Note 11.6.E.

5.3. OTHER RECEIVABLES AND OTHER PAYABLES

A. Other receivables

(in million euros)	31 December 2018	31 December 2017
State, regional and local taxes excluding income tax ⁽¹⁾	1,171	1,198
Personnel-related payables	39	41
Due from suppliers	204	195
Derivative instruments	110	274
Prepaid expenses	567	444
Miscellaneous other receivables	409	535
TOTAL	2,500	2,687

(1) In 2018, the Group sold €96 million worth of French research tax credits and €78 million worth of French competitiveness and employment tax credits (see Note 11.6.E).

B. Other payables

(in million euros)	31 December 2018	31 December 2017
Taxes payable other than income taxes	1,162	1,108
Personnel-related payables	1,273	1,207
Payroll taxes	334	358
Payable on fixed asset purchases	1,310	1,625
Customer prepayments	3,105	2,004
'Derivative instruments' ⁽¹⁾	59	203
Deferred income	678	943
Miscellaneous other payables	403	849
TOTAL	8,324	8,297

(1) Ce poste correspond à la juste valeur des instruments acquis par le Groupe pour se prémunir contre le risque de variation des matières premières ainsi que les risques de change sur ses créances et dettes d'exploitation réalisées ou planifiées. L'échéancier de ces instruments est indiqué dans la Note 11.7.B « Gestion des risques financiers ».

5.4. CHANGE IN WORKING CAPITAL REQUIREMENTS OF MANUFACTURING AND SALES COMPANIES

A. Analysis of the change in working capital

(in million euros)	2018	2017
(Increase) decrease in inventories	368	(50)
(Increase) decrease in trade receivables	1,342	(476)
Increase (decrease) in trade payables	294	1,177
Change in income taxes	(67)	(124)
Other changes	(330)	(404)
	1,607	123
Net cash flows with Group Finance companies	(1)	17
TOTAL	1,606	140

B. Analysis of the change in statement of financial position's items

1) Analysis by type

2018 (in million euros)	At 1 January	At 31 December
Inventories	(7,289)	(6,710)
Trade receivables	(2,460)	(1,929)
Trade payables	13,362	13,551
Income taxes	(113)	159
Other receivables	(2,687)	(2,500)
Other payables	8,297	8,324
	9,110	10,895
Net cash flows with Group finance companies	(15)	(22)
TOTAL	9,095	10,873

2) Movements of the year

(in million euros)	2018	2017
At 1 January	9,110	7,283
Cash flows from operating activities	2,022	74
Cash flows from investing activities	(269)	(144)
Changes in scope of consolidation and other (1)	(120)	1,898
Translation adjustment	164	28
Revaluations taken to equity	(12)	(29)
AT 31 DECEMBER	10,895	9,110

(1) of which €1,785 million related to the acquisition of Opel Vauxhall in 2017.

The change in working capital in the consolidated statement of cash flows at 31 December 2018 (€1,607 million positive effect) corresponds to cash flows from operating activities (€2,022 million positive effect), exchange differences (€37 million negative effect),

change in the ineffective portion of currency options (€97 million negative effect) and other movements (€281 million negative effect).

(in million euros)	2018	2017
Cash flows from operating activities of manufacturing and sales companies	2,022	74
Exchange differences	(37)	15
Change in the ineffective portion of currency options	(97)	28
Other changes	(281)	6
Change in working capital in the statement of cash flows	1,607	123

NOTE 6 EMPLOYEE BENEFITS EXPENSE

6.1. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

In addition to pension benefits paid in accordance with the laws and regulations of the countries in which they operate, Group companies are liable for the payment of supplementary pensions and retirement bonuses. These benefits are paid under defined contribution and defined benefit plans.

For defined contribution plans, contributions made during the year are expensed.

In accordance with **IAS 19 - Employee Benefits**, obligations under defined benefit plans are measured by independent actuaries using the projected unit credit method. The main assumptions underpinning the measurement of the commitment are the retirement date, wage increases and staff turnover, and a discount rate and an inflation rate.

The projected benefit obligation is measured twice a year for the main plans, at mid-year and at year-end, and every three years for the other plans, except when more frequent valuations are necessary to take into account changes in actuarial assumptions or significant changes in demographic statistics.

Changes in actuarial assumptions and experience adjustments – corresponding to the effects of differences between previous actuarial assumptions and what has actually occurred – give rise to actuarial gains and losses. These actuarial gains and losses are recorded under “Consolidated comprehensive income”, and are not recyclable in the income statement.

In the event of change in the benefits conferred by a pension plan, the effects of changes are recognised in full in the income statement of the period in which they are incurred, in “Operating income” under “Past service cost”.

For each defined benefit plan, the Group records a provision in an amount equal to the projected benefit obligation less the fair value of the plan assets.

These pension surpluses constituted by the Group are recognised in the balance sheet according to the IFRIC 14 interpretation.

The net cost of defined benefit pension plans for the period therefore corresponds to the sum of the following:

- the service cost and past service cost (recognised in “Recurring income”);
- the accretion expense of the net commitment of the return on plan hedging assets (in other financial income and expenses). These two components (accretion and return on assets) are determined based on the discount rate of commitments.

Other employee benefit obligations recognised in the statement of financial position concern:

- long-service awards payable by French and foreign subsidiaries;
- healthcare costs paid by certain subsidiaries in the United States.

A. Plan descriptions

Group employees in certain countries are entitled to supplementary pension benefits payable annually to retirees, or retirement bonuses representing one-off payments made at the time of retirement. These benefits either are paid under defined contribution or defined benefit plans. The Group's only obligation under defined contribution plans is to pay fixed contributions into the fund concerned. The payments are recognised in income (loss) for the year. Payments under defined benefit plans concern primarily France, the United Kingdom and Germany.

In France, the existing defined benefit plans covering almost exclusively the Peugeot Citroën DS employees concern:

- the retirement bonuses provided for by collective bargaining agreements;
- the portion of the top-hat pension scheme for engineers and management personnel that was not transferred to an external fund in 2002 and guarantees an aggregate replacement rate from all plans of up to 60% of the employee's final salary (currently covering 2,400 retired employees);
- the pension plan set up by the former subsidiary of the Chrysler group in France (Talbot), which was closed to new entrants in 1981 and covers 11,100 retired employees at end-2018;
- the closed Citroën supplementary plan (ACC) that covered 4,100 retired employees at end-2018.

In the United Kingdom, the Group has four trustee-administered defined benefit plans for the Peugeot Citroën DS and Opel Vauxhall Automotive segments. These plans have been closed to new Peugeot Citroën DS entrants since May 2002. At 31 December 2018, 17,200 beneficiaries were covered by these plans, including 2,900 active employees, 5,600 former employees not yet retired and 8,700 retired employees. The plans guarantee a replacement rate of up to 66% of the employee's final salary of the Peugeot Citroën DS Automotive segment's staff.

In Germany, the main defined benefit plan relates to Opel Automobile GmbH covering beneficiaries in these companies at 31 December 2018 in the form of:

- the retirement bonuses provided for by collective bargaining agreements;
- the supplementary pension plan covering 18,200 employees, 1,200 former employees not yet retired and 200 retired employees.

The supplementary pension scheme for all Faurecia managerial employees in France comprises a defined benefit plan granting a rent relating to salary tranche C. A specific defined benefits pension scheme dedicated to the Executive Committee members who have an employment contract with Faurecia S.A. or any of its subsidiaries has been implemented in 2015. This new scheme guarantees an annuity based on the reference salary, depending on the Faurecia Group's operating income, and the budget approved by the Board of Directors.

B. Assumptions

	Euro zone	United-Kingdom
Discount Rate		
2018	1.95%	2.95%
2017	1.60%	2.60%
Inflation Rate		
2018	1.80%	3.30%
2017	1.80%	3.20%
Average Duration (in years)		
2018	17	18
2017	17	15

At each period-end, the discount rate is determined based on the most representative returns on prime corporate bonds with a life that approximates the duration of the benefit obligation.

Prime corporate bonds are defined as bonds awarded one of the top two ratings by a recognised rating agency (for example, bonds rated AA or AAA by Moody's or Standard & Poor's).

The assumptions regarding future salary increases take into account inflation and forecast individual pay rises in each country. The assumption for French plans is inflation plus individual pay rise according to the employee's age. The assumption for the United

Kingdom plans is inflation plus 1%. In Germany, the assumption is for inflation plus 2.30% for hourly employees and 2.55% for salaried employees.

Mortality, staff turnover and retirement age assumptions are based on the specific economic conditions of each host country.

Sensitivity of assumptions: a 0.25-point increase or decrease in the discount rate and in the inflation rate in France, the United Kingdom and Germany would lead to the following increases or decreases in projected benefit obligations:

	Discount rate +0.25 PT	Inflation rate +0.25 PT
France	-2.74%	1.91%
United Kingdom	-3.96%	3.57%
Germany	-4.76%	1.37%

A 1-point increase or decrease in the expected return on external funds would have led to an increase or decrease in the investment income recognised in 2018 of €9 million for French plans, €28 million for the United Kingdom plans and €27 million for the German plans.

In 2012, the Group arranged an interest rate swap for the United Kingdom within the pension fund, making it possible to vary hedging assets in response to changes in the liability at the discount rate.

C. Information on external funds

The projected benefit obligation is partially covered by dedicated external funds.

The breakdown of external funds is as follows:

	31 December 2018		31 December 2017	
	Equities	Bonds	Equities	Bonds
France	22%	78%	19%	81%
United Kingdom	10%	90%	12%	88%
Germany	0%	100%	0%	100%

The fair value of shares and bonds was at level 1 in 2017 and 2018.

In 2018, the actual return on external funds managed by the Group in France, in Germany and by the pension trusts in the United Kingdom was -3.8% for the French funds, -1.4% for the United Kingdom funds and equal to zero for the German funds. In France, equity funds consist of MSCI EMU Euro index tracker funds and international index tracker funds, while bond funds are invested in prime European government bonds (minimum investment grade), in European corporate bonds rated A or higher and in European inflation-linked government bonds.

In the United Kingdom, all the equities are invested in global equity funds. 64% of the bond portfolio are comprised of inflation-linked government bonds denominated in pounds sterling. The remaining 36% are comprised mainly of corporate bonds rated A or higher.

In Germany, bond investments are 78% in corporate bonds with an average rating of A-, 8% in EU government bonds (minimum investment grade) and 14% in short-term money market instruments.

In France, the Group is free to decide the amount of its contributions to the external funds. At 31 December 2018, no decision had been made as to the amount of contributions to be paid in 2019.

In the United Kingdom, the Group's annual contribution (excluding Faurecia) amounted to £30 million (€34 million) in 2018. It is estimated at £23 million (€26 million) for 2019, although this sum may change in light of the negotiations planned for 2019.

In Germany, the Group's annual contribution (excluding Faurecia) amounted to €1 million. It is estimated at €2 million for 2019.

D. Movement for the year

Excluding minimum funding requirement (IFRIC 14)

	2018					2017				
	France	United Kingdom	Germany	Other	Total	France	United Kingdom	Germany	Other	Total
<i>(in million euros)</i>										
Projected benefit obligation										
At beginning of period: Present value	(1,498)	(2,274)	(3,024)	(554)	(7,350)	(1,620)	(2,098)	(425)	(270)	(4,413)
Service cost	(42)	(41)	(109)	(14)	(206)	(49)	(62)	(48)	(14)	(173)
Interest cost	(22)	(59)	(50)	(9)	(140)	(24)	(56)	(26)	(7)	(113)
Benefit payments for the year	104	178	18	32	332	111	114	11	35	271
Unrecognised actuarial gains and (losses):										
▷ amount	98	55	313	42	508	86	(187)	(151)	3	(249)
▷ as a% of projected benefit obligation at beginning of period ⁽¹⁾	6.5%	2.4%	10.4%	7.6%	6.9%	5.3%	8.9%	5.4%	1.1%	5.6%
Past service cost	-	(6)	-	6	-	-	-	-	-	-
Effect of changes in exchange rates	-	16	-	3	19	-	75	-	15	90
Effect of changes in scope of consolidation and other	(1)	(1)	1	(14)	(15)	(3)	(60)	(2,385)	(316)	(2,764)
Effect of curtailments and settlements	4	(4)	4	3	7	1	-	-	-	1
AT PERIOD-END: PRESENT VALUE	(1,357)	(2,136)	(2,847)	(505)	(6,845)	(1,498)	(2,274)	(3,024)	(554)	(7,350)
External fund										
At beginning of period: Fair value	859	2,764	2,704	297	6,624	899	2,777	130	140	3,946
Normative return on external funds	12	72	45	5	134	13	75	22	4	114
Actuarial gains and (losses):	-	-	-	-	-	-	-	-	-	-
▷ amount	(4)	(109)	(51)	(12)	(176)	20	81	46	(3)	144
▷ as a% of projected benefit obligation at beginning of period ⁽¹⁾	0.5%	3.9%	1.9%	4.0%	2.7%	2.2%	2.9%	1.7%	2.1%	3.6%
Translation adjustment	-	(22)	-	1	(21)	-	(97)	-	(8)	(105)
Employer contributions	33	37	4	24	98	45	42	15	7	109
Benefit payments for the year	(114)	(176)	(19)	(31)	(340)	(118)	(114)	(11)	(25)	(268)
Effect of changes in exchange rates and other	3	1	(81)	97	20	-	-	2,502	182	2,684
AT PERIOD-END: FAIR VALUE	789	2,567	2,602	381	6,339	859	2,764	2,704	297	6,624

(1) The percentage actuarial gains and (losses) is calculated on the basis of the obligations and the external fund at the beginning of the period, which for Germany includes the effect of the change in scope of consolidation due to the acquisition of Opel Vauxhall in 2017.

E. Reconciliation of statement of financial position's items

	2018					2017				
	France	United Kingdom	Germany	Other	Total	France	United Kingdom	Germany	Other	Total
<i>(in million euros)</i>										
Present value of projected benefit obligation	(1,357)	(2,136)	(2,847)	(505)	(6,845)	(1,498)	(2,274)	(3,024)	(554)	(7,350)
Fair value of external funds	789	2,567	2,602	381	6,339	859	2,764	2,704	297	6,624
NET (LIABILITY) ASSET RECOGNISED IN THE BALANCE SHEET BEFORE MINIMUM FUNDING REQUIREMENT (IFRIC 14)	(568)	431	(245)	(124)	(506)	(639)	490	(320)	(257)	(726)
Minimum funding requirement liability (IFRIC 14)	-	(37)	-	-	(37)	-	(37)	-	-	(37)
NET (LIABILITY) ASSET RECOGNISED IN THE BALANCE SHEET	(568)	394	(245)	(124)	(543)	(639)	453	(320)	(257)	(763)
Of which, liability (Note 10)	(592)	(159)	(273)	(159)	(1,183)	(663)	(134)	(320)	(276)	(1,393)
Of which, asset	24	553	28	35	640	24	587	-	19	630
Of which, unfunded plans	0.0%	0.0%	0.0%	10.0%	0.7%	0.3%	0.0%	0.0%	15.4%	1.2%

F. Expenses recognised in the statement of income

These expenses are recorded as follows:

- service cost is recorded under "Selling, general and administrative expenses";
- the impact of restructuring is reported under "Non-recurring operating income" or "Non-recurring operating expenses";

- interest cost and the normative return on external funds are recorded under "Other financial expenses" and "Other financial income" respectively.

Pension expenses break down as follows:

(in million euros)	2018					2017				
	France	United Kingdom	Germany	Other	Total	France	United Kingdom	Germany	Other	Total
Service cost	(42)	(41)	(109)	(14)	(206)	(49)	(62)	(48)	(14)	(173)
Interest cost	(22)	(59)	(50)	(9)	(140)	(24)	(56)	(26)	(7)	(113)
Normative return on external funds	12	72	45	5	134	13	75	22	4	114
Past service cost	-	(6)	-	6	-	-	-	-	-	-
Effect of curtailments and settlements	4	(4)	4	3	7	1	-	-	-	1
Total (before minimum funding requirement liability)	(48)	(38)	(110)	(9)	(205)	(59)	(43)	(52)	(17)	(171)
Change in minimum funding requirement liability (IFRIC14)	-	-	-	-	-	-	-	-	-	-
TOTAL	(48)	(38)	(110)	(9)	(205)	(59)	(43)	(52)	(17)	(171)

6.2. SHARE-BASED PAYMENT

Stock options and performance shares are granted to Group management and certain employees under equity-settled share-based payment plans. These plans are recognised in accordance with **IFRS 2 – Share-based Payment**.

A. Employee stock options

No plan was awarded between 2009 and 2018. The last plan expired on 19 August 2016.

B. Performance share plans

1) Peugeot S.A. performance share plan

(a) 2015 performance share plan

A performance share plan was established in 2015. As of 31 December 2018, 387,063 shares were potentially attributable to foreign residents; the relevant vesting period ends on 31 March 2019. The personnel expenses associated with this plan, measured in accordance with IFRS 2, was €1.4 million for the 2018, excluding payroll taxes.

(b) 2016 performance share plan

A performance share plan was established in 2016. The allocation of performance shares is subject to a condition of presence within the Group at the end of the vesting period. Taking into consideration the performance targets, the shares will vest in two equal parts subject to continued employment on 3 June 2019 and 3 June 2020. At year-end 2018, 1,977,762 shares were potentially attributable to the beneficiaries of the plan. The personnel expenses associated with this plan, measured in accordance with IFRS 2, was €7.0 million for 2018, excluding payroll taxes.

(c) 2017 performance share plan

A performance share plan was established in 2017 (see Note 7.2.B.(1).(c) to the 2017 consolidated financial statements). The allocation of performance shares is subject to a condition of presence within the Group at the end of the vesting period. Taking into consideration the performance targets, the shares will vest in two equal parts subject continued employment on 14 April 2020 and 14 April 2021. At year-end 2018, 2,420,961 shares were potentially attributable to the beneficiaries of the plan. The personnel expenses associated with this plan, measured in accordance with IFRS 2, was €11.0 million for 2018, excluding payroll taxes.

(d) 2018 performance share plan

Following the authorisation given by the Extraordinary Shareholders' Meeting of 27 April 2016 and the Supervisory Board at its meeting of 28 February 2018, the Peugeot S.A. Managing Board adopted a performance share plan effective at 9 April 2018, subject to performance conditions. This plan covers a maximum total of 2,700,000 shares. The allocation of performance shares is subject to a condition of presence within the Group at the end of the vesting period.

The final acquisition is subject to a performance condition, namely the Automotive Division's average recurring operating margin including Opel Vauxhall, over the period from 2018 to 2020.

In light of the objectives, the shares will vest in two equal parts subject to presence within the company at 10 April 2021 and 10 April 2022. At year-end 2018, 2,427,254 shares are potentially attributable to the beneficiaries of the plan. The personnel expense associated with this plan, measured in accordance with IFRS 2, was €9.5 million for 2018, excluding payroll taxes.

2) Faurecia performance share plan

In 2010, Faurecia established a performance share plan for executives of group companies. These shares are subject to service and performance conditions.

The amount recognised in income for the period is an expense of €20 million (compared with an expense of €21.1 million in 2017).

The details of performance share plans at year-end 2018 are provided in the following table:

(number of shares)	Maximum number of performance shares ⁽¹⁾ due if:	
	objective achieved	objective exceeded
Date of Managing Board decision:		
25/07/2016	632,231	822,485
20/07/2017	569,422	740,210
19/07/2018	420,956	547,250

(1) Net of free shares granted cancelled.

Following achievement of the performance target in the plan awarded by the Board on 28 July 2014, 738,660 shares were delivered in July 2018. In light of the achievement of the

performance targets in the plan awarded by the Board on 23 July 2015, 610,752 shares will be delivered in July 2019.

6.3. MANAGEMENT COMPENSATION

The Group is managed by the Managing Board. The Group's management bodies correspond to the Group Executive Committee, which includes the members of the Managing Board and other members of executive management.

The compensation details provided in the table above do not include payroll taxes. The amount of compensation paid to members of management bodies, including accrued variable compensation, is provisional.

(in million euros)	Notes	2018	2017
Number of Executive Committee members at 31 December		18	18
Fixed & variable compensation and other short-term benefits (excluding pensions)		21.7	22.2
Stock option and performance share costs(1)	6.2	9.0	4.8

(1) This is the portion of the IFRS 2 expense for the period relating to the Managing Board's members and other members of the Executive Committee.

Furthermore, the expense recognised in 2018 for the contribution to the defined contribution pension plan totalled €4.6 million for the members of the Managing Board and the other members of the Executive Committee and breaks down into €2.3 million paid to a pension fund and €2.3 million paid in cash to the beneficiaries (taking into account a scheme based on taxation upon first deposit).

Details of the performance shares granted in 2015, 2016, 2017 and 2018 granted to members of the managing bodies and still exercisable at period-end, can be found in the following table:

(number of options)	2018	2017
Performance shares granted at 31 December	2,229,000	1,670,000

Besides, members of the Group's management bodies are not entitled to any long-term benefits apart from pension benefits and the performance shares under the plans referred to above, or any other forms of share-based payments or any compensation for loss of office.

NOTE 7 GOODWILL AND INTANGIBLE ASSETS - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and intangible assets are carried at amortised cost less deductions of impairment losses, pursuant to IAS 36 (see Note 7.3).

7.1. GOODWILL AND INTANGIBLE ASSETS

A. Accounting policies

Accounting policies relating to goodwill are described in Note 2.1.A.(2) and those related to research and development expenses in Note 4.3.(A).

Other internally-developed or purchased intangible assets, excluding research and development expenditure

The portion of development costs relating to software for internal use that corresponds to directly attributable internal or external

costs necessary to create the software or improve its performance is recognised as an intangible asset when it is probable that these costs will generate future economic benefits. The capitalised costs are amortised over the estimated useful life of the software, ranging from four to twelve years. Other software acquisition and development costs are expensed as incurred.

Other intangible assets (consisting principally of patents) are amortised on a straight-line basis over the estimated useful life, not to exceed twenty years.

B. Change in carrying amount

	31 December 2018			
	Goodwill	Development expenditure	Brands, software and other intangible assets	Intangible assets
(in million euros)				
At beginning of period	3,321	5,844	2,425	8,269
Purchases/additions ⁽¹⁾	-	1,897	134	2,031
Depreciation for the year	-	(1,065)	(123)	(1,188)
Impairment losses	-	(102)	-	(102)
Disposals	-	(10)	(8)	(18)
Change in scope of consolidation and other	282	18	193	211
Translation adjustment	5	2	(4)	(2)
AT PERIOD-END	3,608	6,584	2,617	9,201

(1) Including borrowing costs of €63 million capitalised in accordance with IAS 23 (Revised) - "Borrowing Costs" (see Note 11.2.A).

	31 December 2017			
	Goodwill	Development expenditure	Brands, software and other intangible assets	Intangible assets
(in million euros)				
At beginning of period	1,514	5,133	594	5,727
Purchases/additions ⁽¹⁾	-	1,798	150	1,948
Depreciation for the year	-	(939)	(98)	(1,037)
Impairment losses	-	(80)	-	(80)
Disposals	-	(1)	(46)	(47)
Change in scope of consolidation and other ⁽²⁾	1,829	8	1,824	1,832
Translation adjustment	(22)	(75)	1	(74)
AT PERIOD-END	3,321	5,844	2,425	8,269

(1) Including borrowing costs of €88 million capitalised in accordance with IAS 23 (Revised) - "Borrowing Costs" (see Note 11.2.A).

(2) including €1,810 million in goodwill and €1,792 million in intangible assets for the Opel acquisition.

C. Breakdown of goodwill at end of period

(in million euros)	31 December 2018	31 December 2017
Net		
Automotive Opel Vauxhall CGU	1,823	1,810
Faurecia CGUs	1,492	1,216
Faurecia CGU	172	172
Automotive Peugeot Citroën DS CGU	121	122
Financing activities Peugeot Citroën DS CGU	-	1
TOTAL	3,608	3,321

Impairment tests on goodwill allocated to the Automotive Equipment CGUs are discussed in Note 7.3.

7.2. PROPERTY, PLANT AND EQUIPMENT**A. Accounting policies****1) Gross value**

In accordance with **IAS 16 - Property, Plant and Equipment**, property, plant and equipment are stated at acquisition or production cost. They are not revalued.

Capitalised costs include the portion of specific tooling expenses incurred by the Group under cooperation agreements that is not billed to its partners.

The cost of items of property, plant and equipment that take at least twelve months to get ready for their intended use includes related borrowing costs (see Note 11.2.A).

Government grants are recognised as a reduction in the cost of the corresponding assets.

Maintenance costs are expensed as incurred.

Leased assets include vehicles leased to retail customers by the Group's companies and vehicles sold with a buyback commitment, which are recognised according to the method described in Note 4.1.A.(1)(a).

in years

Buildings	40
Material and toolings	4-16
Computer equipment	3-4
Vehicles and handling equipment	4-7
Fixtures and fittings	10-30

(b) Specific tooling

In the Peugeot Citroën DS and Opel Vauxhall Automotive segments, specific tooling is depreciated over the estimated lives of the corresponding models, which are generally shorter than the useful lives of the tooling concerned due to the frequency of model changes.

Assets acquired under finance leases, as defined in **IAS 17 - Leases**, are recognised at an amount equal to the present value of the future lease payments, or to the fair value of the leased property, whichever is lower. A financial liability is recognised in the same amount. The assets are depreciated by applying the method and rates indicated below.

2) Depreciation**(a) Standard method**

Depreciation is calculated on a straight-line basis to write off the acquisition or production cost of the assets, less any residual value, over their estimated useful lives. Property, plant and equipment generally have no residual value, except for leased vehicles. The main useful lives of property, plant and equipment are as follows:

In the Automotive Equipment segment, specific tooling is depreciated based on the quantity of parts delivered to the customer, provided that accumulated depreciation at each year-end does not represent less than the amount that would be recognised if the asset were depreciated on a straight-line basis over five years.

The estimated useful lives of property, plant and equipment are reviewed periodically, particularly whenever a decision is made to halt production of a vehicle or mechanical sub-assembly.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

Notes to the consolidated financial statements at 31 December 2018

B. Breakdown of property, plant and equipment

The carrying amount of property, plant and equipment can be analysed as follows:

(in million euros)	31 December 2018						
	Land and buildings	Plant and equipment	Leased vehicles ⁽²⁾	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	Total
Net							
At beginning of period	2,309	5,654	3,299	26	314	1,616	13,218
Purchases/additions ⁽¹⁾	100	1,040	-	13	86	1,278	2,517
Depreciation for the year	(188)	(1,329)	(14)	(4)	(92)	-	(1,627)
Impairment losses	(14)	(27)	-	-	-	3	(38)
Disposals	(118)	(78)	-	(6)	(13)	-	(215)
Transfers and reclassifications	22	546	-	-	39	(607)	-
Change in scope of consolidation and other ⁽²⁾	104	559	266	-	47	(639)	337
Translation adjustment	(12)	(20)	(4)	(1)	(1)	(18)	(56)
AT PERIOD-END	2,203	6,345	3,547	28	380	1,633	14,136
Gross value	6,570	33,014	3,841	83	1,082	1,657	46,247
Accumulated depreciation and impairment	(4,367)	(26,669)	(294)	(55)	(702)	(24)	(32,111)

(1) Including property, plant and equipment acquired under finance leases for €14million. Borrowing costs capitalised in accordance with IAS 23 (Revised) - "Borrowing Costs" amounted to €17 million (see Note 11.2.A).

(2) "Change in scope of consolidation and other" movements in "Leased vehicles" includes net changes for the year (additions less disposals).

(in million euros)	31 December 2017						
	Land and buildings	Plant and equipment	Leased vehicles ⁽²⁾	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	Total
Net							
At beginning of period	2,116	5,058	2,475	22	305	1,253	11,229
Purchases/additions ⁽¹⁾	121	1,052	-	8	23	1,202	2,406
Depreciation for the year	(253)	(1,323)	(12)	(4)	(81)	-	(1,673)
Impairment losses	28	8	-	-	-	7	43
Disposals	(107)	(38)	-	(2)	(5)	-	(152)
Transfers and reclassifications	24	205	-	1	31	(261)	-
Change in scope of consolidation and other ⁽²⁾	408	786	850	-	44	(551)	1,537
Translation adjustment	(28)	(94)	(14)	1	(3)	(34)	(172)
AT PERIOD-END	2,309	5,654	3,299	26	314	1,616	13,218
Gross value	6,766	31,853	3,537	82	958	1,647	44,843
Accumulated depreciation and impairment	(4,457)	(26,199)	(238)	(56)	(644)	(31)	(31,625)

(1) Including property, plant and equipment acquired under finance leases for €14 million. Borrowing costs capitalised in accordance with IAS 23 (Revised) - "Borrowing Costs" amounted to €31 million (see Note 11.2.A).

(2) "Change in scope of consolidation and other" movements in "Leased vehicles" includes net changes for the year (additions less disposals).

C. Leased vehicles

Leased vehicles totaling an amount of €3,547 million at year-end include vehicles leased to retail customers by the Group's companies and vehicles sold with a buyback commitment, which are recognised according to the method described in Note 4.1.A.(1)(a).

7.3. ASSET IMPAIRMENT

A. Accounting policies

In accordance with **IAS 36 "Impairment of Assets"**, the recoverable amount of property, plant and equipment and intangible assets is tested whenever there are indications of impairment and at least once a year for assets with indefinite useful lives, which is primarily goodwill and brands. Indications of impairment are in particular a significant fall in volumes, deteriorating profitability, technological or regulatory developments that adversely impact the business. The recoverable amount of an asset is the higher of its value in use and its fair value less costs to sell. The impairment test usually consists of estimating the asset's value in use. Value in use is usually measured as the net present value of estimated future cash flows.

For the purposes of impairment testing, the recoverable amount is determined for a cash-generating unit (CGU) to which the assets belong, except where the recoverable amount of the individual asset can be determined. CGUs are defined as the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If a CGU's recoverable amount is less than its carrying amount, an impairment loss is recognised in profit or loss and, to the extent possible, as an adjustment to the carrying amount of any goodwill allocated to the CGU.

The two Peugeot Citroën DS and Opel Vauxhall Automotive segments comprise a number of Vehicle CGUs, each corresponding to a vehicle model. The assets included in a Vehicle CGU consist of tooling and other specific plant and equipment used to manufacture the model, as well as capitalised model development expenditure (see Note 4.3.A.(1)). The assets belonging to the vehicle CGUs and all the other assets are combined and tested together at a higher CGU level, respectively, Peugeot Citroën DS and Opel Vauxhall Automotive CGUs. The Opel Vauxhall goodwill and both brands are allocated to Opel Vauxhall Automotive CGU.

In terms of individual assets, where there are indications of impairment the Group does impairment tests on the plants (including property, plant and equipment and intangible assets) in Latin America and Russia. Moreover, the Group may do impairment tests on assets dedicated to specific contracts (in particular cooperation agreements or agreements with joint-ventures) or assets dedicated to a single technology.

In the Automotive Equipment segment, each CGU corresponds to a programme and comprises all customer contract-related intangible assets and property, plant and equipment. These CGUs are combined in Business Units (Seating, Interior Systems and Clean Mobility) to which support assets and goodwill are allocated. The Automotive Equipment segment CGU comprises the assets of the CGUs in the above three Business Units and the Faurecia goodwill recognised in the Groupe PSA's consolidated financial statements.

B. Impairment test on the CGU and individual assets of the Peugeot Citroën DS and Opel Vauxhall Automotive segments

Goodwill and intangible assets and property with an indefinite useful life

The Opel Vauxhall goodwill, as well as the Opel and Vauxhall brands, were subjected to an annual impairment test. They are allocated to the Opel Vauxhall Automotive CGU. The net carrying amount of all property, plant and equipment and intangible assets included in this CGU was €5,669 million. The net cash generated by the 2019-2023 Medium-Term Plan (PMT), was discounted at an after-tax rate of 9%, with a terminal value of 10% that takes into account a perpetuity growth rate of 1%.

The test did not show any impairment. The recoverable value of the assets remains higher than their carrying amount, even when combining the variations of the three assumptions: +0.5% of the discount rate for cash flows, -0.5% for the perpetuity growth rate, and -0.5% for the recurring operating income (loss) rate for the terminal value.

Other assets

Given the indication of impairment losses, specific tests performed on the Latin American plants and the Russian plant were updated on the basis of the 2019-2023 MTP. The discount rates used were 16.5% for the Latin American plants and 13% for the Russian plant. These tests identified an additional annual impairment charge of €30 million related to capital expenditure during the year in Russia. It was recognised under non-recurring operating income. As of 31 December 2018, total impairment charges for the Latin American and Russian plants totalled €299 million.

In addition, the research and development individual assets held by the fully consolidated companies of the Peugeot Citroën DS Automotive segment and dedicated to the Chinese activities have been impaired in the amount of €78 million, in addition the 2017 impairment of €80 million.

At 31 December 2018, the analyses of the volumes and profitability forecasts did not reveal any signs of impairment for the specific assets dedicated to the Vehicle CGUs.

Following the US withdrawal from the JCPOA ⁽¹⁾ announced on 8 May 2018, the Group complied with the new applicable regulations by suspending its operations in Iran affected by the sanctions. In this context, the Group impaired various assets dedicated to operations in Iran for a total amount of €168 million. In addition, investments in companies at equity from the Iranian joint venture, Saïpa Citroën Automobiles Company, were impaired by €148 million.

(1) Joint Comprehensive Plan of Action signed in Vienna.

C. Impairment test on Faurecia Group CGUs and other assets

Faurecia Group CGUs

The carrying amount of each CGU was compared with the higher of its fair value and value in use. Value in use is defined as the present value of estimated future cash flows expected to be generated by each cash-generating unit based on the latest projections from the Medium-Term Plan (2019-2021 plan revised at mid-2018).

The test performed at end-2018 confirmed that the goodwill allocated to the three CGUs was fairly stated in the statement of financial position. The statement of financial position's values are presented in the table below:

(in million euros)	31 December 2018	31 December 2017
› Seating	843	794
› Clean Mobility	377	355
› Interiors systems	272	67
TOTAL	1,492	1,216

The test results are largely positive, and the combined sensitivity to changes in assumptions (0.5 percentage point increase in the discount rate, 0.5 percentage point reduction in the perpetual growth rate and 0.5 percentage point reduction in the perpetual recurring operating income) does not call into question the carrying amount of goodwill.

Following the US withdrawal from the JCPOA⁽¹⁾ announced on 8 May 2018, the Group complied with the new applicable regulations by suspending its operations in Iran affected by the sanctions. In this context, Faurecia impaired various assets used in business in Iran for a total amount of €17 million.

Faurecia CGU in the accounts of Groupe PSA

The stock market value of the Faurecia shares held by Peugeot S.A. at 31 December 2018 was €2,115 million based on a share price of €33.07, representing the price that would be paid in a transaction between minority shareholders not leading to the acquisition of control. The Group's share of Faurecia's net assets in the consolidated statement of financial position is valued at €1,845 million (including the goodwill of €172 million recognised by Peugeot S.A. at that date). In light of these values no impairment loss was recognised on the Faurecia goodwill at 31 December 2018.

D. Impairment of investments in companies at equity in the Automotive business

The companies at equity in the Automotive business include the companies in partnership with Dongfeng Motor Company Group and the company in partnership with Changan Group, based in China.

The non-current assets of these companies are tested for impairment on the basis of the same principles as applicable to the

The main assumption affecting value in use is the level of recurring operating income, particularly for the calculation of terminal value. The calculation was performed by extrapolating to perpetuity projected cash flows for the last year of the Medium-Term Plan (2021) using a growth rate of 1.4% (1.4% in 2017). Future cash flows were discounted at an unchanged after-tax rate of 9.0% (9.0% in 2017), provided by an independent expert.

Automotive business of Groupe PSA (see Note 7.3). When there are indications of an impairment loss, the assets that are specific to the vehicle models are tested by the Vehicle CGU and all assets (including those that aren't specific to the models) are tested in aggregate at the level of each partnership.

At 31 December 2018, impairment testing at the companies in partnership with the Dongfeng Motor Company Group resulted in the recognition of RMB 2,100 million in impairment losses (RMB 1,050 million in PSA share, i.e. €133 million).

At 31 December 2018, impairment testing on the non-current assets of Changan PSA Automobile Co, Ltd resulted in the recognition of an impairment loss of RMB 750 million (RMB 375 million in PSA share, i.e. €49 million). Accordingly, Groupe PSA maintained the total impairment of investments in companies at equity and recorded provisions of €28 million after taking into account a loss of €40 million over the 2018 financial year.

In addition, Groupe PSA does additional impairment testing of the investments in companies at equity when there are indications of impairment losses, such as for example a significant fall in volumes or deteriorating profitability. The recoverable amount is determined by looking at the value in use based on cash flow forecasts. These forecasts are taken from the most recent medium-term plan for 2019-2023 approved by the partners. The terminal value is determined with reference to the data in the final years of the plan and having regard to a perpetual growth rate of 3.0%. The future cash flows are discounted using an after-tax rate of 12.5% for 2019-2023 and 13.5% for the terminal value.

At 31 December 2018, the impairment testing of investments in companies at equity in the Automotive business did not identify any impairment losses on top of those already recognised for the assets of these companies.

7.4. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES RELATED TO OPERATING ACTIVITIES

(in million euros)	31 December 2018	31 December 2017
Capital commitments for the acquisition of non-current assets	1,350	1,284
Orders for research and development work	10	22
Minimum purchase commitments	-	173
Non-cancellable lease commitments	1,809	1,867
TOTAL	3,169	3,346

(1) Joint Comprehensive Plan of Action signed in Vienna

A. Minimum purchase commitments

In order to speed up its growth and reduce costs, the Group has entered into cooperation agreements with other carmakers for the joint development and/or manufacture of mechanical sub-assemblies or vehicles. These joint arrangements enable the partners to share project costs, delivering economies of scale that translate into competitive advantage.

Under the terms of these agreements, the Group is committed to financing investment in research and development and specific tooling and to taking delivery of a minimum quantity of products manufactured by the joint arrangements. If it fails to honour this

minimum purchase commitment, it will be required to pay a penalty designed to cover the related production costs borne by the partner.

Any adverse consequences of these commitments are reflected in the consolidated financial statements as soon as they are considered probable, in the form of asset impairments or, if necessary, provisions for contingencies.

For contracts where the products are manufactured by the Group's partner, capacity reservation fees are accounted for as off- balance sheet commitments net of any provisions.

B. Capital commitments for the acquisition of non-current assets

This item corresponds mainly to commitments to purchase property, plant and equipment. It also includes the Group's commitment towards the two Fonds d'Avenir Automobile (FAA - tier 1 and tier 2), two funds set up to support automotive equipment

manufacturers. The Group's total commitment to FAA amounted to €204 million. At 31 December 2017, the Group had already paid €148 million into these two funds.

C. Non-cancellable lease commitments

PERIODS

<i>(in million euros)</i>	31 December 2018	31 December 2017
2018	-	446
2019	316	272
2020	253	242
2021	225	175
2022	175	129
2023	157	112
2024	128	-
Subsequent years	555	491
TOTAL NON-CANCELLABLE LEASE COMMITMENTS	1,809	1,867

Non-cancellable leases are entered into in the normal course of business and consist mainly of leases on commercial property and vehicles. The lease terms reflect local practices in each country.

NOTE 8 OTHER NON-CURRENT ASSETS AND OTHER NON-CURRENT LIABILITIES

8.1. OTHER NON-CURRENT ASSETS

<i>(in million euros)</i>	Notes	31 December 2018	31 December 2017
Excess of payments to external funds over pension obligations	6.1.E	640	630
Units in the FAA fund		48	69
Derivative instruments		8	6
Guarantee deposits and other		564	607
TOTAL		1,260	1,312

The Group has invested in the two "Fonds d'Avenir Automobile" (FAA - tier 1 and tier 2). The Group has committed €204 million to these two funds, €148 million of which has been paid to date. These units have been classified as "at fair value through profit or loss" in

accordance with IFRS 9 (see Note 11.8.C.(2)). They are reported as non-current assets because of the lock-up applicable to the Group's investment.

8.2. OTHER NON-CURRENT LIABILITIES

(in million euros)	Notes	31 December 2018	31 December 2017
Liabilities related to vehicles sold with a buyback commitment	4.1.A.(1).(a)	4,667	4,180
Other		259	100
TOTAL		4,926	4,280

NOTE 9 CURRENT AND NON-CURRENT PROVISIONS

Accounting policies

In accordance with **IAS 37 - Provisions, Contingent Liabilities and Contingent Assets**, a provision is recognised when, at the statement of financial position date, the Group has a present obligation towards a third party, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and no inflow of resources of an equivalent amount is expected. Provisions for restructuring costs are recognised only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed formal plan.

In application of **IFRIC - 21 Levies charged by public authorities**, taxes levied by public authorities are recognised as of the date of their tax generating event.

Provisions are discounted only when the effect is material. In this case, the discount rate is based on a risk-free rate.

Warranties

Under IFRS 15, as previously, when warranties provided to customers are designed to cover defects in the vehicles sold, a provision is recorded to cover the estimated cost of vehicle and spare part warranties at the time of sale to independent dealer networks or end-customers.

(in million euros)	31 December 2017	Additions	Releases (utilisations)	Releases (unused provisions)	Recognised in equity during the period	Change in scope of consolidation and other	31 December 2018
Pensions (Note 6.1.E)	1,393	212	(90)	(7)	(135)	(190)	1,183
Other employee benefit obligations and other	203	37	(45)	(12)	(4)	30	209
TOTAL NON-CURRENT PROVISIONS	1,596	249	(135)	(19)	(139)	(160)	1,392
Warranties	1,446	913	(674)	(110)	-	(12)	1,563
Commercial and tax claims and litigations	718	185	(94)	(79)	-	43	773
Restructuring plans ⁽¹⁾	1,321	586	(540)	(14)	-	20	1,373
Long-term and operating contract losses	466	408	(298)	(25)	-	(47)	504
Other	831	256	(166)	(45)	-	(24)	852
TOTAL CURRENT PROVISIONS	4,782	2,348	(1,772)	(273)	-	(20)	5,065

(1) The main additions for restructuring plans in 2018 are discussed in Note 4.4.B.

The provision for warranties mainly concerns sales of new vehicles, where the contractual obligations generally cover two years.

It corresponds to the expected cost of warranty claims related to vehicles and replacement parts. The amount expected to be

recovered from suppliers is recognised as an asset, under "Miscellaneous other receivables" (Note 5.3.A).

Provisions for tax claims concern a number of claims on operating taxes primarily outside France notably in Brazil.

NOTE 10 INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

The share in earnings of equity-accounted companies represents the Group's share of the earnings of those companies, plus any impairment of investments in equity-accounted companies.

Gains on disposals of investments in equity-accounted companies are recorded in operating income.

Equity-accounted companies include:

- joint ventures in the automotive activities with Dongfeng Motor Group (see Note 10.4.A) and Changan (see Note 10.4.B), located in China;
- finance companies in partnership with:
 - Santander Consumer Finance covering the financing of the Peugeot, Citroën and DS brands' operations in the following countries: France, the United-Kingdom, Malta, Spain, Switzerland, Italy, the Netherlands, Belgium, Germany, Austria, Brazil and Poland (see Note 10.4.C),
 - BNP Paribas covering the financing of the Opel and Vauxhall brands' operations in the following countries: Germany, France, the Netherlands, the United-Kingdom, Sweden and Switzerland (see Note 10.4.D),

- as well as the joint company with Dongfeng Motor Group in China;

- the companies over which the Group has significant influence, mainly GEFCO and Peugeot Scooters.

On 20 December 2018, GEFCO S.A. filed a prospectus (Document de Base) with the French securities regulator (*Autorité des Marchés Financiers*) with a view to an initial public offering. Groupe PSA, which currently holds 24.96% of GEFCO's share capital, intends to reduce its stake to less than 10% of share capital, while undertaking to retain the remaining balance of its investment for a period of two years. Groupe PSA would retain a seat on the Supervisory Board of GEFCO S.A., thus preserving its significant influence.

10.1. CHANGES IN THE CARRYING AMOUNT OF INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

(in million euros)

	31 December 2018	31 December 2017
At beginning of period	3,472	3,014
Dividends and profit transfers	(145)	(369)
Share of net earnings	(44)	217
Newly consolidated companies ⁽¹⁾	13	555
Capital increase (reduction) ⁽²⁾	210	57
Changes in scope of consolidation and other	(37)	108
Translation adjustment	(25)	(110)
AT PERIOD-END	3,444	3,472
O/w Dongfeng Peugeot Citroën Automobile goodwill	76	75
O/w Dongfeng Peugeot Citroën Automobile Finance Company Ltd goodwill	3	2
O/w Saipa Citroën Company goodwill	-	90
O/w GEFCO goodwill	57	57

(1) Concerns mainly companies in partnership with BNP Paribas in 2017.

(2) Concerns mainly companies in partnership with Santander in 2018.

10.2. SHARE IN NET ASSETS OF EQUITY-ACCOUNTED COMPANIES

(in million euros)	Latest% interest	31 December 2018	31 December 2017
Dongfeng Motor Company cooperation agreement:		645	897
> Dongfeng Peugeot Citroën Automobile ⁽¹⁾			
> Dongfeng Peugeot Citroën Automobile Sales Co	50%	645	885
> Dongfeng Peugeot Citroën International Co	50%	-	12
Changan cooperation agreement: Changan PSA Automobiles Co., Ltd	50%	(65)	(190)
> Saipa Citroën Company ⁽¹⁾	50%	-	140
> Other		10	11
Other		10	151
Automotive		590	858
Automotive equipment		144	136
> GEFCO ⁽¹⁾	25%	166	156
> Peugeot Scooters	49%	(11)	-
Other activities		155	156
Manufacturing and sales activities		889	1,150
Finance companies in partnership with Santander Consumer Finance	50%	1,685	1,535
Finance companies in partnership with BNP Paribas	50%	588	493
Dongfeng Peugeot Citroën Automobile Finance Company Ltd ⁽¹⁾	25%	99	88
Finance activities		2,372	2,116
TOTAL		3,261	3,266

(1) Including goodwill (see Note 10.1)

The share in net assets of equity-accounted companies breaks down into €3,444 million (€3,472 million at 31 December 2017) for companies with positive net equity, reported under "Investments in companies at equity" less €183 million (€206 million at 31 December 2017) for companies with negative net equity.

10.3. SHARE IN NET EARNINGS OF EQUITY-ACCOUNTED COMPANIES

(in million euros)	Latest% interest	31 December 2018	31 December 2017
Dongfeng Motor Company cooperation agreement:		(234)	(30)
> Dongfeng Peugeot Citroën Automobile ⁽¹⁾	50%	(110)	(14)
> Dongfeng Peugeot Citroën Automobile Sales Co	50%	(124)	(16)
Changan cooperation agreement: Changan PSA Automobiles Co., Ltd	50%	(68)	(24)
> Iran Khodro Automobiles Peugeot	50%	-	(2)
> Saipa Citroën Company ⁽¹⁾	50%	(148)	-
Other		2	1
Other		(146)	(1)
Automotive		(448)	(55)
Automotive equipment		31	35
> GEFCO ⁽¹⁾	25%	24	17
> Peugeot Scooters	49%	(11)	(6)
Other activities		13	11
Manufacturing and sales activities		(404)	(9)
Finance companies in partnership with Santander Consumer Finance	50%	241	201
Finance companies in partnership with BNP Paribas	50%	106	8
Dongfeng Peugeot Citroën Automobile Finance Company Ltd ⁽¹⁾	25%	13	17
Finance activities		360	226
TOTAL		(44)	217

(1) Including goodwill (see Note 10.1)

10.4. KEY FINANCIAL DATA OF EQUITY-ACCOUNTED COMPANIES

The detailed data about the equity-accounted companies are the following.

A. Dongfeng Motor Group cooperation agreement in the Automotive activities

Groupe PSA and Dongfeng Motor Group have two joint ventures:

- Dongfeng Peugeot Citroën Automobile (DPCA), based in Wuhan, which is subject to joint control and is qualified for accounting purposes as a joint venture. It manufactures motor vehicles under the Dongfeng Peugeot, Dongfeng Citroën brands in China and Fengshen brand;

- Dongfeng Peugeot Citroën Automobile Sales Co (DPCS), based in Wuhan, over which the Group has significant influence. It markets in China the vehicles produced by DPCA.

The amounts below represent the combined financial statements of DPCA and DPCS.

EARNINGS ITEMS AT 100%

	in million euros		in million yuans	
	2018	2017	2018	2017
Revenue	3,652	5,404	28,339	41,355
Recurring operating income (loss)	(244)	59	(1,918)	498
Operating income (loss)	(490)	(138)	(3,858)	(1,060)
<i>Of which depreciation and impairment</i>	(191)	(548)	(1,484)	(4,172)
Net financial income (loss)	10	51	75	384
Income taxes	12	26	96	211
PROFIT (LOSS) OF THE PERIOD	(468)	(61)	(3,687)	(465)
Group's share in the profit (loss) of the period (Share in net earnings of companies at equity)	(234)	(30)		
Income and expenses recognised in equity, net	-	-		
Other information				
Net dividend received from the joint venture(s) by Groupe PSA	-	200		

STATEMENT OF FINANCIAL POSITION'S ITEMS AT 100%

	in million euros		in million yuans	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Assets				
Non-current assets	2,347	2,728	18,490	21,295
Current assets	1,040	2,666	8,185	20,806
<i>Of which cash and cash equivalents</i>	213	1,691	1,675	13,196
Liabilities				
Non-current liabilities (excluding equity)	35	43	277	338
<i>Of which non-current financial liabilities</i>	35	43	277	338
Current liabilities	2,213	3,731	17,429	29,106
<i>Of which current financial liabilities</i>	476	511	3,749	3,985
Equity	1,139	1,620	8,969	12,657
Transition table				
Equity	1,139	1,620		
% of interest	50%	50%		
Group's share in equity	569	810		
Goodwill	76	75		
Investments in company at equity	645	885		

B. Changan cooperation agreement

Since 2011, Groupe PSA and Changan have owned a joint venture known as Changan PSA Automobile (CAPSA), based in Shenzhen, subject to joint control and classified for accounting purposes as a

joint venture. It manufactures and markets motor vehicles under the DS brand in China.

EARNINGS ITEMS AT 100%

	in million euros		in million yuans	
	2018	2017	2018	2017
Revenue	125	133	972	1,014
Recurring operating income (loss)	(8)	(11)	(65)	(83)
Operating income (loss)	(105)	(14)	(815)	(104)
<i>Of which depreciation and impairment</i>	(6)	(8)	(47)	(63)
Net financial income (loss)	(31)	(28)	(242)	(213)
Income taxes	-	(6)	-	(44)
PROFIT (LOSS) OF THE PERIOD	(136)	(48)	(1,057)	(361)
Group's share in the profit (loss) of the period (Share in net earnings of companies at equity)	(68)	(24)		
Income and expenses recognised in equity, net	-	-		
Other information				
Net dividend received from the joint venture(s) by Groupe PSA	-	-		

STATEMENT OF FINANCIAL POSITION'S ITEMS AT 100%

	in million euros		in million yuans	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Assets				
Non-current assets	324	442	2,539	3,442
Current assets	148	141	1,169	1,100
<i>Of which cash and cash equivalents</i>	36	62	280	480
Liabilities	-	-	-	-
Non-current liabilities (excluding equity)	204	272	1,603	2,120
<i>Of which non-current financial liabilities</i>	204	272	1,603	2,120
Current liabilities	398	691	3,132	5,390
<i>Of which current financial liabilities</i>	169	379	1,332	2,954
Equity	(130)	(380)	(1,027)	(2,968)
Transition table				
Equity	(130)	(380)		
% of interest	50%	50%		
Group's share in equity	(65)	(190)		
Goodwill	-	-		
Impairment on various assets and liabilities' items	(65)	(190)		

C. Santander agreement in the financing activities

The combined financial statements of all the joint ventures with Santander are presented in summary form in the tables below. The scope of the partnership with Santander includes at 31 December 2018 eleven European countries as well as Brazil.

EARNINGS ITEMS AT 100%

<i>In million euros</i>	2018	2017
Net banking revenue	1,121	1,041
General operating expenses and others	(384)	(380)
Gross operating income	737	661
Cost of risk	(23)	(58)
Operating income	714	603
Non operating items	(11)	(12)
Income taxes	(219)	(190)
PROFIT (LOSS) FOR THE PERIOD	484	401
Group's share in the profit (loss) of the period (Share in net earnings of companies at equity)	242	201
Income and expenses recognised in equity, net	(15)	(3)
Other information		
Net dividend received from the joint venture(s) by Groupe PSA	105	136

STATEMENT OF FINANCIAL POSITION'S AT 100%

<i>In million euros</i>	31 December 2018	31 December 2017
Customer loans and receivables	27,940	24,605
Other assets	2,916	2,639
TOTAL ASSETS	30,856	27,244
Financing liabilities	22,038	18,978
Other liabilities	5,455	5,199
Equity	3,363	3,067
TOTAL LIABILITIES	30,856	27,244

D. BNP Paribas agreement in the financing activities

The combined financial statements of all the joint ventures with BNP Paribas are presented in summary form in the tables below. The scope of the partnership with BNP Paribas includes at 31 December 2018 six European countries.

EARNINGS ITEMS AT 100%

<i>In million euros</i>	2018	2017
Net banking revenue	515	66
General operating expenses and others	(249)	(43)
Gross operating income	266	23
Cost of risk	(15)	(1)
Operating income	251	22
Non operating items	28	-
Income taxes	(68)	(6)
PROFIT (LOSS) FOR THE PERIOD	211	16
Group's share in the profit (loss) of the period (Share in net earnings of companies at equity)	106	8
Income and expenses recognised in equity, net	(2)	-
Other information		
Net dividend received from the joint venture(s) by Groupe PSA	-	-

STATEMENT OF FINANCIAL POSITION'S ITEMS AT 100%

(in million euros)	31 December 2018	31 December 2017
Customer loans and receivables	9,817	9,157
Other assets	551	1,020
TOTAL ASSETS	10,368	10,177
Financing liabilities	7,549	7,133
Other liabilities	1,641	2,057
Equity	1,178	987
TOTAL LIABILITIES	10,368	10,177

10.5. RELATED PARTY TRANSACTIONS - EQUITY-ACCOUNTED COMPANIES

Transactions with equity-accounted companies are billed on arm's length terms.

Sale and purchase transactions carried out by the consolidated manufacturing and sales companies with equity-accounted companies are as follows:

(in million euros)	2018	2017
Sales to manufacturing and sales companies ⁽¹⁾	364	675
Sales and assignments to companies in partnership with Santander	5,404	5,171
Purchases ⁽²⁾	(2,630)	(2,257)

(1) of which €294 million in sales to companies in partnership with DPCA (€546 million in 2017).

(2) of which €1,942 million in purchases from GEFCO (€1,856 million in 2017).

Receivables and payables with equity-accounted companies are as follows:

(in million euros)	31 December 2018	31 December 2017
Long-term loans	-	48
Loans - due within one year	16	116
Accounts receivable	147	318
Accounts payable	(176)	(364)

Dealings between Groupe PSA and the Finance companies are largely unchanged following Santander's investment in the joint ventures.

NOTE 11 FINANCING AND FINANCIAL INSTRUMENTS - MANUFACTURING AND SALES COMPANIES

11.1. ACCOUNTING POLICIES

The principles governing the measurement of financial assets and liabilities within the meaning of IAS 32 and IFRS 9 are described in Note 11.8.

11.2. NET FINANCIAL INCOME (EXPENSE)

(in million euros)	2018	2017
Interest income ⁽¹⁾	19	42
Finance costs	(288)	(208)
Other financial income	159	121
Other financial expenses	(346)	(196)
NET FINANCIAL INCOME (EXPENSE)	(456)	(241)

(1) Including €9 million for the Automotive Division and Other businesses (€30 million in 2017).

A. Finance costs

Finance costs are actual expense less the capitalised portion of assets in development.

(in million euros)	2018	2017
Financial costs	(301)	(337)
Foreign exchange gain (loss) on financial transactions and other	(72)	2
Finance costs incurred	(373)	(335)
<i>Of which Automotive Division and Other businesses</i>	(249)	(216)
Capitalised borrowing costs	85	127
TOTAL	(288)	(208)

Capitalised borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an item of property, plant and equipment or an intangible asset that takes at least twelve months to get ready for its intended use are capitalised as part of the cost of that asset (the "qualifying asset"). Group inventories do not meet the definition of qualifying assets under **IAS 23 – Borrowing Costs** and their carrying amount does not therefore include any borrowing costs.

When funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation corresponds to the actual borrowing costs incurred during the period less any investment income on the temporary investment of any borrowed funds not yet used.

When funds borrowed for general corporate purposes are used to obtain a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate equal to the weighted average borrowing costs for the period of the operating segment that obtains the qualifying asset.

FINANCE COSTS INCURRED, NET OF INTEREST INCOME

(in million euros)	2018	2017
Finance costs incurred	(373)	(335)
<i>Of which Automotive Division and Other businesses</i>	(249)	(216)
Interest income	19	42
<i>Of which Automotive Division and Other businesses</i>	9	31
TOTAL	(354)	(293)
<i>Of which Automotive Division and Other businesses</i>	(240)	(185)

B. Other financial income and expenses

(in million euros)	2018	2017
Expected return on pension funds	18	21
Other financial income	141	100
FINANCIAL INCOME	159	121
Interest cost on employee benefit obligations	(23)	(20)
Ineffective portion of the change in fair value of financial instruments	(97)	(28)
Other financial expenses	(226)	(148)
FINANCIAL EXPENSE	(346)	(196)

11.3. NET FINANCIAL POSITION (NET DEBT) OF MANUFACTURING AND SALES COMPANIES

Net financial position (net debt) of the manufacturing and sales companies is a financial indicator not defined by IFRS. According to the Group's definition, it is equal to the financial liabilities net of financial assets used as collateral, or that may be utilised to redeem these liabilities, as well as those assigned to specific expenses of the manufacturing and sales companies. This definition remains unchanged from the date of first adoption of

IFRS in the Group. The share of these financial assets not readily available is not taken into consideration in the financial security of the manufacturing and sales companies (see Note 11.4).

Financial assets and liabilities with maturities of more than one year at the statement of financial position date are classified as non-current. All other assets and liabilities are reported as current.

A. Composition of net financial position (net debt)

(in million euros)	31 December 2017	Net decrease in cash and cash equivalents	Change in scope of consolidation	Remeasurement of equity	Exchange rate fluctuations	Other changes	31 December 2018
Non-current financial liabilities	(4,778)	(1,155)	(17)	-	16	677	(5,257)
Current financial liabilities	(2,531)	987	(20)	-	76	(694)	(2,182)
Other non-current financial assets	487	230	(15)	(5)	4	(17)	684
Current financial assets	1,269	(443)	3	-	8	5	842
Financial investments	165	(115)	-	-	-	-	50
Cash and cash equivalents	11,582	3,379	-	-	-	-	14,961
(NET DEBT) NET FINANCIAL POSITION⁽¹⁾	6,194	2,883	(49)	(5)	104	(29)	9,098
Of which external loans and borrowings	6,186						9,097
Of which financial assets and liabilities with finance companies	8						1
(1) Of which Peugeot Citroën DS, Opel Vauxhall Automotive segments and Other Businesses	6,840						9,643

B. Change in net financial position (net debt)

In 2018, the Group kept up the proactive refinancing strategy and conservative liquidity policy described in Note 11.7.A.

The manufacturing and sales companies have strongly increased their net financial position.

Net cash from operating activities for the year totalled positive €8,222 million, representing funds from operations of €6,615 million plus the positive impact of a €1,607 million in working capital. Changes in working capital are discussed in Note 5.4.A.

These various cash inflows and outflows have resulted in a strong increase in the net financial position of €2,904 million, which breaks down as follows:

- cash and cash equivalents increased by €3,494 million;
- net debt before cash and cash equivalents increased by €631 million as a result of the following variations:

(in million euros)	2018	2017
Increase in borrowings	1,647	1,046
Repayment of borrowings and conversion of bonds	(1,258)	(731)
(Increase) decrease in non-current financial assets	(232)	169
(Increase) decrease in current financial assets	557	(548)
Increase (decrease) in current financial liabilities	(83)	107
	631	43
Net cash flows with Group finance companies	-	(7)
TOTAL	631	42

Increase in borrowings in the amount of €1,647 million notably includes bonds issue by Peugeot S.A. of €650 million on 20 March 2018, various long-term borrowings for around €388 million by Peugeot Citroën do Brasil Ltda (see Note 11.6.A) as well as an increase in Faurecia's bank borrowings for the acquisition of Clarion Co. Ltd.

Debt repayments in the amount of €1,258 million include notably the repayment by Peugeot S.A. of €558 million in 2013 bonds upon maturity in March 2018.

Furthermore, the non-cash changes represented a decrease of €41 million in the net debt of the Group.

Investments for the period in property, plant and equipment and intangible assets amounted to €4,244 million. Other net investment and financing needs for the year stood at €1,094 million. This amount includes in particular the payment of €474 million in dividends to Peugeot S.A. shareholders, as well as €704 million in capital increases and acquisitions of consolidated companies and equity investments.

11.4. FINANCIAL SECURITY

Financial security is made up of available cash, other readily available financial assets and undrawn credit lines.

€842 million (€1,241 million at 31 December 2017) and €568 million (€334 million at 31 December 2017) in current and non-current financial assets respectively were included in the calculation of financial security, representing a total of €1,410 million (€1,575 million at 31 December 2017).

(in million euros)	Notes	31 December 2018	31 December 2017
Cash and cash equivalents ⁽¹⁾	11.5.C	14,961	11,582
Financial investments	11.5.B	50	165
Current & non current financial assets		1,410	1,575
Total		16,421	13,322
Lines of credit (undrawn) – excluding Faurecia		3,000	3,000
Lines of credit (undrawn) – Faurecia		1,950	1,200
TOTAL FINANCIAL SECURITY		21,371	17,522
<i>of which Faurecia</i>		<i>4,211</i>	<i>2,849</i>

(1) of which €42 million in Argentina (€43 million at 31 December 2017).

(2) including the bridge loan of €750 million established in 2018 by Faurecia during the acquisition of Clarion Co. Ltd and undrawn as at 31 December 2018.

Undrawn syndicated lines of credit

The Group's manufacturing and sales companies have the following additional borrowing capacity under revolving lines of credit expiring at various dates through to 2023:

(in million euros)	31 December 2018	31 December 2017
Peugeot S.A. and GIE PSA Trésorerie	3,000	3,000
Faurecia	1,950	1,200
UNDRAWN CONFIRMED LINES OF CREDIT	4,950	4,200

Groupe PSA signed, on 24 May 2018, with its banking partners, an amendment of its €3 billion syndicated credit facility.

This amendment improves the economic conditions of this credit facility, signed on 8 April 2014 and amended on 10 November 2015, and extends its maturity. Thus, Groupe PSA benefits from better financial security conditions with a unique €3 billion tranche maturing in May 2023, and two optional one-year extensions. This credit facility was undrawn at the period-end.

The drawing of this facility is subject to the respect of:

- a level of net debt of manufacturing and sales companies of less than of €6 billion;
- a ratio of the net debt of manufacturing and sales companies to consolidated equity of less than 1.

The net debt (net financial position) of manufacturing and sales companies is defined and disclosed in Note 11.3. The Group's equity is that listed under "Total Equity" in liabilities.

Both covenants were complied at 31 December 2018.

Faurecia's additional borrowing capacity, independent from that of Peugeot S.A., totals €1,950 million from two sources: (i) a syndicated credit facility of €1,200 million and (ii) a bridge loan of €750 million with a one-year maturity, established during the acquisition of Clarion Co. Ltd.

The December 2019 due date of the syndicated credit facility signed on 15 December 2014, consisting of a single tranche of €1,200 million, was deferred to June 2023 with two one-year extension options following the signature of an amendment on 15 June 2018.

At 31 December 2018, this credit facility as well as the bridge loan remained undrawn.

11.5. BREAKDOWN OF FINANCIAL ASSETS

A. Other non-current and current financial assets

(in million euros)	31 December 2018		31 December 2017	
	Non-current	Current	Non-current	Current
Financial assets classified as "at amortised cost"	259	841	255	1,261
Financial assets classified as "at fair value through profit or loss"	425	1	232	8
TOTAL FINANCIAL ASSETS, NET	684	842	487	1,269

B. Financial investments

Short-term investments are investments of surplus cash flows for which the remaining maturity and investment horizon is less than 12 months. They total €50 million (€165 million as of 31 December 2017).

C. Cash and cash equivalents

Cash primarily represents cash in bank current accounts, and excludes bank overdrafts. Cash equivalents consist primarily of cash investments and negotiable debt securities that are readily convertible to known amounts of cash, subject to an insignificant risk of change in value and held in order to meet short-term cash commitments with an original maturity of three months or less according to IAS 7.

Cash and cash equivalents include the following items:

(in million euros)	31 December 2018	31 December 2017
Mutual fund units and money market securities	11,537	8,719
Cash and current account balances	3,424	2,863
Total - manufacturing and sales companies	14,961	11,582
<i>of which deposits with Finance companies</i>	<i>(1)</i>	<i>(8)</i>
TOTAL	14,960	11,574

Cash includes the proceeds from borrowings arranged to meet future financing needs.

At 31 December 2018, cash equivalents mainly included money mutual funds for €8,676 million (€4,610 million at 31 December 2017), bank deposits and overnight money market notes in the amount of €1,899 million (€1,489 million at 31 December 2017), and

commercial paper for €80 million (€104 million at 31 December 2017).

All of these instruments comply with the 'Committee of European Securities Regulators' (CESR) definition of Short-Term Money Market Funds.

11.6. BREAKDOWN OF FINANCIAL LIABILITIES

(in million euros)	Carrying amount at 31 December 2018		Carrying amount at 31 December 2017	
	Amortised cost or fair value		Amortised cost or fair value	
	Non-current	Current	Non-current	Current
Other bonds	4,021	499	3,835	651
Finance lease liabilities	90	25	147	27
Other long-term borrowings	1,144	408	795	452
Other short-term financing and overdraft facilities	-	1,239	-	1,399
Derivative instruments and other	2	11	1	2
TOTAL FINANCIAL LIABILITIES	5,257	2,182	4,778	2,531

A. Main financing transactions during the year

The financial risk management policy is set out in Note 11.7.A.

The main transactions during the year were as follows:

Bond issues by manufacturing and sales companies (excluding Faurecia)

On 20 March 2018, Peugeot S.A. issued bonds for €650 million maturing in March 2025, bearing an annual coupon of 2%.

In 2018, Peugeot Citroën do Brasil Ltda subscribed to various long-term borrowings by financial institutions for around €388 million.

B. Characteristics of bonds and other borrowings

(in million euros)	Carrying amount at 31 December 2018		Issuing	
	Non-current	Current	Currency	Due
Manufacturing and sales companies (excluding Faurecia)				
2003 bond issue - €600m	811	10	EUR	Q3/2033
2013 bond issue - €430m	-	457	EUR	Q1/2019
2016 bond issue - €500m	498	9	EUR	Q2/2023
2017 bond issue - €600m	597	9	EUR	Q1/2024
2017 bond issue - €100m	101	2	EUR	Q1/2024
2018 bond issue - €650m	644	10	EUR	Q1/2025

	Carrying amount at 31 December 2018		Issuing	
	Non-current	Current	currency	Due
<i>(in million euros)</i>				
Faurecia				
2016 bond issue - €700m	675	1	EUR	Q2/2023
2018 bond issue - €700m	695	1	EUR	Q2/2025
TOTAL BOND ISSUES	4,021	499		
Manufacturing and sales companies (excluding Faurecia) - euro-denominated loans				
EIB loan ⁽¹⁾ - €250m	243	3	EUR	Q1/2024
FDES loan ⁽¹⁾ - Zero coupon	24	-	EUR	Q1/2020
Borrowings - Morocco	58	-	EUR	Q4/2025
Borrowings - China	-	5	EUR	2019
Borrowings - Spain	99	20	EUR	2018 to 2026
Borrowings - Russia	4	3	EUR	Q2/2019
Borrowings - Other France	62	-	EUR	2021
Borrowings - Other ⁽²⁾	36	34	EUR	na
Manufacturing and sales companies (excluding Faurecia) - foreign currency loans				
Borrowings - Brazil	126	269	BRL	2018 to 2024
Borrowings - Russia	-	2	RUB	Q2/2019
Other borrowings	5	30	na	na
Faurecia				
Other borrowings	487	42	EUR / USD	2018 to 2024
TOTAL OTHER LONG-TERM BORROWINGS	1,144	408		

(1) EIB: European Investment Bank; FDES: French social and economic development fund.

(2) Concerns notably the Automotive segment Opel Vauxhall.

C. Characteristics of other short-term financing and overdraft facilities

(in million euros)	Issuing currency	Carrying amount at 31 December 2018	Carrying amount at 31 December 2017
Commercial paper	EUR	411	80
Short-term loans	N/A	509	464
Bank overdrafts	N/A	212	332
Payments issued ⁽¹⁾	N/A	23	93
Factoring liabilities on assets that have not been derecognised	N/A	84	430
TOTAL		1,239	1,399

(1) This item corresponds to payments issued but not yet debited from the bank accounts, as the due date was not a bank business day.

D. Finance lease liabilities

The present value of future payments under finance leases can be analysed as follows by maturity:

	31 December 2018	31 December 2017
<i>(in million euros)</i>		
Less than 1 year	-	31
1 to 5 years	91	76
Subsequent years	30	77
	121	184
Less interest portion	(6)	(10)
PRESENT VALUE OF FUTURE LEASE PAYMENTS	115	174
Of which short-term	25	27
Of which long-term	90	147

E. Financing by the assignment of receivables

The Automotive sectors and Faurecia meet part of their financing needs by selling receivables to financial institutions. The financing of receivables in the Peugeot Citroën DS and Opel Vauxhall Automotive sectors' dealer networks by financing companies in partnership with Santander and BNP Paribas totalled €7,331 million (€6,982 million at 31 December 2017).

The sold receivables are derecognised when they meet the criteria specified in Note 5.2.

Other financing through the sale of receivables is as follows:

	31 December 2018		31 December 2017	
	Total receivables sold to non-Group financial institutions	Portion sold but not derecognised	Total receivables sold to non-Group financial institutions	Portion sold but not derecognised
<i>(in million euros)</i>				
Portion financed by third party financial institution				
Financed portion⁽¹⁾	3,591	239	3,094	456
▸ of which Faurecia Group	825	69	833	68

(1) The financed portion of the receivables corresponds to the portion that gives rise to a cash inflow.

Furthermore, Peugeot S.A. sold and derecognised in 2018 its claim on the French State under the tax credit for competitiveness and employment (crédit d'impôt pour la compétitivité et l'emploi - CICE), for a total of €65 million. The cash proceeds at 31 December 2018 amounted to €64 million.

Besides, Faurecia sold and derecognised its French research tax credits (credit d'impôt recherche - CIR) and its French tax credit for

competitiveness and employment (crédit d'impôt pour la compétitivité et l'emploi - CICE), for a total of €109 million. The cash proceeds received at 31 December 2018 amounted to €107 million.

The sale of receivables constitutes usual short-term financing.

No transaction was carried out in December 2018 outside of the sale of receivables programme.

11.7. MANAGEMENT OF FINANCIAL RISKS

A. Financial risk management policy

In the course of its business, Groupe PSA is exposed to liquidity risks, as well as interest rate, counterparty, currency and other market risks arising, in particular, from changes in commodity prices and equity prices. The Group's financial risk management policy applies in full in 2018 to the operations of the Opel Vauxhall entities.

(1) Liquidity risk

In the prevailing economic environment, the Group continued with its diversified, proactive financing strategy and conservative liquidity policy in order to meet its general financing needs, particularly the financing of its business and of its development projects. The financing strategy is defined by the Managing Board, and implemented under the direction of the Chief Financial Officer with the Corporate Finance & Treasury Department and submitted to the Supervisory Board's Finance and Audit Committee. The Group's cash forecasts, financing needs and interest income and expenses, as well as the level of financial security are reviewed at monthly meetings of the Treasury and Foreign Exchange Committee chaired by the Chief Financial Officer. The financing plan is implemented by the Corporate Finance & Treasury Department.

Pursuant to this policy, the Group:

- issues bonds under an EMTN programme;
- has recourse to bank borrowings in France and abroad;
- sells receivables;
- arranges confirmed lines of credit for its financial security;
- and, where necessary, issues convertible bonds.

The Group could also raise funds by a capital increase.

This financing policy allows it to seize market opportunities to pre-finance itself and to thereby optimise its financial security.

At 31 December 2018, the net financial position of the manufacturing and sales companies was €9,098 million compared to a €6,194 million net financial position at 31 December 2017. The breakdown of the net financial position can be found in Note 11.3.A, and changes thereto in Note 11.3.B. The repayment schedule of financial liabilities is set out in the table below. In June 2010, Peugeot S.A. put in place a €5 billion EMTN programme, €2.3 billion of which had been drawn down at end-December 2018.

At 31 December 2018, the manufacturing and sales companies had financial security of €21,371 million (see Note 11.4) compared to €17,522 million at end-December 2017.

It covers all currently anticipated financing needs for the manufacturing and sales companies over the coming 12 months.

Contractual repayment schedule of financial liabilities and derivative instruments - manufacturing and sales companies

The following table shows undiscounted cash flows from financial liabilities and derivative instruments. They include principal repayments as well as future contractual interest payments. Foreign currency cash flows and variable or indexed cash flows have been determined based on market data at the year-end.

31 December 2018 (in million euros)	Undiscounted contractual cash flows						
	Assets	Liabilities	2019	2020	2021	2022	2023 > 5 years
Financial liabilities							
Bonds - principal repayments							
Manufacturing and sales companies - excluding Faurecia		(3,081)	(631)	-	-	-	(500) (1,950)
Faurecia		(1,370)	30	-	-	-	(700) (700)
Other long-term debt - principal repayments							
Manufacturing and sales companies - excluding Faurecia		(1,020)	(348)	(73)	(124)	(50)	(41) (384)
Faurecia		(529)	278	(85)	(8)	(290)	(205) (219)
Total bonds and other borrowings							
Manufacturing and sales companies - excluding Faurecia		(4,101)	(979)	(73)	(124)	(50)	(541) (2,334)
Faurecia		(1,899)	308	(85)	(8)	(290)	(905) (919)
Total interest on bonds and other borrowings							
Manufacturing and sales companies - excluding Faurecia		(70)	(70)	-	-	-	- -
Faurecia		(2)	(2)	-	-	-	- -
Finance lease liabilities		(91)	(91)	-	-	-	- -
Derivative instruments							
Total derivative instruments	122	(81)	41	-	-	-	- -
TOTAL	122	(6,244)	(793)	(158)	(132)	(340)	(1,446) (3,253)

Covenants

None of the borrowings of the manufacturing and sales companies excluding Faurecia is subject to specific acceleration clauses based on minimum credit ratings. In some cases, the borrowings of manufacturing and sales companies are subject to clauses whereby the borrower gives the lenders certain guarantees that are commonly required within the automotive industry. They include:

- negative pledge clauses whereby the borrower undertakes not to grant any collateral to any third parties. These clauses nevertheless carry certain exceptions;
- "material adverse changes" clauses, which apply in the event of a major negative change in economic conditions;
- "pari passu" clauses, which ensure that lenders enjoy at least the same treatment as other creditors;
- "cross-default" clauses, whereby if one loan goes into default other loans become repayable immediately;
- clauses whereby the borrower undertakes to provide regular information to the lenders;
- clauses whereby the borrower undertakes to comply with applicable legislation;
- change of control clauses.

In addition, the European Investment Bank (EIB) loans are dependent on the Group carrying out the projects being financed and, in some cases, require the Group to pledge a minimum amount of financial assets.

All of these clauses were complied with in 2018.

Drawing on the €3 billion syndicated credit facility established in April 2014 and amended in May 2018 (see Note 11.4) is subject to compliance with:

- a level of net debt of manufacturing and sales companies of less than of €6 billion;
- a ratio of the net debt of manufacturing and sales companies to consolidated equity of less than 1.

The net debt of manufacturing and sales companies is defined and disclosed in Note 11.3. The Group's equity is that listed under "Total Equity" in liabilities.

The €1,200 million syndicated line of credit arranged on 15 December 2014 by Faurecia and amended in June 2018, comprising only one €1,200 million tranche expiring in June 2023 (see Note 11.4), contains only one covenant setting limits on debt.

Adjusted net debt* / EBITDA** maximum

2.50

* Consolidated net debt

** EBITDA: Faurecia's Earnings Before Interest, Tax, Depreciation and Amortisation for the last 12 months.

The compliance with this ratio is a condition to the availability of this credit facility. As of 31 December 2018, Faurecia complied with this ratio.

(2) Interest rate risks

Trade receivables and payables are due within one year and their value is not affected by the level of interest rates.

Cash reserves and short-term financing needs of manufacturing and sales companies - excluding Automotive Equipment companies -

are mainly centralised at the level of GIE PSA Trésorerie, which invests net cash reserves on the financial markets. These short-term instruments are indexed to variable rates or at fixed rates.

The gross borrowings of manufacturing and sales companies - excluding Automotive Equipment companies - consist mainly of fixed-rate long-term loans. The proportion of the manufacturing and sales companies' borrowings - excluding Automotive Equipment companies - at variable rates of interest is now less than 1%, based on the principal borrowed.

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Faurecia independently manages hedging of interest rate risks on a centralised basis. Such management is implemented through Faurecia's Finance and Treasury Department, which reports to its executive management. Hedging decisions are made by a Market Risk Committee that meets on a monthly basis. A significant part of the gross borrowings (syndicated credit facility for the drawn part, short-term loans and commercial paper as applicable) are at variable rates. The aim of the Faurecia Group's interest rate hedging policy is to reduce the impact of changes in short-term rates on earnings. The hedges arranged comprise mainly euro-denominated interest rate swaps. In order to benefit from historically low interest

The net interest rate position of manufacturing and sales companies is as follows:

rates, 2- and 3-year maturity hedges have been set up. These hedges cover a part of the interest on variable rate borrowings, due in 2018 and first quarter of 2019, against a rise in interest rates.

Some of Faurecia's derivative instruments have qualified for hedge accounting under IFRS 9 since 2008. The other derivative instruments purchased by Faurecia represent economic hedges of interest rate risks on borrowings but do not meet the criteria in IFRS 9 for the application of hedge accounting.

Faurecia is the only entity that holds cash flow hedges of interest rate risks.

		31 December 2018			
(in million euros)		Intraday to 1 year	2 to 5 years	Beyond 5 years	Total
Total assets	Fixed rate	939	135	235	1,309
	Variable rate	14,908	-	47	14,955
Total liabilities	Fixed rate	(786)	(1,501)	(3,243)	(5,530)
	Variable rate	(1,346)	(575)	(10)	(1,931)
NET POSITION BEFORE HEDGING	FIXED RATE	153	(1,366)	(3,008)	(4,221)
	VARIABLE RATE	13,562	(575)	37	13,024
Derivative financial instruments	Fixed rate	(4)	(157)	(25)	(186)
	Variable rate	4	157	25	186
NET POSITION AFTER HEDGING	FIXED RATE	149	(1,523)	(3,033)	(4,407)
	VARIABLE RATE	13,566	(418)	62	13,210

		31 December 2017			
(in million euros)		Intraday to 1 year	2 to 5 years	Beyond 5 years	Total
Total assets	Fixed rate	1,484	90	241	1,815
	Variable rate	11,565	-	-	11,565
Total liabilities	Fixed rate	(2,405)	(1,403)	(3,015)	(6,823)
	Variable rate	-	(213)	-	(213)
NET POSITION BEFORE HEDGING	FIXED RATE	(921)	(1,313)	(2,774)	(5,008)
	VARIABLE RATE	11,565	(213)	-	11,352
Derivative financial instruments	Fixed rate	(415)	383	-	(32)
	Variable rate	415	(383)	-	32
NET POSITION AFTER HEDGING	FIXED RATE	(1,336)	(930)	(2,774)	(5,040)
	VARIABLE RATE	11,980	(596)	-	11,384

(3) Counterparty and credit risks

The Automotive Division places significant emphasis on guaranteeing the security of payments for the goods and services delivered to customers. Relations with Peugeot Citroën and DS dealers are managed within the framework of the Banque PSA Finance sales financing system described below. Payments from other customers are secured by arrangements with leading counterparties that are validated by the Group Treasury Committee.

At Faurecia, the main counterparties are leading carmakers whose creditworthiness is tracked customer-by-customer.

Other counterparty risks concern investments of available cash and transactions involving currency, interest rate and commodity

derivatives. These two types of transactions are carried out solely with leading financial partners approved by the Group Treasury Committee. The related counterparty risks are managed through a system of exposure limits by amount and by commitment duration. The limits are determined according to a range of criteria including the results of specific financial analyses by counterparty, the counterparty's credit rating and the amount of its equity capital.

Available cash is invested either in money market securities issued by approved counterparties, or in mutual funds or deposit accounts. The bulk of money market securities in the portfolio are issued by leading banks and the remainder by non-financial sector issuers. Mutual funds are selected according to guidelines specifying

minimum fund credit ratings and maximum maturities of underlying assets. In addition, the amount invested in each fund is capped based on the fund's total managed assets.

Derivatives transactions are governed by standard ISDA or Fédération Bancaire Française (FBF) agreements and contracts with the most frequently used counterparties provide for weekly margin calls.

(4) Currency risk

The manufacturing and sales companies manage their foreign exchange positions on transactions denominated in foreign currencies with the objective of hedging the risk of fluctuations in exchange rates. Automotive Division currency risks are managed centrally, for the most part by PSA International S.A. (PSAI) under the supervision of executive management. All products used by PSAI are standard products covered by International Swaps and Derivatives Association (ISDA) Master Agreements.

The goal is to minimise Automotive Division exchange differences by systematically hedging as soon as the foreign currency invoices are booked.

Currency risks are managed by requiring manufacturing companies to bill sales companies in the latter's local currency (except in rare cases or where this is not allowed under local regulations). Currency risks on these intragroup billings are also hedged using forward foreign exchange contracts. In most cases, foreign currency intragroup loans of Automotive Division companies are also hedged.

The foreign currency policy includes the hedging of future flows for the Automotive Division. It consists of hedging the main net exposures to currencies of the Group, including Opel Vauxhall. These hedges are underpinned by governance rules and a strict decision-making process. They are classified as cash flow hedges under IFRS 9. The maximum horizon for these hedges is two years. The hedging ratios depend on the maturity.

At 31 December 2018, the Automotive Division had cash flow hedges on the following currencies: KRW, GBP, JPY, USD, PLN, CHF and CNY.

The Group does not hedge its net investment in foreign operations.

PSAI also carries out proprietary transactions involving currency instruments. These transactions are subject to very strict exposure limits and are closely monitored. They are the only non-hedging transactions carried out by companies in the Groupe PSA and have a very limited impact on consolidated profit.

The historical Value at Risk (VaR) method is used to identify and manage market risks. The historical VaR uses volatilities and exchange rates for the various currencies since the beginning of 2011. VaR represents the maximum possible loss on the portfolio, based on the confidence level. The confidence levels measured are 95% and 99%. For both of these confidence levels, applying historical VaR to the portfolio at 31 December 2018 would not have had a material impact on Group earnings. This method assumes that future VaR will follow the same trend as historical VaR. It does not provide an indication of the losses that would be incurred under an extreme stress scenario.

Currency risks relating to the commercial transactions of the Faurecia's subsidiaries are managed independently and centrally by Faurecia using forward purchase and sale contracts and options as well as foreign currency financing. Faurecia manages the hedging of currency risks through its Group Finance and Treasury Department, which reports to the executive management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis. Currency risks on forecasted transactions are hedged on the basis of estimated cash flows determined when budgets are prepared, validated by executive management. The related derivatives are classified as **Cash Flow Hedges** when there is a hedging relationship that satisfies the IFRS 9 criteria. Subsidiaries located outside the euro zone are granted intragroup loans in their functional currency. These loans are refinanced in euros, and the related currency risk is hedged by swaps.

Net position of the manufacturing and sales companies in the main currencies (open positions at 31 December)

The net position of the manufacturing and sales companies in the main foreign currencies versus the euro is as follows:

	31 December 2018								
	KRW	GBP	JPY	USD	PLN	CHF	CZK	Other	Total
(in million euros)									
Total assets	394	733	82	272	127	308	200	182	2,298
Total liabilities	(186)	(718)	(75)	(305)	(174)	(136)	(260)	(184)	(2,038)
Future transactions	(403)	882	(594)	193	(57)	589	(149)	(56)	405
NET POSITION BEFORE HEDGING	(195)	897	(587)	160	(104)	761	(209)	(58)	665
Derivative financial instruments	403	(1,048)	579	(178)	(28)	(869)	83	98	(960)
NET POSITION AFTER HEDGING	208	(151)	(8)	(18)	(132)	(108)	(126)	40	(295)

	31 December 2017								
	RUB	GBP	JPY	USD	PLN	CHF	CZK	Other	Total
(in million euros)									
Total assets	62	225	81	859	29	260	140	469	2,125
Total liabilities	(23)	(84)	(39)	(38)	(7)	(3)	(215)	(36)	(445)
Future transactions	13	1,775	(241)	30	5	388	(53)	(448)	1,469
NET POSITION BEFORE HEDGING	52	1,916	(199)	851	27	645	(128)	(15)	3,149
Derivative financial instruments	(35)	(1,882)	197	(773)	(30)	(645)	67	(73)	(3,174)
NET POSITION AFTER HEDGING	17	34	(2)	78	(3)	-	(61)	(88)	(25)

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A 5% increase or decrease in the year-end exchange rate of the main currencies in which the manufacturing and sales companies had open balance sheet positions at 31 December 2018 (see table below) would have the following direct impact on income before tax and equity:

(in million euros)	JPY / EUR	USD / EUR	PLN / EUR	CZK / EUR	GBP / EUR	CHF / EUR	KRW / EUR	Other
Hypothetical fluctuation against the euro	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
Impact on income before tax	-	5	4	3	6	5	(10)	(3)
Impact on equity	(5)	7	(10)	(4)	(43)	(28)	19	(3)

The following table shows the net position of the manufacturing and sales companies in the main foreign currencies versus the other currencies:

(in million euros)	31 December 2018				
	UAH / USD	USD / BRL	USD / ARS	USD / GBP	CNY / USD
Total assets	-	78	37	-	3
Total liabilities	(9)	(282)	(293)	(7)	-
Net position before hedging	(9)	(204)	(256)	(7)	3
Derivative financial instruments	-	221	239	-	-
NET POSITION AFTER HEDGING	(9)	17	(17)	(7)	3

(in million euros)	31 December 2017				
	UAH / USD	USD / BRL	USD / ARS	USD / GBP	CNY / USD
Total assets	-	72	18	-	5
Total liabilities	(11)	(58)	(197)	-	-
Net position before hedging	(11)	14	(179)	-	5
Derivative financial instruments	-	(19)	180	-	-
NET POSITION AFTER HEDGING	(11)	(5)	1	-	5

(5) Commodity risk

The Automotive Division's exposure to commodity risks is tracked jointly by the Purchasing Department and PSA International S.A. (PSAI), which is responsible for hedging the Group's currency, rate and commodity risks, while Faurecia's risks are managed independently. The Automotive Division's commodity risks are reviewed at quarterly intervals by a Metals Committee chaired by the Group's Chief Financial Officer. This Committee monitors hedging ratios, hedging gains and losses, reviews each quoted commodity that may have a material impact on the Group's operating income and sets hedging targets in terms of volumes and prices over periods of up to three years. The hedging ratios depend on the maturity. Cash flow hedges must qualify for hedge accounting under IFRS 9. In 2018, Opel Vauxhall was integrated within the scope of the hedging transactions.

The production costs of the Automotive Division and Faurecia are exposed to the risk of changes in certain raw materials prices, either as a result of their direct purchases or indirectly through the impact of these changes on their suppliers' costs. These raw materials are either industrial products such as steel and plastics whose prices and related adjustments are negotiated between buyers and vendors, or commodities directly traded on organised markets, such as aluminium, copper, lead or precious metals, for which the transaction price of the commodities or components is determined by direct reference to the prices quoted on the commodity market.

Part of the Automotive Division's exposure to fluctuations in commodity prices is hedged using derivative instruments traded on regulated markets. The aim of these hedges is to minimize the

impact of changes in commodity prices on physical deliveries for the Group's production needs.

In 2018, commodity hedges concerned purchases of aluminium, copper, lead, platinum and palladium. Hedging for electricity and gas purchases was also established in 2018.

For the Automotive Division, in the event of a 16% rise (fall) in base metals' prices (aluminium, copper and lead) and a 25% rise (fall) in precious metals' prices (platinum and palladium), the impact of the commodity hedges held at 31 December 2018 would have been a €71 million increase (decrease) in consolidated equity at 31 December 2018 (versus €59 million at 31 December 2017). As all commodity hedges qualified as cash flow hedges under IFRS 9, changes in the fair value of these instruments resulting from changes in the prices of the hedged commodities would not have had any impact on 2018 profit.

The commodity price trend assumptions were determined based on the average historical and implicit volatilities observed on the relevant commodity markets in the reporting year.

To the extent that Faurecia's sales contracts with customers do not include any systematic indexation clause based on commodity prices, the risk of an unfavourable change in commodity prices is attenuated through a policy of permanent price negotiations with customers and tight inventory management. Faurecia does not use derivative instruments to hedge its commodity and energy purchases.

B. Hedging instruments

In IFRS 9, as in IAS 39, derivative instruments are recognised at their fair value on the statement of financial position. They may be classified as hedging instruments if:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship;
- the effectiveness of the hedging relationship is demonstrated at inception. If the hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, this ratio must then be rebalanced. Rebalancing consists in adjusting either the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship.

The Group uses two hedging relationships:

■ fair value hedges:

Gains and losses arising from remeasurement at fair value are recognised in profit or loss, and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument;

■ cash flow hedges:

The effective portion of the change in fair value of the hedging instrument is directly recognised in "other amounts of

comprehensive income (loss)". The change in value of the ineffective portion is recognised in "other financial income or expenses", excluding the time value of options which is now recognised in "other amounts of comprehensive income (loss)". Cumulative gains and losses recognised in equity are reclassified to profit or loss in the same way as the recognition of the hedge items when they affect profit or loss. Given its non-materiality, the effective portion of changes in fair value of hedging for raw materials purchases is not included in the value at which the raw materials are recognised in inventory.

IFRS 9 now allows for recognising hedging of the raw materials portions, which helps accounting to better correspond to economic reality. Since 1 January 2018, this allows the Group to extend hedging in compliance with its management rules (see Note 12.7.A.(5) to the 2017 consolidated financial statements).

Besides, the Group implements currency hedges to protect against changes in the value of payables and receivables denominated in foreign currencies. Changes in the fair value of these derivatives are recognised in profit or loss, offsetting the change in payables and receivables denominated in foreign currencies, to the extent of hedge effectiveness. The ineffective portion is recognised in net financial income (expense).

(1) Details of values of hedging instruments and national amounts hedged

(in million euros)	31 December 2018					
	Carrying amount		Notional amount	Maturity		
	Assets	Liabilities		< 1 year	2 to 5 years	> 5 years
Currency risk						
Fair value hedges:						
▷ Currency swaps, currency options and forward foreign exchange contracts	69	(30)	864	759	105	-
Cash flow hedges:						
▷ Currency options and forward foreign exchange contracts	30	(18)	2,101	2,019	82	-
▷ Cross-currency swaps	-	-	37	-	37	-
Trading instruments ⁽¹⁾	-	-	5,424	5,215	209	-
Total currency risks	99	(48)	8,426	7,993	433	-
Interest rate risk						
Cash flow hedges:						
▷ Interest rate swaps and interest rate options	-	(3)	-	-	-	-
Total interest rate risks	-	(3)	-	-	-	-
Commodity risk						
Cash flow hedges:						
▷ Swaps	23	(30)	343	232	111	-
Total commodity risks	23	(30)	343	232	111	-
TOTAL	122	(81)	8,769	8,225	544	-
Of which:						
TOTAL FAIR VALUE HEDGES	69	(30)	864	759	105	-
TOTAL CASH FLOW HEDGES	53	(51)	2,481	2,251	230	-

(1) Currency trading instruments: derivative instruments not qualifying for hedge accounting under IFRS 9. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.

Hedging instruments that are not subject to compensation clauses in case of default by either party do not represent a significant amount for the Automotive Division.

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	31 December 2017					
	Carrying amount		Notional amount	Maturity		
(in million euros)	Assets	Liabilities		< 1 year	2 to 5 years	> 5 years
Currency risk						
Fair value hedges:						
› Currency swaps, currency options and forward foreign exchange contracts	53	(26)	278	278	-	-
› Cross-currency swaps	9	-	-	-	-	-
Cash flow hedges:						
› Currency options and forward foreign exchange contracts	194	-	601	495	106	-
› Cross-currency swaps	-	-	13	-	13	-
Trading instruments ⁽¹⁾	-	-	6,184	5,530	654	-
Total currency risks	256	(26)	7,076	6,303	773	-
Interest rate risk						
Cash flow hedges:						
› Interest rate swaps and interest rate options	-	(176)	2	-	2	-
Total interest rate risks	-	(176)	2	-	2	-
Commodity risk						
Cash flow hedges:						
› Swaps	41	(8)	254	173	81	-
Total commodity risks	41	(8)	254	173	81	-
TOTAL	297	(210)	7,332	6,476	856	

Of which:

TOTAL FAIR VALUE HEDGES	62	(26)	278	278	-	-
TOTAL CASH FLOW HEDGES	235	(184)	870	668	202	-

(1) Currency trading instruments: derivative instruments not qualifying for hedge accounting under IFRS 9. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.

(2) Impact of hedging instruments on income and equity

(a) Impact of cash flow hedges

(in million euros)	2018	2017
Change in effective portion recognised in equity	26	39
Change in ineffective portion recognised in profit or loss	15	(5)
Effective portion reclassified to the income statement under "Cost of goods and services sold"	(5)	(13)
Effective portion reclassified to the income statement under "Finance costs"	(5)	(9)

(b) Impact of fair value hedges

(in million euros)	2018	2017
Change in ineffective portion recognised in profit or loss	112	(23)
NET IMPACT ON INCOME	112	(23)

The "Net gain (loss) on hedges of borrowings" presented in Note 11.2.A also includes gains and losses on economic hedges that do not qualify for hedge accounting under IAS 39.

11.8. FINANCIAL INSTRUMENTS

A. Financial assets and liabilities - definitions

Financial assets and liabilities within the meaning of IFRS 9 include the items listed in the table in Note 11.8.E.

The event generating the statement of financial position recognition is the transaction (i.e. commitment) date, and not the settlement date.

B. Translation of transactions in foreign currencies

In compliance with IAS 21, transactions in foreign currencies are translated into the subsidiary's functional currency at the exchange rate on the transaction date. At each statement of financial position date, monetary items are translated at the closing rate and the resulting exchange difference is recognised in profit or loss, as follows:

- in recurring operating income, for commercial transactions carried out by all Group companies and for financing transactions carried out by the Banque PSA Finance Group;
- in interest income or finance costs for financial transactions carried out by the manufacturing and sales companies.

C. Recognition and measurement of financial assets

The Group uses two accounting categories that are provided for in IFRS 9. The classification of a financial asset depends on the characteristics of its contractual cash flows and the management methods defined by the company.

(1) Financial assets as "at amortised cost"

The financial assets are classified as "at amortised cost" if their contractual cash flows only represent payments of principal and interest, and if they are held for the purpose of collecting these contractual cash flows. They are recognised at amortised cost calculated using the effective interest method. When their maturities are very short, their fair value corresponds to their carrying amount, including any impairment. In practice, they are receivables that constitute the working capital requirement.

The assets classified as loans and receivables according to IAS 39 continue to be classified as "at amortised cost", and from now on, money market securities classified as cash equivalents, or financial investments intended to be held until maturity, are also classified as "at amortised cost".

Measurement of trade receivables

Following application of IFRS 9, provisions for impairment are now made for trade receivables on initial recognition, based on an assessment of expected credit losses at maturity. The impairment is then reviewed according to the greater risk of non-recovery, if applicable. Indications of impairment include the existence of unresolved claims or litigation, the age of the receivables and the borrower's significant financial difficulties.

IFRS 9 is unchanged compared with IAS 39 in terms of the derecognition of receivables.

(2) Financial assets as "at fair value through profit or loss"

Assets that do not fit the definition and management objectives of the first category are classified as "at fair value through profit or loss". They are recognised in the statement of financial position at fair value. Any change in their fair value is recognised in profit or loss for the period.

"Investments in non-consolidated companies" that were classified as "assets available-for-sale" according to IAS39 are now classified as "at fair value through profit or loss", without material impact for the Group. Their initial fair value corresponds to their acquisition cost.

"Other non-current assets" correspond to units in Fonds d'Avenir Automobile (FAA). FAA is a fund to support automotive equipment manufacturers set up at the French government's initiative under France's Automotive Industry Pact signed on 9 February 2009. The FAA units were classified as "assets available-for-sale" according to IAS39 and are now classified as "at fair value through profit or loss", which brought about a reclassification in reserves of amounts classified in "other amounts of comprehensive income (loss)" at the date of the transition. The units are measured at fair value. This corresponds to their net asset value at the statement of financial position date.

D. Recognition and measurement of financial liabilities

IFRS 9 has not introduced changes to the evaluation and recognition of financial liabilities.

Borrowings and other financial liabilities are generally stated at amortised cost measured using the effective interest method.

When the Group obtains government loans at below-market interest rates, the loans' amortised cost is calculated through an effective interest rate based on market rates. The subsidy is recognised in accordance with IAS 20 as related either to assets or to income, depending on the purpose for which the funds are used.

E. Financial instruments reported in the statement of financial position

	31 December 2018		Analysis by class of instrument		
	Carrying amount	Fair value	Instruments at fair value through profit or loss	At fair value through other comprehensive income	Instruments at amortised cost
<i>(in million euros)</i>					
Investments in non-consolidated companies	397	397	397	-	-
Other non-current financial assets	684	684	425	-	259
Other non-current assets ⁽¹⁾	503	503	503	-	-
Trade receivables	1,929	1,929	-	-	1,929
Other receivables	2,500	2,500	110	-	2,390
Current financial assets	842	842	1	-	841
Financial investments	50	50	-	-	50
Cash and cash equivalents	14,961	14,961	12,718	-	2,243
ASSETS	21,866	21,866	14,154	-	7,712
Non-current financial liabilities	5,257	5,097	1	-	5,256
Other non-current liabilities ⁽²⁾	259	259	10	-	249
Trade payables	13,551	13,551	-	-	13,551
Other payables	8,324	8,324	59	-	8,265
Current financial liabilities	2,182	2,157	11	-	2,171
LIABILITIES	29,573	29,388	81	-	29,492

(1) Other non-current assets exclude the amount of pension plan surpluses (see Note 8.1), which are not financial assets as defined by IFRS 9.

(2) Excluding liabilities related to vehicles sold with a buyback commitment.

	01 January 2018		Analysis by class of instrument		
	Carrying amount	Fair value	Instruments at fair value through profit or loss	At fair value through other comprehensive income	Instruments at amortised cost
<i>(in million euros)</i>					
Investments in non-consolidated companies	391	391	391	-	-
Other non-current financial assets	487	487	232	-	255
Other non-current assets ⁽¹⁾	581	581	75	-	506
Trade receivables	2,454	2,454	-	-	2,454
Other receivables	2,687	2,687	274	-	2,413
Current financial assets	1,269	1,269	8	-	1,261
Financial investments	165	165	165	-	-
Cash and cash equivalents	11,582	11,582	11,582	-	-
ASSETS	19,616	19,616	12,727	-	6,889
Non-current financial liabilities	4,778	4,906	-	-	4,778
Other non-current liabilities ⁽²⁾	100	100	5	-	95
Trade payables	13,362	13,362	-	-	13,362
Other payables	8,297	8,297	203	-	8,094
Current financial liabilities	2,531	2,505	2	-	2,529
LIABILITIES	29,068	29,170	210	-	28,858

(1) Other non-current assets exclude the amount of pension plan surpluses (see Note 8.1), which are not financial assets as defined by IAS 39.

(2) Excluding liabilities related to vehicles sold with a buyback commitment.

The fair value of financial instruments held by the Group is calculated whenever it can be estimated reliably based on market data for assets considering that they are not intended to be sold. The fair value of financial instruments traded on an active market is

based on the market price at the statement of financial position date. The market price used for financial assets held by the Group is the bid price on the market at the measurement date.

F. Information about financial assets and liabilities measured at fair value

	31 December 2018		31 December 2017	
	At fair value through profit or loss	At fair value through other comprehensive income	At fair value through profit or loss	At fair value through other comprehensive income
<i>(en millions d'euros)</i>				
Level 1 fair value inputs: quoted prices in active markets				
Other non-current financial assets	422	-	223	-
Financial investments	-	-	165	-
Cash and cash equivalents	12,718	-	11,582	-
Level 2 fair value inputs: based on observable market data				
Other non-current financial assets	3	-	9	-
Other non-current assets	8	-	6	-
Other receivables	110	-	274	-
Current financial assets	1	-	8	-
Level 3 fair value inputs: not based on observable market data				
Investments in non-consolidated companies	397	-	391	-
Other non-current assets	495	-	69	-
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	14,154	-	12,727	-

The change in level 3 fair value does not contain any material items.

	31 December 2018		31 December 2017	
	At fair value through profit or loss	At fair value through other comprehensive income	At fair value through profit or loss	At fair value through other comprehensive income
<i>(in million euros)</i>				
Level 1 fair value inputs: quoted prices in active markets				
Level 2 fair value inputs: based on observable market data				
Non-current financial liabilities	(1)	-	-	-
Other non-current liabilities	(10)	-	(5)	-
Other payables	(59)	-	(203)	-
Current financial liabilities	(11)	-	(2)	-
Level 3 fair value inputs: not based on observable market data				
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	(81)	-	(210)	-

G. Information about financial assets and liabilities not measured at fair value

	31 December 2018		Fair value level		
	Carrying amount	Fair value	Level 1	Level 2	Level 3
<i>(in million euros)</i>					
Liabilities					
Non-current financial liabilities	5,256	5,096	3,853	1,243	-
Current financial liabilities	2,171	2,146	474	1,672	-

	31 December 2017		Fair value level		
	Carrying amount	Fair value	Level 1	Level 2	Level 3
<i>(in million euros)</i>					
Liabilities					
Non-current financial liabilities	4,778	4,906	3,881	1,025	-
Current financial liabilities	2,529	2,503	625	1,878	-

H. Effect of financial instruments on profit or loss

	2018	Analysis by class of instrument		
	Income Statement Impact	Instruments at fair value through profit or loss	At fair value through other comprehensive income	Instruments at amortised cost
<i>(in million euros)</i>				
Manufacturing and sales companies				
Total interest income	15	-	-	15
Total interest expense	(215)	-	-	(215)
Remeasurement ⁽¹⁾	(193)	(132)	-	(61)
Disposal gains and dividends	13	13	-	-
Net impairment	(68)	(32)	-	(36)
TOTAL - MANUFACTURING AND SALES COMPANIES	(448)	(151)	-	(297)

(1) For instruments classified as "at fair value through profit or loss", remeasurement includes interest and dividends received.

	2017	Analysis by class of instrument		
	Income Statement Impact	Instruments at fair value through profit or loss	At fair value through other comprehensive income	Instruments at amortised cost
<i>(in million euros)</i>				
Manufacturing and sales companies				
Total interest income	10	-	-	10
Total interest expense	(210)	-	-	(210)
Remeasurement ⁽¹⁾	(3)	(7)	-	4
Disposal gains and dividends	14	15	-	(1)
Net impairment	(123)	(6)	-	(117)
TOTAL - MANUFACTURING AND SALES COMPANIES	(312)	2	-	(314)

(1) For instruments classified as "at fair value through profit or loss", remeasurement includes interest and dividends received.

11.9. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

	31 December 2018	31 December 2017
<i>(in million euros)</i>		
Guarantees given	610	406
Pledged or mortgaged assets	228	478
	838	884

Pledged or mortgaged assets

This item includes the French government bonds (OATs) given as collateral for loans from the European Investment Bank (EIB). When the maturities of French government bonds do not correspond to those of loans, commitments are covered in cash.

The following table analyses pledged and mortgaged assets by commitment period:

	31 December 2018	31 December 2017
<i>(in million euros)</i>		
2018	-	391
2019	153	6
2020	-	38
2021	32	-
2022	-	-
Subsequent years	43	43
TOTAL PLEDGED OR MORTGAGED ASSETS	228	478
Total assets	61,952	57,915
Percentage of total assets	0.4%	0.8%

NOTE 12 FINANCING AND FINANCIAL INSTRUMENTS – FINANCE COMPANIES

12.1. ACCOUNTING POLICIES

A. Financial assets and liabilities - definitions

The assets and liabilities of finance companies mainly include loans and receivables, marketable securities and debts.

B. Recognition and measurement of financial assets

(1) Financial assets as “at amortised cost”

Financial instruments that were classified as loans and receivables in IAS 39, recognised “at amortised cost” (financing and leasing receivables), continue to fulfil the conditions for being recognised at amortised cost in IFRS 9.

Loans and receivables reported in the statement of financial position correspond to Banque PSA Finance's net financial commitment to its customers.

Interest income is allocated by the effective interest method, with the effective interest rate being the rate that exactly discounts estimated future cash receipts through the expected life of the loan.

In general, the outstanding principal is hedged for interest rate risk. Application of hedge accounting brings about the remeasurement at fair value of the hedged portion of outstandings. Gains and losses arising from remeasurement at fair value are recognised in profit or loss and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument. (see Note 11.7.B).

To calculate expected losses under IFRS 9, Banque PSA Finance uses the calculation methods of the different risk parameters (data used, portfolio segmentation, individual or collective evaluation, choice of model - including probability of default (PD) at maturity, current exposure of contracts at the moment of default (EAD) at maturity, etc.), as well as the integration of prospective data: definition of the macroeconomic scenarios and the methods of recognition in expected credit losses.

The transactions documented in hedge accounting under IAS 39 continue to be documented in hedge accounting in the same way under IFRS 9 starting at 1 January 2018.

(2) Financial assets as “at fair value through profit or loss”

In IFRS 9, marketable securities continue to be recognised at fair value through profit or loss if they are hedged for interest rate risk. Changes in the fair value of the hedge securities are recognised in profit or loss, together with the offsetting change fair value of the economic hedges.

Equity investments of unconsolidated companies recognised at cost under IAS 39 due to the size of their business not being material are reclassified at fair value through profit or loss under IFRS 9 without impacting the accounts of Banque PSA Finance at 31 December 2018.

C. Recognition and measurement of financial liabilities

See Note 11.8.D.

12.2. CURRENT FINANCIAL ASSETS

A. Loans and receivables - finance companies

(1) Analysis

(in million euros)

	31 December 2018	31 December 2017
Total net “Retail, Corporate and Equivalent”	115	270
Total net “Corporate Dealers”	64	61
TOTAL	179	331

Retail, Corporate and Equivalent finance receivables represent loans provided by the finance companies to Peugeot, Citroën and DS customers to purchase or lease vehicles.

Wholesale finance (Corporate Dealers) receivables represent amounts due to Peugeot, Citroën and DS by their dealer networks

and certain European importers which have been transferred to Group finance companies, and working capital loans provided by the finance companies to the dealer networks.

(2) Maturities of loans and receivables

(in million euros)

	31 December 2018		
	Net “Retail, Corporate and Equivalent”	Net “Corporate Dealers”	Total
Unallocated	(10)	1	(9)
Less than one year	87	64	151
Two to five years	41	-	41
Beyond five years	-	-	-

	31 December 2018		
	Net "Retail, Corporate and Equivalent"	Net "Corporate Dealers"	Total
(in million euros)			
Total gross loans and receivables outstanding	118	65	183
Guarantee deposits on leases	-	-	-
Depreciation	(3)	(1)	(4)
TOTAL NET LOANS AND RECEIVABLES OUTSTANDING	115	64	179

(3) Allowances for credit losses

	31 December 2018		31 December 2017	
	Retail, Corporate and Equivalent	Corporate Dealer	Retail, Corporate and Equivalent	Corporate Dealer
(in million euros)				
Performing loans with no past due balances	126	62	288	64
Performing loans with past due balances and non-performing loans	5	4	17	2
Total gross loans and receivables outstanding	131	66	305	66
Items taken into account in amortised cost calculations and guarantee deposits	(14)	-	(28)	-
Depreciation	(2)	(2)	(7)	(5)
TOTAL NET LOANS AND RECEIVABLES OUTSTANDING	115	64	270	61

B. Short-term investments – Finance companies

Short-term investments consist primarily of certificates of deposit held by the securitisation funds.

C. Cash and cash equivalents

Cash and cash equivalents amounted to €466 million at 31 December 2018 (€320 million at 31 December 2017), including term loans, central bank deposits, French treasury bonds and investments in mutual funds.

12.3. FINANCING LIABILITIES – FINANCE COMPANIES

(in million euros)	31 December 2018	31 December 2017
Other debt securities and bond debt	253	257
Bank borrowings	72	150
	325	407
Customer deposits	3	8
	328	415
Amounts due to Group manufacturing and sales companies	(1)	(8)
TOTAL	327	407

A. Analysis by maturity

(in million euros)	31 December 2018	31 December 2017
› Less than one year	95	150
› Two to five years	230	257
› Beyond five years	-	-
TOTAL	325	407

B. Analysis by repayment currency

All bonds are mainly repayable in euros. Other financial liabilities can be analysed as follows by repayment currency:

(in million euros)	31 December 2018	31 December 2017
EUR	-	2
USD	218	209
ARS	66	142
Other currencies	41	54
TOTAL	325	407

C. Credit lines

(in million euros)	31 December 2018	31 December 2017
UNDRAWN CONFIRMED LINES OF CREDIT	235	301

At 31 December 2018, the credit lines totalling €235 million are detailed as follows:

- €200 million in undrawn revolving bilateral lines;
- €35 million in undrawn various bank lines of credit.

12.4. MANAGEMENT OF FINANCIAL RISKS

A. Financial risk management policy

Most of the financing activities for the networks and customers of Groupe PSA brands are now managed by the joint ventures with Santander and with BNP Paribas, which provide the financing and apply their risk management policies to them.

The risk management discussed below relates to the activities of Banque PSA Finance itself.

(1) Liquidity risk

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

Banque PSA Finance's capital structure and equity ratio comply with the latest regulatory requirements, reflecting the quality of the bank's assets.

Its financing is ensured by the broadest possible range of liquidity sources, matching of maturities of assets and liabilities. The implementation of this policy is monitored by the ALM Committee and the Risk Management Committee of Banque PSA Finance with in particular monitoring and forecasting of regulatory liquidity ratios and monitoring of financing plans drawn up by coherent region.

Since the establishment of local partnerships with Santander, Banque PSA Finance is no longer responsible for financing these entities.

Financing strategy implemented in 2018

At 31 December 2018, the only financing of Banque PSA Finance is derived from the bond issues.

The bank also has liquidity reserves of €466 million.

Renewal of bank facilities

Details of bank facilities are provided in Note 12.3.C.

Covenants

The revolving bilateral lines of credit (for a total outstanding amount of €200 million) signed by Banque PSA Finance have the customary acceleration clauses for such arrangements.

In addition to these covenants representing market practices, these credit facilities continue to require retention of bank status, and the compliance with a "Common Equity Tier One" capital ratio of at least 13.5%.

(2) Interest rate risks

Banque PSA Finance's policy aims to measure, ring fence in the context of stress scenarios and if necessary reduce the impact of changes in interest rates using appropriate financial instruments to match interest rates on the loans and the related refinancing.

The implementation of this policy is monitored by the ALM Committee and the Risk Management Committee of Banque PSA Finance.

(3) Counterparty and credit risks

Banque PSA Finance's exposure to credit risk corresponds to the risk of losses due to borrower default or borrower failure to fulfill their contractual obligations. The counterparties concerned are Peugeot, Citroën and DS dealers and the dealers' retail customers. In the event of default, Banque PSA Finance generally has the right to repossess the vehicle and sell it on the used vehicle market. The risk that the vehicle's selling price on the used vehicle market will be less than the outstanding debt is taken into account in determining the amount of the related impairment (see Note 12.1.B).

Wholesale lending decisions for fleet customers and dealers are made based on a detailed risk assessment in accordance with strict rules on lending limits, either by the local Banque PSA Finance credit committees, or by the Group Credit Committee. The level of credit lines is dependent on the item to be financed, the client's risk rating and lastly the general level of risk borne by the approving Credit Committee. For its companies operated jointly with a partner, Banque PSA Finance has contractual mechanisms to ensure that it is properly involved in the decision-making and risk-monitoring process.

Retail loan acceptance processes are based on a local credit scoring system. To enhance its effectiveness, the scoring system is adapted according to the specific characteristics of each local market. For partnership subsidiaries, customer selection is the responsibility of the partner which uses the decision-making tools that it has developed. In both cases, the teams at Banque PSA Finance's headquarters monitor the level of risk of requests and acceptance closely on an on-going basis, as well as the characteristics of files with past due instalments.

Defaults with no impairment concern only corporate loans.

Corporate loans with one or more installments that are over 90 days past due and loans to local administrations with one or more installments that are over 270 days past due are not classified as non-performing when the delays are due to payment incidents or claims, and do not reflect a default risk.

Concerning concentration of credit risks, Banque PSA Finance continually monitors its largest exposures to ensure that they remain at reasonable levels and do not exceed the limits set in banking regulations.

Banque PSA Finance's exposure to financial counterparties is limited to (i) the investment of funds corresponding to the liquidity reserve and of any excess cash, and (ii) the use of derivatives (swaps and options) to hedge currency and interest rate risks.

Available cash is invested in money market securities issued by leading banks, in deposit accounts with leading banks or in monetary mutual funds.

entity-by-entity, using appropriate financial instruments if necessary. The hedging is achieved using cross currency swaps, currency swaps and forward foreign exchange contracts.

The Group does not hedge its net investment in foreign operations.

In view of the Group's hedging policy of the operational currency positions, a change in exchange rates at the level of the finance companies would not have any material impact on consolidated profit or equity.

(4) Currency risk

Group policy consists of not entering into any operational currency positions. Liabilities are matched with assets in the same currency,

B. Hedging instruments: Finance companies

The different types of hedges and their accounting treatment are described in Note 11.7.B.

Impact of hedging instruments on income and equity

IMPACT OF FAIR VALUE HEDGES

(in million euros)	2018	2017
Gains and losses on remeasurement of financial liabilities recognised in profit or loss	4	6
Gains and losses on remeasurement of hedges of financial liabilities recognised in profit or loss	7	(12)
NET IMPACT ON INCOME	11	(6)

The hedging has no effect on equity (other amounts of comprehensive income).

12.5. FINANCIAL INSTRUMENTS

A. Financial instruments reported in the statement of financial position

(in million euros)	31 December 2018		Analysis by class of instrument		
	Carrying amount	Fair value	Instruments at fair value through profit or loss	At fair value through other comprehensive income	Instruments at amortised cost
Investments in non-consolidated companies	12	12	12	-	-
Other non-current financial assets	28	28	28	-	-
Other non-current assets	117	117	117	-	-
Loans and receivables - finance companies	179	156	-	-	179
Short-term investments - finance companies	79	79	79	-	-
Other receivables	82	82	4	-	78
Cash and cash equivalents	466	466	466	-	-
ASSETS	963	940	706	-	257
Financing liabilities - finance companies	328	334	-	-	328
Other payables	55	55	1	-	54
LIABILITIES	383	389	1	-	382

B. Information about financial assets and liabilities measured at fair value

The fair values of the marketable securities held by finance companies are at level 2.

C. Information about financial assets and liabilities not measured at fair value

	31 December 2018		Fair value level		
	Carrying amount	Fair value	Level 1	Level 2	Level 3
(in million euros)					
Assets					
Loans and receivables - finance companies	179	156	-	-	156
Liabilities					
Financing liabilities - finance companies	325	331	259	-	72

D. Effect of financial instruments on profit or loss

	2018	Analysis by class of instrument		
	Income Statement Impact	Instruments at fair value through profit or loss	At fair value through other comprehensive income	Instruments at amortised cost
(in million euros)				
Total interest income	46	-	-	46
Total interest expense	(28)	-	-	(28)
Remeasurement ⁽¹⁾	11	7	-	4
TOTAL - FINANCE COMPANIES	29	7	-	22

(1) For instruments classified as "at fair value through profit or loss", remeasurement includes interest and dividends received.

Concerning the Finance companies, the impact on the income statement of assets and liabilities pursuant to IFRS 9 is recognised in "recurring operating income".

12.6. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

(in million euros)	31 December 2018	31 December 2017
Financing commitments to customers	-	12

NOTE 13 INCOME TAXES

In accordance with IAS 12 - *Income Taxes*, deferred taxes are calculated for all temporary differences between the tax base of assets and liabilities and their carrying amount. Deferred tax liabilities are systematically recognised, while deferred tax assets are recognised only when there is a reasonable expectation that they will be recovered.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and equity-accounted companies for the variance between their tax and accounting value, except to the extent that both of the following conditions are satisfied:

- the Group is able to control the timing of the reversal of the temporary difference;
- and it is probable that the temporary difference will not reverse in the foreseeable future.

In practice:

- for subsidiaries fully consolidated, a deferred tax liability is recognised only in respect of distribution taxes on dividends that will be paid by the subsidiary in the following year by decision of the Group;
- for equity-accounted companies, a deferred tax liability on dividend distributions is recognised for all differences between the tax base of the shares and their carrying amount;
- current tax benefits generated by intragroup provisions and sales are not cancelled by recognising deferred tax liabilities, except when the difference is considered to be temporary, for example, when the Group plans to divest the subsidiary.

13.1. INCOME TAXES OF FULLY-CONSOLIDATED COMPANIES

(in million euros)	2018	2017
Current taxes		
Corporate income taxes	(1,008)	(565)
Deferred taxes		
Deferred taxes arising in the year	393	(134)
TOTAL	(615)	(699)

A. Current taxes

Current taxes represent the amounts paid or currently due to the tax authorities for the year, calculated in accordance with the tax regulations and rates in effect in the various countries.

In France, Peugeot S.A. and its French subsidiaries that are at least 95%-owned maintained their election to determine French income taxes on a consolidated basis in accordance with Article 223 A of the French Tax Code.

In addition, the Group applies optional national integration or tax consolidation plans.

When withholding taxes on management fees are used by the recipients to pay tax, income is recognised appropriately in current taxes.

B. Tax rate in France

The French statutory income tax rate is 34.43%, including the additional contribution.

The Amending Finance Act of 29 December 2013 raising this tax rate to 38% was applied up to December 2015. The cap on offsetting tax loss carryforwards against taxable profit for the year is maintained at 50% in 2018.

The 2017 Finance Act changed the income tax rate in France to 28.92% from 2020, including the additional contribution. From 2022, this rate will be reduced to 25.83%.

The deferred tax assets and liabilities have been remeasured to reflect the new rates.

C. Deferred taxes

Deferred taxes are determined as described above. Deferred taxes were tested for impairment losses on the basis of tax estimates consistent with the main assumptions of the Group's Medium-Term Plan, and recorded over the period for which the Group deems their recoverability likely.

Tax loss carryforwards relating to the French tax group available for offsetting against net deferred tax liabilities (subject to the 50% cap) are recognised in the statement of financial position.

13.2. RECONCILIATION BETWEEN THEORETICAL INCOME TAX IN FRANCE AND INCOME TAX IN THE CONSOLIDATED STATEMENT OF INCOME

This reconciliation covers the full results of consolidated companies regardless of their classification in the statement of income.

(in million euros)	2018	2017
Income (loss) before tax of fully-consolidated companies	3,954	2,836
<i>French statutory income tax rate for the period</i>	<i>34.4%</i>	<i>34.4%</i>
Theoretical tax expense for the period based on the French statutory income tax rate	(1,361)	(976)
Tax effect of the following items:		
‣ Permanent differences	(202)	116
‣ Income taxable at reduced rates	77	80
‣ Tax credits	21	27
‣ Effect of differences in foreign tax rates and other	202	133
Income tax before impairment losses on the French tax group	(1,263)	(620)
<i>Effective tax rate applicable to the Group</i>	<i>31.9%</i>	<i>21.9%</i>
‣ French tax group of Peugeot S.A.		
- Utilisation during the fiscal year of previously unrecognised losses	171	52
- Capitalisation of deferred taxes on previously unrecognised tax loss carryforwards	390	82
‣ Deferred taxes on tax loss carryforwards outside of the Peugeot S.A. French tax group	87	(213)
INCOME TAX EXPENSE	(615)	(699)
<i>Effective tax rate applicable to the Group after recognition of deferred taxes losses</i>	<i>15.6%</i>	<i>24.6%</i>

Tax credits include research tax credits that do not meet the definition of government grants.

13.3. CHANGE IN TAX ITEMS ON THE STATEMENT OF FINANCIAL POSITION

A. Analysis by nature

(in million euros)	31 December 2018	31 December 2017
Current Taxes		
Assets	376	353
Liabilities	(525)	(234)
	(149)	119
Deferred Taxes		
Deferred taxes assets on deficit	1,019	617
Provisions for contingencies and charges	1,224	1,189
Other	912	1,475
Offsetting	(2,119)	(2,472)
Net assets	1,036	809
Research and development expenses	(1,454)	(1,301)
Untaxed provisions and special depreciation allowances	(987)	(904)
Other	(459)	(1,164)
Offsetting	2,119	2,472
Net liabilities	(781)	(897)
	255	(88)

B. Movements for the year

(in million euros)	31 December 2018	31 December 2017
Current taxes		
At beginning of period	119	(8)
Expense	(1,008)	(565)
Payments	816	687
Translation adjustments and other	(76)	5
AT END OF PERIOD	(149)	119
Deferred Taxes		
At beginning of period	(88)	(300)
Expense	393	(134)
Equity	(83)	21
Translation adjustments and other	33	325
AT END OF PERIOD	255	(88)

13.4. DEFERRED TAX ASSETS AND LIABILITIES

(in million euros)	31 December 2018	31 December 2017
Tax credits	12	13
Gross ⁽¹⁾	4,839	5,007
Previously unrecognised deferred tax assets ⁽²⁾	(3,820)	(4,390)
Deferred tax asset offset (French tax group) ⁽³⁾	(860)	(534)
Other deferred tax assets offset	-	(31)
Total deferred tax assets on tax loss carryforwards	159	52
Other deferred tax assets	865	744
DEFERRED TAX ASSETS	1,036	809
Deferred tax liabilities before offsetting of the French tax group ⁽⁴⁾	(1,641)	(1,431)
Deferred tax liabilities offset (French tax group) ⁽³⁾	860	534
DEFERRED TAX LIABILITIES	(781)	(897)

(1) The gross amount of deferred tax assets corresponding to tax loss carryforwards represents all deferred tax assets corresponding to tax losses that can be carried forward, regardless of whether they were recognised on the balance sheet at 31 December 2018.

(2) Of the impaired unrecognised deferred tax assets, €564 million (€671 million at 31 December 2017) are related to Faurecia, €2,066 million are related to the French tax group (€2,511 million at 31 December 2017) and €484 million to Opel Espana.

(3) Offsetting consists of presenting on the face of the consolidated statements of financial position the net deferred tax position of the French tax group, with deferred tax assets covered by deferred tax liabilities, taking into account the legal restrictions on the use of tax loss carryforwards (see Note 13.1).

(4) The main temporary differences that generate deferred tax liabilities arise from the capitalisation of research and development costs and differences in amortisation or depreciation methods or periods.

Tax loss carryforwards relating to the French tax group totalled €11,327 million at 31 December 2018.

NOTE 14 EQUITY AND EARNINGS PER SHARE

14.1. EQUITY

A. Capital management policy

The capital management policy relates to equity as defined under IFRS. It is designed to ensure that it has secure long-term capital resources and optimise the Group's cost of capital. Managing capital essentially involves deciding the level of capital to be held currently or in the future and setting dividend policies.

Equity breaks down into portions attributable to minority interests and to equity holders of the parent company.

Equity attributable to equity holders of the parent company is equal to the share capital of Peugeot S.A. less any treasury shares, plus reserves and retained earnings of the Group's various business segments.

Minority interests mainly represent non-Group shareholders of Faurecia. Equity attributable to minority interests varies in line with changes in the Faurecia Group's consolidated equity (in particular net earnings and change in translation reserves) and - exceptionally - in the event of a sale, purchase or any other equity transaction carried out by Peugeot S.A. in respect of Faurecia.

There are no financial covenants based on consolidated equity. The drawdown on the confirmed credit facilities of Peugeot S.A. and GIE

PSA Trésorerie is subject to compliance with an equity-based financial ratio (see Note 11.4).

Banque PSA Finance complies with the capital adequacy ratio and other capital requirements imposed under banking regulations.

Peugeot S.A. shares are held in treasury for the following purposes:

- to award shares to employees, directors and officers of the Company or of companies or groupings that are affiliated with it when the stock options are exercised or when performance plans' shares are allocated;
- to reduce the company's share capital.

B. Analysis of share capital and changes in the year

Rights issues

Grants of performance shares by Peugeot S.A.

The performance share plans established in 2015, 2016, 2017 and 2018 are described in Note 6.2.B.

Analysis of share capital

(in euros)

	2018	2017
Share capital at beginning of period	904,828,213	859,924,895
Equity warrants converted into shares	-	44,903,318
SHARE CAPITAL AT END OF PERIOD	904,828,213	904,828,213

Situation at 31 December 2018

Share capital amounted to €904,828,213 at 31 December 2018, divided into shares with a par value of €1 each. It is fully paid-up. Shares may be held in registered or bearer form, at the shareholder's discretion. The stakes of Lions Participation (BPI France), Dongfeng Motor Group and the Peugeot family (FFP and Établissements Peugeot Frères) each stood at 12.23% (12.23% at 31 December 2017) i.e. 110,622,220 shares each. For Dongfeng Motor Group, this stake accounted for 19.49% of the voting right, including

treasury shares, and for 19.30% of the voting rights, excluding treasury shares. For the Peugeot family, this stake accounted for 19.49% of the voting right, including treasury shares, and for 19.30% of the voting rights, excluding treasury shares. For Lion Participation, this stake accounted for 9.74% of the voting right, including treasury shares, and for 9.65% of the voting rights, excluding treasury shares.

The share price on 31 December 2018 was €18.65.

C. Treasury shares

All Peugeot S.A. shares held by the Group are recorded at cost as a deduction from equity. Proceeds from sales of treasury shares are taken to equity, so that any disposal gains or losses have no impact on profit (loss) for the period.

The Group may use the buyback authorisations given at Shareholders' Meetings to buy back Peugeot S.A. shares.

Changes in treasury shares are presented in the following table:

(1) Number of shares held

		2018	2017
(number of shares)	Notes	Transactions	Transactions
At beginning of period		11,315,735	9,113,263
Purchases of treasury shares		-	5,729,987
Shares delivered under the 2015 free share plan		-	(2,019,000)
Shares delivered as part of the employees' shareholding plan		-	(1,508,515)
AT PERIOD-END		11,315,735	11,315,735
Allocation			
› Shares held for allocation on exercise of future performance share or stock options plans		3,333,735	6,033,735
› Coverage of the 2015 performance share plan	6.2.B	389,000	389,000
› Coverage of the 2016 performance share plan	6.2.B	2,200,000	2,200,000
› Coverage of the 2017 performance share plan	6.2.B	2,693,000	2,693,000
› Coverage of the 2018 performance share plan	6.2.B	2,700,000	-
		11,315,735	11,315,735

No cancellation of shares was made neither in 2017 nor in 2018. No purchases were made in 2018.

(2) Change in value

	2018	2017
<i>(in million euros)</i>		
At beginning of period	(270)	(238)
Purchases during the period	-	(116)
Shares delivered under the 2015 free share plan	-	53
Shares delivered as part of the employees' shareholding plan	-	31
AT PERIOD-END	(270)	(270)
Average price per share (in euros)	23,86	

The purchase price of treasury shares is deducted from equity.

The share price on 31 December 2018 was €18.65.

D. Reserves and retained earnings, excluding minority interests

Reserves and retained earnings, including profit for the year, can be analysed as follows:

	31 December 2018	31 December 2017
<i>(in million euros)</i>		
Peugeot S.A. legal reserve	90	86
Other Peugeot S.A. statutory reserves and retained earnings	13,631	13,631
Reserves and retained earnings of subsidiaries, excluding minority interests	2,729	212
TOTAL	16,450	13,929

Other Peugeot S.A. statutory reserves and retained earnings include:

	31 December 2018	31 December 2017
<i>(in million euros)</i>		
Reserves available for distribution:		
‣ Without any additional corporate tax being due	12,562	12,562
‣ After deduction of additional tax ⁽¹⁾	1,069	1,069
TOTAL	13,631	13,631
Tax on distributed earnings	149	149

⁽¹⁾ Corresponding to the portion of the long-term capital gains reserve that remains subject to additional tax.

E. Minority interests

Minority interests correspond mainly to the interests of other shareholders of Faurecia.

14.2. BASIC EARNINGS PER SHARE

Basic earnings per share and diluted earnings per share are presented at the foot of the income statements. They are calculated as follows:

A. Basic earnings per share - Attributable to equity holders of the parent

Basic earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period.

The average number of shares outstanding is calculated by taking into account the number of shares issued and cancelled during the period and changes in the number of shares held in treasury shares.

	2018	2017
Consolidated basic earnings of continuing operations - attributable to equity holders of the parent (<i>in million euros</i>)	2,827	1,931
Consolidated basic earnings - attributable to equity holders of the parent (<i>in million euros</i>)	2,827	1,924
Average number of €1 par value shares outstanding	893,512,478	886,113,459
Basic earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (<i>in euros</i>)	3,16	2,18
BASIC EARNINGS PER €1 PAR VALUE SHARE (<i>IN EUROS</i>) - ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	3,16	2,17

B. Diluted earnings per share - Attributable to equity holders of the parent

Diluted earnings per share are calculated by the treasury shares method. This consists of taking into account the exercise of stock options, performance share grants to employees and equity warrants.

The performance share grants (see Note 6.2.B) and the equity warrants (see Note 14.1.B) had a potential dilutive effect on 31 December 2018.

The following tables show the effects of the calculation:

(1) Effect on the average number of shares

	Notes	2018	2017
Average number of €1 par value shares outstanding		893,512,478	886,113,459
Dilutive effect, calculated by the treasury shares method, of:			
▸ Equity warrants (2014 capital increases)		-	10,763,952
▸ Equity warrants delivered to General Motors Group		39,727,324	39,727,324
▸ Performance share grants	6.2.B	6,252,094	4,350,427
Diluted average number of shares		939,491,896	940,955,162

(2) Effect of Faurecia dilution on consolidated earnings of continuing operations - attributable to equity holders of the parent

(<i>in million euros</i>)	2018	2017
Consolidated profit (loss) from continuing operations - attributable to equity holders of the parent	2,827	1,931
Dilutive effect of Faurecia (performance share grants)	-	-
CONSOLIDATED PROFIT (LOSS) FROM CONTINUING OPERATIONS (AFTER FAURECIA DILUTION EFFECT)	2,827	1,931
Diluted earnings of continuing operations - attributable to equity holders of the parent per €1 par value share (<i>in euros</i>)	3.01	2.05

(3) Effect of Faurecia dilution on consolidated earnings - attributable to equity holders of the parent

(<i>in million euros</i>)	2018	2017
Consolidated profit (loss) attributable to equity holders of the parent	2,827	1,924
Dilutive effect of Faurecia (performance share grants)	-	-
CONSOLIDATED PROFIT (LOSS) AFTER FAURECIA DILUTION	2,827	1,924
Diluted earnings attributable to equity holders of the parent per €1 par value share (<i>in euros</i>)	3.01	2.04

The performance share grants of Faurecia have a potential impact on the total number of Faurecia shares outstanding without affecting the number of shares held by the PSA Group.

Consequently, they have a potential dilutive effect on consolidated profit attributable to the Groupe PSA.

Due to their terms, the Faurecia performance share plans do not have any material dilutive impact in 2017 and 2018.

NOTE 15 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

The statement of cash flows is partitioned into cash flows from operating activities, cash flows from investing activities and cash flows from financing activities depending on the nature of the transactions.

The Group's main choices as regards presentation were as follows:

- interest flows were kept under cash flows from operating activities;
- payments received in connection with grants were allocated by function to cash flows from investing activities or cash flows from operating activities depending on the nature of the grant;
- the conversion options of convertible bonds (involving both optional and mandatory conversion) are presented on a capital increase line under cash flows from financing activities;
- voluntary contributions paid into pension funds are recognised under cash flows from operating activities;
- payments made on the deferred portion of a fixed asset purchase are presented under cash flows from investing activities for the period ("Change in amounts payable on fixed assets");
- tax payments are classified under cash flows from operating activities;
- bonds' redemptions are classified under cash flows from financing activities.

15.1. ANALYSIS OF NET CASH AND CASH EQUIVALENT REPORTED IN THE STATEMENTS OF CASH FLOWS

<i>(in million euros)</i>	Notes	31 December 2018	31 December 2017
Cash and cash equivalents	11.5.C	14,961	11,582
Payments issued	11.6.C	(23)	(93)
Other		3	2
Net cash and cash equivalents - manufacturing and sales companies		14,941	11,491
Cash and cash equivalents	12.2.C	466	320
Other		(4)	(6)
Net cash and cash equivalents - finance companies		462	314
<i>Elimination of intragroup transactions</i>		(1)	(8)
TOTAL		15,402	11,797

15.2. NET CHARGES TO DEPRECIATION, AMORTISATION AND IMPAIRMENT IN THE STATEMENT OF CASH FLOWS

<i>(in million euros)</i>	Notes	2018	2017
Depreciation and amortisation expense	4.2	(2,815)	(2,710)
Impairment of:			
▸ capitalised development costs	7.1.B	(102)	(80)
▸ property, plant and equipment	7.2.B	(38)	43
Depreciation of equity investments		(33)	(7)
Other		(7)	-
TOTAL		(2,995)	(2,754)

15.3. INTEREST RECEIVED AND PAID BY THE MANUFACTURING AND SALES COMPANIES

Interest received and paid by manufacturing and sales companies is included in funds from operations, and is as follows:

<i>(in million euros)</i>	2018	2017
Interest received	15	32
Interest paid	(292)	(287)
NET INTEREST RECEIVED (PAID)	(277)	(255)

15.4. DETAIL OF FREE CASH FLOW FROM MANUFACTURING AND SALES OPERATIONS

Operational free cash flow includes cash flows generated by operations net of investing activities excluding non-recurring items. It is determined as follows:

<i>(in million euros)</i>	2018	2017
Net cash from (used in) operating activities of continuing operations	8,222	5,391
Net cash from (used in) investing activities of continuing operations	(4,721)	(4,891)
Free cash flow	3,501	500
Minus, net cash from non-recurring operating operations	(1,206)	(1,054)
OPERATIONAL FREE CASH FLOW FROM MANUFACTURING AND SALES OPERATIONS	4,707	1,554

Non-recurring operational cash flows mainly include cash flows from restructuring and changes in equity investments.

NOTE 16 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

Off-balance sheet commitments given in the normal course of business were as follows at 31 December 2018:

<i>(in million euros)</i>	Notes	31 December 2018	31 December 2017
› Financing commitments	11.9	838	884
› Operating commitments	7.4	3,169	3,346
Manufacturing and sales companies		4,007	4,230
Finance companies	12.6	-	12

16.1. CONTINGENT LIABILITIES

Automotive equipment

On 25 March 2014, the European Commission and the United States Department of Justice, on 27 November 2014, the Competition Commission of South Africa, and on 19 May 2017, the Brazilian competition authority (CADE), initiated an inquiry covering certain suppliers of emission control systems on the basis for suspicions of anti-competitive practices in this market. Faurecia is one of the companies covered by these inquiries.

On the status of these inquiries:

- the European Commission has decided on 28 April 2017 to terminate the investigation initiated on 25 March 2014;
- an agreement has been reached with the CADE and made public on 5 September 2018 putting an end to the inquiry on Faurecia;

- in December 2018, Faurecia has been informed by the United States Department of Justice that it was no more subject to an inquiry;

- the inquiry of the Competition Commission of South Africa is still ongoing.

Faurecia has reached agreements, for non-material amounts, with the plaintiffs to settle all three class actions which were filed in the United States District Court for the Eastern District of Michigan against several suppliers of emissions control systems, including group affiliates, alleging anticompetitive practices in regard to Exhaust Systems. These agreements have been validated by the court.

Two class actions for similar allegations have also been filed in Canada but are at a very preliminary stage.

The consequences of still on-going procedures and above mentioned can not be predicted. Therefore, no accruals were accounted for as of 31 December 2018.

Automotive business

The customs agreement governing the automotive industry between Brazil and Argentina provides for the payment of penalties by the Argentine automotive industry should the average ratio of imports to exports vis-à-vis Brazil exceed a certain threshold over the 2015-2020 period. Penalties may be payable by the Group should the automotive industry as a whole and the Group not hit the required ratio. No provision has been funded due to the uncertainties surrounding developments in the automotive markets in Argentina and Brazil between now and 2020 and the steps that the Group could take.

16.2. COMMITMENTS CONNECTED WITH THE GEFCO GROUP

Representations and warranties were made to JSC Russian Railways (RZD) as part of its acquisition of the GEFCO Group from PSA in December 2012. At 31 December 2018, the Group had not identified any material risks associated with these representations and warranties.

Under the logistics and transportation service agreements entered into by the PSA and GEFCO groups, the Group gave guarantees regarding the satisfactory performance of the logistics contracts

and a five-year exclusivity clause. An amendment signed in November 2016 supplemented these logistics and transportation service agreements. This amendment, which came into effect on 1 January 2017, extends the exclusivity clause until the end of 2021 and confirms the guarantees regarding the satisfactory performance of the logistics contracts given by Groupe PSA. At 31 December 2018, the Group had not identified any material risks associated with these guarantees.

16.3. COMMITMENTS CONNECTED WITH THE EVENTUAL TRANSFER OF THE OPEL RESEARCH AND DEVELOPMENT ACTIVITY

On 15 November 2018, Groupe PSA/Opel and the global engineering group SEGULA Technologies announced the signature of a strategic partnership following their discussions, in accordance with the announcement made on 5 September 2018. This partnership would lead to the creation of a European engineering campus based in Rüsselsheim (Germany). The conditions precedent still remaining in effect at 31 December 2018, no impact on profit or loss from this partnership has been recognised in the annual financial statements, apart from an expense of €10 million.

NOTE 17 RELATED PARTY TRANSACTIONS

Related parties are companies subject to significant influence consolidated by the equity method, members of the managing bodies and shareholders holding more than 10% of Peugeot S.A. capital.

Transactions with companies accounted for by the equity method are disclosed in Note 10.5. Other than these transactions, there were no significant transactions with other related parties.

NOTE 18 SUBSEQUENT EVENTS

Between 31 December 2018 and 25 February 2019, the date on which the financial statements were approved by the Supervisory Board, no event likely to significantly impact the economic decisions

made on the basis of these consolidated financial statements occurred.

NOTE 19 FEES PAID TO THE AUDITORS

	Mazars		EY		PWC	
(in million euros)	2018	2017	2018	2017	2018	2017
Audit						
Statutory and contractual audit services						
▸ Peugeot S.A.	0.6	0.7	0.6	0.7	-	-
▸ Fully-consolidated subsidiaries	3.7	2.1	9.7	7.6	4.1	4.4
<i>o/w France</i>	1.4	1.9	5.3	2.5	4.1	1.1
<i>o/w International</i>	2.3	0.2	4.4	5.1	-	3.3
Sub-total	4.3	2.8	10.3	8.3	4.1	4.4
o/w Faurecia	-	-	3.9	4.1	4.1	4.4
Excluding Faurecia	4.3	2.8	6.4	4.2	-	-
	98%	97%	89%	89%	80%	83%
Other services provided to subsidiaries						
▸ Peugeot S.A.	-	-	-	-	-	-
▸ Fully-consolidated subsidiaries	0.1	0.1	1.3	1.0	1.0	0.9
<i>o/w France</i>	0.1	0.1	0.9	0.8	0.8	0.9
<i>o/w International</i>	-	-	0.4	0.2	0.2	-
Sub-total	0.1	0.1	1.3	1.0	1.0	0.9
o/w Faurecia	-	-	0.8	0.5	0.8	0.9
Excluding Faurecia	0.1	0.1	0.5	0.5	0.2	-
	2%	3%	11%	11%	20%	17%
TOTAL	4.4	2.9	11.6	9.3	5.1	5.3
o/w Faurecia	-	-	4.7	4.6	4.9	5.3
Excluding Faurecia	4.4	2.9	6.9	4.7	0.2	-

Faurecia's Statutory Auditors are PricewaterhouseCoopers and EY.

NOTE 20 CONSOLIDATED COMPANIES AT 31 DECEMBER 2018

The Companies listed below are fully consolidated, except those marked with an asterisk *, which are consolidated by the equity method, and those marked with two asterisks **, which are consolidated as joint operations and recognised in proportion to the share of assets, liabilities, revenue and expenses controlled by the Group.

Companies	Country	% interest	Companies	Country	% interest
Other Businesses			Circulo de Inversiones S.A. - CISA	Argentine	100
Peugeot S.A.	France	100	PCA Asesores de seguros S.A.	Argentine	98
Financière Pergolèse	France	100	Peugeot-Citroën Argentina S.A.	Argentine	100
GIE PSA Trésorerie	France	100	Citroën Österreich GmbH	Autriche	100
Grande Armée Participations	France	100	Peugeot Austria GmbH	Autriche	100
PSA Ventures	France	100	Peugeot Autohaus GmbH	Autriche	100
Sté Anonyme de Réassurance Luxembourgeoise - SARAL	Luxembourg	100	Citroën Belux	Belgique	100
PSA International S.A.	Suisse	100	Peugeot Belgique Luxembourg	Belgique	100
Groupe GEFCO	France	25*	S.A. Peugeot Distribution Service	Belgique	100
Groupe PMTC - Peugeot Motocycles	France	49*	PCI do Brasil Limitada	Brésil	100
Automotive Peugeot Citroën DS			Peugeot Citroën do Brasil Automoveis	Brésil	100
PSA Automobiles SA	France	100	PSA Ventures Serviços de Mobilidade Urbana Ltda	Brésil	100
Peugeot Algérie S.p.A.	Algérie	100	Automotores Franco Chilena S.A.	Chili	100
			Peugeot Chile	Chili	100

Companies	Country	% interest	Companies	Country	% interest
Dongfeng Peugeot Citroën Automobile International PTE LTD (DPCI)	Singapore	100	Citroën Italia Spa	Italie	100
Peugeot Citroën (CHINA) Automotive Trade Co	Chine	100	Peugeot Automobili Italia	Italie	100
PSA (Wuhan) Management Co., Ltd.	Chine	100	Peugeot Citroën Retail Italia S.p.A.	Italie	100
PSA Management Co Ltd (Shanghai)	Chine	100	PSA Services SRL - DFCI	Italie	100
PCA Logistika Cz S.r.o.	Tchèque (Rep.)	100	Peugeot Citroën Japan K.K.	Japon	100
ARAMIS SAS	France	70	Peugeot Tokyo	Japon	100
Automobiles Citroën	France	100	Peugeot Mexico	Mexique	100
Automobiles Peugeot	France	100	Servicios Automotores Franco-Mexicana	Mexique	100
CELOR	France	70	Peugeot Citroën Automobiles Maroc	Maroc	95
Citroën Argenteuil	France	100	Peugeot Citroën DS Maroc	Maroc	100
Citroën Dunkerque	France	100	Citroën Polska Sp. z o.o.	Pologne	100
Conception d'Équipement Peugeot Citroën - CEPC	France	100	Peugeot Polska Sp.Zo.O.	Pologne	100
D.J. - 56	France	100	Automoveis Citroën S.A.	Portugal	100
Est PR	France	100	Peugeot Portugal Automoveis S.A.	Portugal	100
Française de Mécanique	France	100	Peugeot-Citroën Automoveis Portugal	Portugal	99
GEIE Sevelind	France	100	PSAR Portugal S.A.	Portugal	100
Mécanique et Environnement	France	100	Peugeot Citroën Rus	Russie	100
Mécaniques et Bruts du Grand est	France	100	PCA Slovakia Sro	Slovaquie	100
Mécaniques et Bruts du Nord-Ouest	France	100	PSA Services Centre Europe S r o	Slovaquie	100
Mister AUTO	France	100	Peugeot Citroën Automóviles España	Espagne	100
Peugeot Citroën Mulhouse	France	100	Placas de Piezas y Componentes de Recambios (PPCR)	Espagne	100
Peugeot Citroën Rennes	France	100	Plataforma Comercial de Retail, S.A.U.	Espagne	97
Peugeot Citroën Sochaux	France	100	PSAG Automóviles Comercial España, S.A.	Espagne	100
Peugeot Media Production	France	100	Citroën (Suisse) S.A.	Suisse	100
Pièces et Entretien Automobile Bordelais	France	100	Logep AG	Suisse	50
PSA ID	France	100	PCR Retail (Suisse) SA	Suisse	100
PSA Retail France SAS	France	100	Peugeot (Suisse) S.A.	Suisse	100
S.I.A. de Provence	France	100	Peugeot Citroën Gestion Internationale	Suisse	100
Sabrié	France	100	Citroën Nederland B.V.	Pays-Bas	100
SCDPRS (Sté Cle de Distribution de Pièces de Rechange)	France	100	PCMA Holding	Pays-Bas	70
SEVELNORD	France	100	Peugeot Nederland N.V.	Pays-Bas	100
SNC - Société Mécanique Automobile de l'Est - SMAE	France	100	PSA Retail Nederland BV	Pays-Bas	100
SNC PC PR	France	100	Citroën UK Ltd	Royaume-Uni	100
SNC Peugeot Poissy	France	100	Go Motor Retailing Ltd	Royaume-Uni	100
Société Lilloise de Services et de Distribution Automobile de Pièces de Rechange	France	100	Melvin Motors (Bishopbriggs) Ltd	Royaume-Uni	100
Société Lyonnaise de Pièces et Services Automobile	France	100	Peugeot Citroën Retail UK Ltd	Royaume-Uni	100
SPSAO (Société de Pièces et Services Automobile de l'Ouest)	France	100	Peugeot Motor Company PLC	Royaume-Uni	100
Technoboost	France	100	Peugeot-Citroën Automobiles UK	Royaume-Uni	100
Véhicules d'Occasion Citroën et DS France	France	100	Robins and Day Ltd	Royaume-Uni	100
Citroën Deutschland AG	Allemagne	100	Rootes Ltd	Royaume-Uni	100
Peugeot Citroën Retail Deutschland GmbH	Allemagne	100	WarWick Wright Motors Chiswick Ltd	Royaume-Uni	100
Peugeot Deutschland GmbH	Allemagne	100	Peugeot Otomotiv Pazarlama AS - POPAS	Turquie	100
PSA Services Deutschland GmbH - DFCA	Allemagne	100	Peugeot Citroën Ukraine	Ukraine	100
			Toyota Peugeot-Citroën Automobile Czech	Tchèque (Rep.)	50*
			Societa Europea Veicoli Leggeri S.p.A. - SEVEL	Italie	50*
			PCMA Automotiv RUS	Russie	70*
			CHANGAN PSA Automobile Co Ltd	Chine	50*

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

Notes to the consolidated financial statements at 31 December 2018

Companies	Country	% interest
Dongfeng Peugeot Citroën Automobiles Sales Company Ltd	Chine	50*
Dongfeng Peugeot-Citroën Automobile Ltd - DPCA	Chine	50*
Wuhan Shenlong Hongtai Automotiv	Chine	10*
Iran Khodro Automobiles Peugeot	Iran	50*
Saipa Citroën Automobiles Company	Iran	50*
Peugeot Citroën South-Africa	Afr. du Sud	49*
STAFIM	Tunisie	34*
STAFIM-GROS	Tunisie	34*

Automotive Opel Vauxhall

Opel Automobile GmbH	Allemagne	100
Opel Austria GmbH	Autriche	100
Opel Wien GmbH	Autriche	100
Opel Automotive Services Belgium NV	Belgique	100
Opel Belgium NV	Belgique	100
Opel France S.A.S.	France	100
Opel Group Warehousing GmbH	Allemagne	100
Opel Hellas S.A.	Grèce	100
Opel Southeast Europe Ltd	Hongrie	100
Opel Szentgotthard Automotive Manufacturing Ltd	Hongrie	100
Opel Automobile Ireland Limited	Irlande	100
Opel Italia S.r.l.	Italie	100
Opel Manufacturing Poland Sp.z o.o.	Pologne	100
Opel Poland Sp.z o.o.	Pologne	100
Opel Portugal, Lda	Portugal	100
Opel Sibiu SRL	Roumanie	100
Opel South Africa PTY Ltd	Afr. du Sud	100
Opel España, SLU	Espagne	100
Opel Europe Holdings, SLU	Espagne	100
Opel Suisse SA	Suisse	100
Opel Nederland B.V.	Pays-Bas	100
Automotive UK No. 1	Royaume-Uni	100
Holdings UK No. 3 Limited	Royaume-Uni	100
IBC Vehicles LTD	Royaume-Uni	100
Vauxhall Motors Limited	Royaume-Uni	100
VHC Sub-Holdings (UK)	Royaume-Uni	100
Opel Türkiye Otomotiv Ltd. Sirketi	Turquie	100

Automotive Equipement

Faurecia (société)	France	46.3
Faurecia Argentina SA	Argentine	46.3
Faurecia Sistemas de Escape Argentina	Argentine	46.3
Faurecia Automotive Belgium	Belgique	46.3
Faurecia Industrie NV	Belgique	46.3
Faurecia Automotive do Brasil	Brésil	46.3
FMM Pernambuco Componentes Automotivos, Ltda	Brésil	23.6
Faurecia Emissions Control Technologies Canada Ltd	Canada	46.3
Changchun Faurecia Xuyang Automotive Seatings (CFXAS)	Chine	46.3
Changchung Faurecia Xuyang Interiors Systems Co Ltd	Chine	46.3

Companies	Country	% interest
Changsha Faurecia Emissions Control Technologies Co Ltd	Chine	46.3
Chengdu Faurecia Limin Automotive Systems Co Ltd	Chine	46.3
Chongqing Faurecia Changpeng Automotive Parts Company Limited	Chine	46.3
CSM Faurecia Automotive Parts Co Ltd	Chine	23.2
DONGFENG Faurecia Automotive Interior Systems Co. Ltd	Chine	46.3
Dongfeng Faurecia Emissions Control Technologies Co., Ltd	Chine	23.2
Faurecia (Changchun) Automotive Systems Co	Chine	46.3
Faurecia (Changshu) Automotive Systems Co., Ltd	Chine	46.3
Faurecia (China) Holding Co	Chine	46.3
Faurecia (Guangzhou) Automotive Systems Co Ltd	Chine	46.3
Faurecia (Hangzhou) Automotive Systems Co., Ltd	Chine	46.3
Faurecia (Jimo) Emissions Control Technologies Co., Ltd.	Chine	46.3
Faurecia (Liuzhou) Automotive Interior Systems Co., Ltd	Chine	23.2
Faurecia (Nanjing) Automotive Systems Co Ltd	Chine	46.3
Faurecia (Quigdao) Exhaust Systems Co Ltd	Chine	46.3
Faurecia (Shanghai) Automlative Systems Co Ltd	Chine	46.3
Faurecia (Shenyang) Automotive Systems Co Ltd	Chine	46.3
Faurecia (Tianjin) Automotive Systems Co., Ltd.	Chine	23.6
Faurecia (Tianjin) Emission Control Technology Co Ltd	Chine	46.3
Faurecia (Wuhan) Automotive Components Systems Co Ltd	Chine	46.3
Faurecia (Wuxi) Seatings Components Co Ltd	Chine	46.3
Faurecia (Yancheng) Automotive Systems Co Ltd	Chine	46.3
Faurecia Chongqing Zhuotong Automotive Interior System Co., Ltd	Chine	23.2
Faurecia Emissions Control Technologies (Beijing) Co Ltd	Chine	46.3
Faurecia Emissions Control Technologies (Chengdu) Co Ltd	Chine	46.3
Faurecia Emissions Control Technologies (Chongqing) Co Ltd	Chine	46.3
Faurecia Emissions Control Technologies (Foshan) Co Ltd	Chine	46.3
Faurecia Emissions Control Technologies (Nanchang) Co Ltd	Chine	46.3
Faurecia Emissions Control Technologies (Ningbo Hangzhou Bay New District) Co. Ltd	Chine	46.3
Faurecia Emissions Control Technologies (Ningbo) Co Ltd	Chine	46.3
Faurecia Emissions Control Technologies (Yantai) Co Ltd	Chine	46.3



Companies	Country	% interest	Companies	Country	% interest
Faurecia Emissions Control Technologies Development (Shanghai) Co Ltd	Chine	46.3	Faurecia Investments	France	46.3
Faurecia Exhaust Systems Changchun Co Ltd	Chine	46.3	Faurecia Seating Flers	France	46.3
Faurecia Exhaust Systems Qingpu Co., Ltd.	Chine	46.3	Faurecia Services Groupe	France	46.3
Faurecia GSK (Wuhan) Automotive Seating Co Ltd	Chine	46.3	Faurecia Sièges d'Automobile	France	46.3
Faurecia Honghu Exhaust Systems Shanghai Co Ltd	Chine	46.3	Faurecia Smart Surfaces	France	46.3
Faurecia Liuzhou Automotive Seating Co., Ltd	Chine	23.2	Faurecia Systèmes d'Echappements	France	46.3
Faurecia NHK (Xingyang) Automotive Seating Co Ltd	Chine	46.3	Faurecia Ventures	France	46.3
Faurecia PowerGreen Emissions Control Technologies Co. Ltd	Chine	46.3	Hanbach Automotive Exteriors	France	46.3
Faurecia Tongda Exhaust System (Wuhan) Co Ltd	Chine	46.3	Hennape six	France	46.3
Faurecia Yinlun Emissions Control Technology (Weifang) Co. Ltd.	Chine	24.1	Parrot Faurecia Automotive	France	46.3
Foshan Faurecia Xuyang Interior Systems Co Ltd	Chine	46.3	SIEBRET	France	46.3
Guangdong Coagent Global S&T Co., Ltd	Chine	23.2	SIEDOUBS	France	46.3
Jiangxi Faurecia Coagent Electronics Co., Ltd	Chine	23.2	SIELEST	France	46.3
Parrot Automotive Shenzhen	Chine	46.3	SIEMAR	France	46.3
Shanghai Faurecia Automotive Seating Co Ltd	Chine	46.3	TRECIA	France	46.3
Shanghai Faurecia Automotive Seating component Co., Ltd	Chine	25.5	Faurecia Abgastechnik GmbH	Allemagne	46.3
Shenzhen Faurecia Automotive Parts Co., Ltd	Chine	32.4	Faurecia Angell - Demmel GmbH	Allemagne	46.3
Tianjin Faurecia Xuyang Automotive Seat Co Ltd	Chine	46.3	Faurecia Automotive GmbH	Allemagne	46.3
Faurecia Automotive Czech Republic S.R.O	Tchèque (Rep.)	46.3	Faurecia Autositze GmbH	Allemagne	46.3
Faurecia Components Pisek Sro	Tchèque (Rep.)	46.3	Faurecia Emissions Control Technologies, Germany GmbH	Allemagne	46.3
Faurecia Emissions Control Technologies Mlada Boleslav S.R.O	Tchèque (Rep.)	46.3	Faurecia Innenraum Systeme GmbH	Allemagne	46.3
Faurecia Exhaust Systems S.r.o.	Tchèque (Rep.)	46.3	Hug Engineering GmbH	Allemagne	46.3
Faurecia Interior Systems Bohemia S.R.O	Tchèque (Rep.)	46.3	Coagent Global Limited	Hong Kong	23.2
Faurecia Interiors Pardubice S.R.O	Tchèque (Rep.)	46.3	Parrot Automotive Asia Pacific LTD	Hong Kong	46.3
Faurecia Plzen	Tchèque (Rep.)	46.3	Faurecia Emissions Control Technologies Hungary KFT	Hongrie	46.3
ECSA - Etudes et Construction de Sièges pour l'Automobile	France	46.3	Faurecia Automotive Seating India Private	Inde	46.3
Faurecia Automotive Holdings	France	46.3	Faurecia Emission Control Technologies India Private Ltd	Inde	46.3
Faurecia Automotive Industrie SNC	France	46.3	Faurecia Interior Systems India Private Ltd	Inde	46.3
Faurecia Automotives Composites	France	46.3	Faurecia Security Technologies	Israël	46.3
Faurecia Exhaust International	France	46.3	Faurecia Emissions Control Technologies, Italy Srl	Italie	46.3
Faurecia Exhaust International	France	46.3	Hug Engineering Italia S.r.l.	Italie	46.3
Faurecia Industries	France	46.3	Faurecia Howa Interiors Co Ltd	Japon	46.3
Faurecia Intérieur Industrie SNC	France	46.3	Faurecia Japan K.K.	Japon	46.3
Faurecia Intérieurs Mornac - France	France	46.3	FAS Yeongcheon	Corée	46.3
Faurecia Intérieurs Saint Quentin	France	46.3	Faurecia Emissions Control Systems Korea Ltd	Corée	46.3
			FCM Yeongcheon	Corée	46.3
			Faurecia Acoustic Luxembourg SARL	Luxembourg	46.3
			Faurecia AST Luxembourg SA	Luxembourg	46.3
			Faurecia Hicom Emissions Control Technologies (M)	Malaisie	46.3
			ET Mexico Holdings II, S de RL de CV	Mexique	46.3
			Exhaust Services Mexicana SA de CV	Mexique	46.3
			Faurecia Howa Interiors de Mexico SA de CV	Mexique	46.3
			Faurecia Sistemas Automotrices de Mexico SA de CV	Mexique	46.3
			Servicios Corporativos de Personal Especializado SA de CV	Mexique	46.3

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

Notes to the consolidated financial statements at 31 December 2018

Companies	Country	% interest
Faurecia Automotive Industries Morocco	Maroc	46.3
Faurecia Automotive Systems Technologies	Maroc	46.3
Faurecia Equipements Automobiles Maroc	Maroc	46.3
Faurecia Automotive Polska SA	Pologne	46.3
Faurecia Gorzow SA	Pologne	46.3
Faurecia Grojec R&D Center SA	Pologne	46.3
Faurecia Legnica SA	Pologne	46.3
Faurecia Walbrzych SA	Pologne	46.3
EDA - Estofagem de Assentos Ltda	Portugal	46.3
Faurecia Assentos de Automoveis Ltda	Portugal	46.3
Faurecia Sistemas de Escape Portugal Ltda	Portugal	46.3
Faurecia Sistemas de Interior de Portugal, Componentes Para Automoveis SA	Portugal	46.3
SASAL	Portugal	46.3
Euro Auto Plastic Systems SRL	Roumanie	46.3
Faurecia Romania Srl	Roumanie	46.3
OOO Faurecia Automotive Development	Russie	46.3
OOO Faurecia Automotive Exterior Bumpers	Russie	46.3
OOO Faurecia Interior Luga	Russie	46.3
OOO Faurecia Metalloprodukcja Exhaust Systems	Russie	46.3
Faurecia Automotive Slovakia Sro	Slovaquie	46.3
Faurecia Emission Control Technologies South Africa (Cape Town) (Pty) Ltd	Afr. du Sud	46.3
Faurecia Exhaust Systems South-Africa (Pty) Ltd	Afr. du Sud	46.3
Faurecia Interior Systems Pretoria (Pty) Ltd	Afr. du Sud	46.3
Faurecia Interior Systems South Africa(Pty) Ltd	Afr. du Sud	46.3
Asientos de Castilla Leon SA	Espagne	46.3
Asientos de Galicia SL	Espagne	46.3
Asientos del Norte SA	Espagne	46.3
Faurecia Acoustic Spain, S.A.	Espagne	46.3
Faurecia Asientos para Automovil España SA	Espagne	46.3
Faurecia Automotive España SL	Espagne	46.3
Faurecia Emissions Control Technologies Pamplona SL	Espagne	46.3
Faurecia Holding España S.L.	Espagne	46.3
Faurecia Interior Systems España SA	Espagne	46.3
Faurecia Interior Systems SALC España SL	Espagne	46.3
Faurecia Sistemas de Escape España SA	Espagne	46.3
Incalplas S. L.	Espagne	46.3
Tecnoconfort	Espagne	46.3
Valencia Modulos de Puertas SL	Espagne	46.3
Faurecia Interior Systems Sweden AB	Suède	46.3
Faurecia Switzerland Sàrl	Suisse	46.3
Hug Engineering AG	Suisse	46.3

Companies	Country	% interest
Faurecia & Summit Interior Systems (Thailand) Co Ltd	Thaïlande	46.3
Faurecia Emission Control Technologies, Thailand Co Ltd	Thaïlande	46.3
Faurecia Interior Systems (Thailand) Co Ltd	Thaïlande	46.3
ET Dutch Holdings BV	Pays-Bas	46.3
Faurecia Emissions Control Technologies Netherlands BV	Pays-Bas	46.3
Hug Engineering B.V.	Pays-Bas	46.3
EMCON Technologies UK Ltd	Royaume-Uni	46.3
Faurecia Automotiv Seating UK Ltd	Royaume-Uni	46.3
Faurecia Midlands Ltd	Royaume-Uni	46.3
SAI Automotive Fradley	Royaume-Uni	46.3
SAI Automotive Washington Ltd	Royaume-Uni	46.3
Faurecia Informatique Tunisie	Tunisie	46.3
Société Tunisienne d'Equipements d'Automobile	Tunisie	46.3
Faurecia Polifleks Otomotiv Sanayi Ve Ticaret Anonim Sirketi	Turquie	46.3
Faurecia Automotive Seating LLC	Etats-Unis	46.3
Faurecia DMS	Etats-Unis	46.3
Faurecia Emissions Control Systems Inc	Etats-Unis	46.3
Faurecia Emissions Control Technologies, USA, LLC	Etats-Unis	46.3
Faurecia Interior Systems Inc	Etats-Unis	46.3
Faurecia Interior Systems Saline LLC	Etats-Unis	46.3
Faurecia Interiors Louisville LLC	Etats-Unis	46.3
Faurecia Madison Automotive Seating INC	Etats-Unis	46.3
Faurecia Mexico Holdings LLC	Etats-Unis	46.3
Faurecia North America Holdings LLC	Etats-Unis	46.3
Faurecia USA Holdings Inc	Etats-Unis	46.3
FKN North America Inc	Etats-Unis	46.3
Hug Engineering Inc.	Etats-Unis	46.3
Faurecia Automotive de Uruguay	Uruguay	46.3
Beijing WKW-FAD Automotive Parts Co., Ltd	Chine	23*
Changchun Faurecia Xuyang Automotive Components Technologies R&D Co Ltd	Chine	21*
Changchun Xuyang Acoustics & Soft Trim Co Ltd	Chine	19*
Chongqing Guangneng Faurecia Interior Systems Co Ltd	Chine	23*
Dongfeng Faurecia (Xiangyang) Emissions Systems Co., Ltd	Chine	23*
DONGFENG Faurecia Automotive Exterior Systems Co. Ltd	Chine	23*
DONGFENG Faurecia Automotive Parts Sales Company Limited	Chine	23*
Faurecia Liuzhou Automotive Seating Sales Co., Ltd	Chine	23*
Hongtai Faurecia Composite (Wuhan) Co., Ltd.	Chine	23*
Jinan Jidao Automotive Parts Co Ltd	Chine	23*
Lanzhou Limin Automotive Parts Co Ltd	Chine	23*



Companies	Country	% interest	Companies	Country	% interest
Xiangtan Faurecia Limin Interior & Exterior Systems Co Ltd	Chine	23*	Auto ABS DFP Master Compartment France 2013	France	50*
Zhesiang Faurecia Limin Interior & Exterior Systems Co Ltd	Chine	23*	Compagnie pour la Location de Véhicules - CLV	France	50*
Automotive Performance Materials (APM)	France	23*	CREDIPAR	France	50*
SAS Autosystemtechnik GmbH & Co KG	Allemagne	23*	FCT Auto ABS French Leases 2018 - Fonds E	France	50*
Basis Mold India Private Limited	Inde	18*	FCT Auto ABS French Leases Master	France	50*
NHK F. Krishna India Automotive Seating Private Limited	Inde	9*	FCT Auto ABS French Loans Master	France	50*
LIGNEOS Srl	Italie	23*	FCT PFFR LLD Master 2017-E	France	50*
Faurecia NHK Co Ltd	Japon	23*	Société Financière de Banque - SOFIB	France	50*
Vanpro Assentos Ltda	Portugal	23*	FCT Auto ABS German Loans 2018	Allemagne	50*
Componentes de Vehiculos de Galicia SA	Espagne	23*	FCT Auto ABS German Loans Master	Allemagne	50*
Copo Iberica SA	Espagne	23*	PSA Bank Deutschland GmbH	Allemagne	50*
INDUSTRIAS COUSIN FRERES, S.L.	Espagne	23*	ABS Italian Loans Master S.r.l.	Italie	50*
Teknik Malzeme Ticaret ve Sanayi A.S.	Turquie	23*	Banca Italia S.P.A	Italie	50*
Detroit Manufacturing Systems, LLC	Etats-Unis	23*	FCT Auto ABS Italian Loans 2018	Italie	50*
DMS LEVERAGE LENDER (LLC)	Etats-Unis	23*	PSA Renting Italia	Italie	50*
DMS Toledo, LLC	Etats-Unis	21*	PSA Insurance Europe Ltd	Malte	50*
Peugeot Citroën DS Finance			PSA Life Insurance Europe Ltd	Malte	50*
Banque PSA Finance	France	100	PSA Consumer Finance Polska Sp. Z o.o. Pologne		50*
BPF Algérie	Algérie	100	PSA Finance Polska	Pologne	50*
PCA Compañía de Seguros S.A	Argentine	70	FCT Auto ABS Compartiment 2016-5	Espagne	50*
PSA Finance Argentina	Argentine	50	FCT Auto ABS Spanish Loans 2018	Espagne	50*
PSA factor Italia S.p.A.	Italie	100	PSA Finance, Succursale en España EFC, SA	Espagne	50*
PSA Insurance Ltd	Malte	100	Auto ABS Swiss Lease 2013 GmbH	Suisse	50*
PSA Insurance Manager Ltd	Malte	100	PSA Finance Suisse S.A.	Suisse	50*
PSA Insurance Solutions Ltd.	Malte	100	PSA Finance Nederland BV	Pays-Bas	50*
PSA Life Insurance Ltd	Malte	100	Auto ABS UK Loans PLC - Compartiment 2012-5	Royaume-Uni	50*
PSA Services Ltd	Malte	100	FCT Auto ABS UK Loans 2017	Royaume-Uni	50*
BPF Mexico	Mexique	100	PSA Wholesale Ltd	Royaume-Uni	50*
Bank PSA Finance Rus	Russie	100	Opel Vauxhall Finance		
Peugeot Citroën Leasing	Russie	100	Opel Bank GmbH	Allemagne	50*
PSA Finance Nederland B.V.	Pays-Bas	100	Opel Bank S.A	France	50*
PSA Financial Holding B.V.	Pays-Bas	100	Opel Finance Germany Holdings GmbH	Allemagne	50*
Economy Drive Cars Ltd	Royaume-Uni	100	Opel Leasing GmbH	Allemagne	50*
Vernon Wholesale Investments Company Ltd	Royaume-Uni	100	Opel Finance SpA	Italie	50*
BPF Pazarlama A.H.A.S.	Turquie	100	Opel Finance AB	Suède	50*
PSA Finance Belux	Belgique	50*	Opel Finance SA	Suisse	50*
Banco PSA Finance Brasil SA	Brésil	50*	Opel Finance International B.V.	Pays-Bas	50*
PSA Corretora de Seguros e Serviços Ltda. (PFBR)	Brésil	50*	Opel Finance N.V.	Pays-Bas	50*
Dongfeng Peugeot Citroën Automobile Finance Company	Chine	25*(1)	OPVF Europe Holdco Limited	Royaume-Uni	50*
			Vauxhall Finance plc	Royaume-Uni	50*

(1) Of which 12.5% through Dongfeng Peugeot Citroën Automobile.

5.7. REPORT OF THE SUPERVISORY BOARD: OBSERVATIONS OF THE SUPERVISORY BOARD ON THE REPORT OF THE MANAGING BOARD AND ON THE 2018 CONSOLIDATED FINANCIAL STATEMENTS

2018 marks the close of the first chapter of the Push to Pass Plan and the first year of implementation of the *PACEI* plan.

With the acquisition of Opel Vauxhall and strong results from Peugeot and Citroën, global sales rose to record levels, increasing for the fifth straight year (up 6.8%) and buoyed, in particular, by rising European sales (+30%). Sales of Light Commercial Vehicles also surged to record highs. The Group bolstered its position as a European leader in each of the three major segments of the van market (Compact, Medium and Large Vans).

Groupe PSA won the 2019 International Van of the Year Award (IVOTY) for its Peugeot Partner, Citroën Berlingo Van and Opel/Vauxhall Combo; AUTOBEST's "Best Buy Car of Europe 2019" award for its Citroën Berlingo Van, Opel/Vauxhall Combo Life and Peugeot Rifter and, for the fourth straight year, the "International Engine of the Year Award" for its 3-cylinder Turbo PureTech petrol engine.

Groupe PSA achieved solid results, boasting a recurring operating margin of 7.7% for the Group and 7.6% for the Automotive division – positioning it as one of the world's top five car manufacturers. Revenue growth compared to 2017 was 19% for Groupe PSA and 24% for the Automotive Division.

In Europe, Groupe PSA took on new proportions, commanding a 17.1% market share by the end of 2018 – up 3.8 points – thanks, in particular, to the acquisition of Opel Vauxhall and to strong profits from Peugeot and Citroën, each of which recorded a 5% surge in overall sales. The new WLTP standard was seamlessly implemented.

In the Middle East & Africa, following the US withdrawal from the JCPOA announced on 8 May 2018, the Group entered into compliance with new American regulations by suspending all of its operations in Iran affected by the sanctions. This market also felt the effects of a flagging Turkish economy, but Groupe PSA's market share did grow in Morocco (+1.7 points), Tunisia (+1 point) and Egypt (+3.1 points). Development of the regional industrial footprint is currently under way. Manufacturing facilities in Kenitra, Morocco, are scheduled to begin production in 2019.

In China, where the passenger car market has fallen by 2%, Groupe PSA has suffered a 34.2% drop in sales. The Group has been working on a number of action plans with its partners to remedy the situation. In South-East Asia, sales are twice as high as in 2017, and the joint venture with Naza (Malaysia) is scheduled to deliver its first 3008 and 5008 models in 2019.

In Latin America, sales fell by 15%, largely owing to the dramatic economic downturn in Argentina, the general economic context, and unfavourable exchange rates, but overall sales were still up by 13.3% in the Americas.

In the area of service and repairs, the Push to Pass Plan resulted in a shift from an offering centred around genuine original parts for its different brands to a broader offering through Eurorepar extended to the entire independent repairs market, along with an OEM parts offering developed through the DISTRIGO brand. A similar offering is currently being rolled out in China via the acquisition of shares in the distributors Jian Xin and UAP.

To better serve its customers, the Group continues to develop its mobility and connected solutions offering with Free2Move Business Solutions, which sells fleet-wide connected systems for enterprise vehicle fleets; similarly, the Group recently acquired TravelCar, a company specialised in parking and car rental services. The Group continues to work on developing new innovative technologies. The DS 7 Crossback, launched in 2018, is the Group's first-ever vehicle equipped with the technology to offer new services such as remote on-demand diagnostics, remote vehicle controls, and over-the-air updates for vehicle software, traffic data, GPS navigation and the personal assistant. It also features level-2 autonomous vehicle technology.

Groupe PSA has made significant strides in terms of vehicle CO₂ emissions, its industrial carbon footprint, and the environmental performance of its supply chain.

Beginning in 2019, all new models will be produced in an electric or hybrid version. By 2025, 100% of models available to Peugeot Citroën DS Opel Vauxhall customers will also be sold in an electric version thanks to the Group's two multi-energy platforms: EMP2 and CMP.

The Group's CO₂ governance strategy has been enhanced through the creation of a CO₂ Committee chaired by the Chairman of the Managing Board, which meets monthly with the aim of anticipating potential effects on technology, products, jobs, and joint arrangements. Agreements have been signed with NIDEC and Punch Powertrain for the development of electric vehicles. Carlos TAVARES initiated a series of filmed public exchanges with top-level experts to discuss the seven major trends that are likely to shape the future of transport, taking into account the European Commission's decision to reduce passenger-car CO₂ emissions by 37.5% between 2021 and 2030.

Groupe PSA's CSR performance is already well known. The Group has been hailed as an industry leader in the Dow Jones Sustainability Index and by the rating agency Vigeo. It is also present in SRI indexes such as STOXX and FTSE4Good, and has been featured on the A-List of the Carbon Disclosure Project since early 2019.

In terms of the Group's financial rating, Fitch has evaluated it at BBB-/Stable, Moody's Investors Service at Ba1/positive, and S&P as BBB-/Stable as of late 2018.

The Supervisory Board acknowledged the Report of the Managing Board and the financial statements for 2018, as drawn up by the Managing Board on 18 February 2019. The Board had no comment to make on that report or on the financial statements for the year.

The Supervisory Board would like to extend its congratulations to Carlos Tavares and all of the Group's employees for 2018's excellent results.



5.8. STATUTORY AUDITORS' REPORT ON THE 2018 CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Peugeot S.A.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Peugeot S.A. for the year ended 31 December 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Finance and Audit Committee.

Basis for Opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2018 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*).

Emphasis of Matter

We draw attention to Note 1.2 to the consolidated financial statements, which describes the impacts of first-time application of standards IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments". Our opinion is not modified in respect of this matter.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

MEASUREMENT OF THE RECOVERABLE AMOUNT OF GOODWILL AND BRANDS

Risk identified	Our response
<p>The net carrying amount of goodwill and brands is respectively €3,608m and €1,994m as at 31 December 2018. These assets are allocated to cash generating units (CGUs).</p> <p>As stated in Note 7.3 to the consolidated financial statements, in accordance with IAS 36, goodwill and brands are not amortized but are subject to impairment tests at each annual close or more frequently when there is an indication of impairment. Impairment is recognized when the recoverable amount of these assets is less than their net carrying amount. The recoverable amount is the higher of value in use and market value. Value in use is determined by reference to discounted future cash flows and requires a high degree of judgment on the part of management, in particular to determine forecasts, discount rates and perpetuity growth rates.</p> <p>Given the significance of these assets in the Group's consolidated financial statements, and the degree of management's judgment inherent in the estimates and assumptions used, we consider the measurement of the recoverable amount of the Group's goodwill and brands as a key audit matter.</p>	<p>We performed a critical analysis of the methods used by management to determine the recoverable amount of goodwill and brands. For each of the CGUs to which these assets are allocated, we obtained management's latest medium-term plans and the impairment test results.</p> <p>On the basis of this information, our work consisted in:</p> <ul style="list-style-type: none"> › Reconciling the net carrying amounts of the assets tested for impairment with the accounts; › Analyzing the future cash flow projections, in particular the consistency of the margin rates and volumes used for the tests with external sources or management's latest estimates presented to the Group's governance bodies; › Assessing the projections by comparing them with the data used for the previous impairment tests and the Group's historical performance; › Analyzing the consistency of the discount rates used, notably by comparing them with the available market data; › Verifying, by sampling, the arithmetical accuracy of the valuation model used by management; › Analyzing the sensitivity of the recoverable amount of the CGUs tested to a variation in the main assumptions used (perpetuity growth rates, operating margin rate used for terminal value, discount rates); <p>Assessing the appropriateness of the information disclosed in the notes to the consolidated financial statements.</p>

CAPITALIZATION AND VALUATION OF DEVELOPMENT COSTS

Risk identified	Our response
<p>Development costs are recognized under intangible assets on the balance sheet according to the conditions described in Note 4.3 to the consolidated financial statements and in accordance with IAS 38. The amount capitalized in 2018 was €1,897m. Capitalized development costs are amortized on a straight-line basis for the assets allocated to the Peugeot - Citroën - DS Automotive division and the Opel - Vauxhall Automotive division, based on the mass production agreement and on their useful life capped at seven years for vehicles and ten years for sub-assemblies and modules. For the Automotive Equipment business, development costs incurred for specific orders received from customers are amortized on a straight-line basis in line with the parts delivery cycle, with a minimum accumulated each year corresponding to straight-line amortization over five years. Research costs and study and development costs that do not fulfil the conditions set out in Note 4.3 to the consolidated financial statements are recognized as expenses in the financial year during which they are incurred.</p> <p>Capitalized development costs are allocated to cash generating units (CGUs) and are subject to an impairment test at each annual close or more frequently when there is an indication of impairment. The Group recognizes impairment when the recoverable amount of the CGU to which the asset is allocated is less than its net carrying amount. The recoverable amount is the higher of value in use and market value. Value in use is determined by reference to discounted future cash flows and requires a high degree of judgment on the part of management, in particular to determine forecasts, discount rates and perpetuity growth rates.</p> <p>We have identified the capitalization and valuation of development costs as a key audit matter due to the significance of these intangible assets in the Group's consolidated balance sheet and the judgment exercised by management upon their initial capitalization and the performance of impairment tests, if any.</p>	<p>Within the framework of our audit of the consolidated financial statements, our work notably consisted in:</p> <ul style="list-style-type: none"> › Analyzing the Group rules relating to the initial recognition of development costs based on the accounting standards in force, and assessing compliance with these rules; › Testing, by sampling, the concordance of the amounts of development costs capitalized during the year with the underlying documented evidence; › Discussing with management to identify any indications of impairment; › Reconciling with the accounts the net carrying amounts of the CGUs subject to impairment testing; › Analyzing the future cash flow projections, in particular the consistency of the margin rates and volumes used for the tests with external sources or management's latest estimates presented to the governance bodies; › Assessing projections by comparing them with the data used for the previous impairment tests and the Group's historical performance; › Analyzing the sensitivity of the recoverable amount of the CGUs tested to a variation in the main assumptions used (margin rate used and discount rates).



RECOVERABILITY OF THE FRENCH TAX GROUP'S DEFERRED TAX ASSETS

Risk identified

As stated in Note 13 to the consolidated financial statements for 2018, the Group's deferred tax assets on loss carryforwards amount to €1,019m as at 31 December 2018, including €860m of deferred tax assets on losses within the French tax group of Peugeot S.A..

The French tax group's tax assets that may be offset against net deferred tax liabilities (up to a maximum of 50%) are recognized on the balance sheet. In addition, deferred tax assets are recognized if they have a reasonable chance of being realized given the taxable income projections. Deferred taxes are tested for impairment on the basis of tax projections that are consistent with the main assumptions of the Group's Medium-Term Plan and established over the period during which the Group estimates their recoverability to be probable.

Given the significant amount of these assets and the degree of management's judgment inherent in the estimates and assumptions used, we have considered the recognition and recoverability of the deferred tax assets recognized in respect of the tax loss carryforwards of the tax group in France as a key audit matter.

Our response

Within the framework of our audit of the consolidated financial statements, our work consisted in:

- › For deferred tax assets on loss carryforwards whose recoverability is justified by the existence of deferred tax liabilities, assessing whether the principle of recognition of deferred tax assets for 50% of net deferred tax liabilities has been correctly applied;
- › For deferred tax assets on loss carryforwards whose recoverability is justified by taxable income projections, assessing the consistency of the tax projections with the main assumptions of the Group's Medium-Term Plan approved by the governance bodies;
- › Assessing the appropriateness of the disclosures in Note 13 to the consolidated financial statements.

VALUATION OF EQUITY-ACCOUNTED INVESTMENTS RELATING TO THE AUTOMOTIVE ACTIVITIES

Risk identified

As stated in Note 10.2 to the consolidated financial statements for 2018, as at 31 December 2018, the equity-accounted investments relating to the PSA Group's automotive activities are recognized on the balance sheet for the amount of €590m. These investments mainly include the Group's share in joint ventures with the Dong Feng Motor Company Group and with the Changan Group for the activities located in China.

The results of the equity-accounted companies include the depreciation of assets resulting from impairment tests performed according to the same principles as those applied to test the fixed assets of the PSA Group's automotive activities. When there is an indication of impairment, the assets allocated to a specific vehicle model are tested for each related Vehicle CGU. The total assets (including those not allocated to a specific vehicle model) are also tested at the level of each joint venture, as stated in Note 7.3.D to the consolidated financial statements. The PSA Group performs an additional impairment test at its level when there is an indication of impairment.

Given the significance of these assets in the Group's accounts, the volatility of the Chinese market, and the degree of judgement that management is required to exercise concerning the assumptions underlying the valuation of the assets of these companies, we have considered the valuation of the equity-accounted investments relating to the automotive activities as a key audit matter.

Our response

Within the framework of our audit of the consolidated financial statements, our work consisted in:

- › Analyzing the existence of impairment indicators, such as a significant decrease in volumes or a deterioration in profitability;
- › Assessing the consistency and relevance of the main assumptions used for the impairment tests performed on the assets of the joint ventures with the Dong Feng Motor Company Group and the Changan Group, notably by reference to the medium-term plan approved by the governance bodies of these joint ventures;
- › Assessing the appropriateness of the information disclosed in the notes to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French legal and regulatory texts the information pertaining to the Group presented in the Managing Board's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement provided for by article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the management report, it being specified that, in accordance with the provisions of article L. 823-10 of said Code, we have verified neither the fair presentation nor the compliance with the annual accounts of the information contained in this statement, which should be the subject of a report by an independent third party.

Report on Other Legal and Regulatory Requirements

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Peugeot S.A. by your Annual General Meeting held on 25 May 2005 for MAZARS and on 31 May 2011 for ERNST & YOUNG et Autres.

As at 31 December 2018, MAZARS was in its 14th year and ERNST & YOUNG et Autres in its 8th year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Finance and Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Managing Board.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.



- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE FINANCE AND AUDIT COMMITTEE

We submit to the Finance and Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Finance and Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Finance and Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Finance and Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, 26 February 2019

The Statutory Auditors

French original signed by:

MAZARS

Thierry Blanchetier
Jérôme de Pastors

ERNST & YOUNG et Autres

Laurent Miannay
Ioulia Vermelle

PEUGEOT S.A. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018



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6.1. INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

<i>(in million euros)</i>	Note	2018	2017
Operating income		212.5	147.1
Operating expenses		(232.2)	(170.7)
Net operating income (expense)	16	(19.7)	(23.6)
Investment income		475.8	359.9
Other financial income		2.5	4.8
Financial provision reversals and expense transfers		19.8	20.3
Financial income		498.1	385.0
Charges to financial provisions		(38.5)	(21.5)
Other financial expenses		(81.8)	(118.7)
Financial expenses		(120.3)	(140.2)
Net financial income (expense)		377.8	244.8
Recurring income before tax		358.1	221.2
On management transactions		-	-
On capital transactions		-	-
Non-recurring provision reversals and expense transfers		9.7	57.4
Non-recurring income		9.7	57.4
On management transactions		(31.4)	-
On capital transactions		-	(34.0)
Non-recurring charges to provisions and expense transfers		(15.1)	(5.3)
Non-recurring expenses		(46.5)	(39.3)
Net non-recurring income (expense)	18	(36.8)	18.1
Non-discretionary profit-sharing		-	-
Income tax benefit	19	157.0	177.0
NET PROFIT FOR THE YEAR		478.3	416.3

6.2. BALANCE SHEETS AT 31 DECEMBER 2018

ASSETS

		31/12/2018		31/12/2017
		Depreciation, amortization and impairment		
<i>in million euros</i>	Notes	Total		Net
				Net
Intangible assets		0.1	-	0.1
Property plant and equipment		-	-	-
Investments	3	-	-	-
Shares in subsidiaries and affiliates	4	19,284.6	(665.8)	18,618.8
Advances to subsidiaries and affiliates		-	-	-
Other investments	5	134.3	(30.6)	103.7
Long-term loans and receivables	6	3.5	(1.3)	2.2
		19,422.4	(697.7)	18,724.7
Total non-current assets		19,422.5	(697.7)	18,724.8
Current assets				
Trade receivables		143.7	(2.0)	141.7
Other receivables and prepayments to suppliers	7	735.5	-	735.5
Marketable securities	8	214.6	(14.2)	200.4
Cash equivalents	9	3,117.8	-	3,117.8
Cash		0.1	-	0.1
Total current assets		4,211.7	(16.2)	4,195.5
Prepaid expenses		-	-	-
Bond redemption premiums		1.9	-	1.9
TOTAL ASSETS		23,636.1	(713.9)	22,922.2

LIABILITIES AND SHAREHOLDERS' EQUITY

<i>(in million euros)</i>	Notes	31/12/2018	31/12/2017
Shareholders' equity			
Share capital	11	904.8	904.8
Additional paid-in capital		4,676.2	4,676.2
Revaluation reserve		454.5	454.5
Other reserves			
Reserves and retained earnings		13,243.1	13,300.4
Net profit for the year		478.3	416.3
Untaxed provisions		16.8	6.5
Total equity	12	19,773.7	19,758.7
Provisions for contingencies and charges	10	117.1	145.1
Long- and short-term debt			
Bonds	13	2,336.7	2,269.0
Other long and short-term debt	13	21.5	0.9
		2,358.2	2,269.9
Trade payables			
Trade payables		25.1	17.0
Accrued taxes and payroll costs		330.7	181.7
		355.8	198.7
Due to suppliers of fixed assets	14	59.7	61.9
Other liabilities		257.4	260.2
Total liabilities		3,031.1	2,790.7
Deferred income		0.3	0.3
TOTAL LIABILITIES & EQUITY		22,922.2	22,694.8

6.3. CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

<i>(in million euros)</i>	Notes	2018	2017
Net profit for the year		478.3	416.3
Net change in provisions		(0.2)	(19.2)
Net gains (losses) on disposals of fixed assets		-	-
Other net financial and net non-recurring income and expenses		-	-
Funds from operations		478.1	397.1
Change in working capital requirement		(291.0)	56.1
Net cash from operating activities		187.1	453.2
(Acquisitions) disposals of intangible assets and property and equipment		-	-
Proceeds from disposals of shares in subsidiaries and affiliates		-	-
Purchases of shares in subsidiaries and affiliates		(329.2)	(2,372.7)
Net cash used in investing activities		(329.2)	(2372.7)
Dividends paid		(473.6)	(430.9)
Capital increase		-	937.1
(Purchases) sales of Peugeot S.A. shares		28.5	(41.1)
Increase (decrease) in other long-term debt		110.2	396.4
(Increase) decrease in long-term loans and receivables		-	1,292.5
Change in other financial assets and liabilities		(4.3)	94.1
Net cash from/(used in) financing activities		(339.2)	2248.1
Net decrease in cash and cash equivalents		(481.3)	328.6
Cash and cash equivalents at beginning of period		3,599.2	3,270.6
Cash and cash equivalents at end of period		3,117.9	3,599.2
Breakdown of cash and cash equivalents at end of period			
Cash equivalents	9	3,117.8	3,599.2
Cash		0.1	-
Bank overdrafts		-	-
TOTAL		3,117.9	3599.2

6.4. NOTES TO PEUGEOT S.A. FINANCIAL STATEMENTS

For the year ended 31 December 2018

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Appendix

The following disclosures constitute the notes to the balance sheet at 31 December 2018, before appropriation of net profit for the year, which shows total assets of €22,922.2 million and to the income statement for the year then ended, which shows net profit of € 478.3 million.

The financial statements cover the twelve-month period from 1 January to 31 December 2018.

Notes are an integral part of the financial statements. All amounts are in millions of euros unless otherwise specified.

The financial statements for 2018 including explanatory notes were approved for issue by the Managing Board of Peugeot S.A. on 18 February 2019.

These financial statements are included in the consolidated financial statements of Groupe PSA.

NOTE 1 ACCOUNTING POLICIES AND METHODS

General accounting principles intended to provide a true and fair view of the business have been applied, including the principle of prudence and the following basic assumptions:

- the going concern;
- the continuity of accounting methods from one year to the next;
- segregation of accounting periods;
- in accordance with the general rules for the preparation and presentation of annual financial statements (Regulation ANC 2014-03 of 5 June 2014, validated by a Decree of 8 September 2014).

Items recorded in the accounts are stated in accordance with the historical cost convention.

With reference to the ANC (French accounting standards body) Regulation 2018-01 of 20 April 2018, no changes have been made to the accounting method.

The main accounting policies applied are as follows:

A. SHARES IN SUBSIDIARIES AND AFFILIATES

Since 2007, the cost of shares in subsidiaries and affiliates includes transaction costs.

In prior years, these investments were stated at purchase cost excluding transaction costs, except for investments acquired before 31 December 1976 that were included in the legal revaluation.

Investments in subsidiaries are estimated at the value in use, based on one of the following methods:

- market value of the securities;
- share of underlying net assets restated in accordance with the Group's accounting principles;
- the economic value of the consolidated equity of the business that they represent. This is determined by the future cash flow generated in the medium term updated every year. The automotive market forecasts used in this plan are the Group's most recent estimates, which are based on external data.

In the case of a prolonged decline in the value in use of an investment to below cost, a provision is recorded for the difference.

If an investment has a negative value in use and circumstances warrant it, a provision for contingencies is booked.

If sold, shares are valued using weighted average cost (WAC).

B. OTHER INVESTMENTS

Units in FCPR investment funds

Units in FCPR investment funds are recorded in "Other investments" in full for the amount booked under "Due to suppliers of fixed assets". The liability is gradually cancelled as payments are made. If the units' net asset value is below cost, a provision is recorded.

C. LOANS AND RECEIVABLES

Loans and receivables are stated at their nominal amount. A provision is booked to cover any probable losses.

D. MARKETABLE SECURITIES

Treasury shares

Shares allocated to performance share grants and likely to be delivered at the end of the vesting period are recorded at a new gross value equal to the carrying amount at the day on which their allocation was decided.

Shares allocated to performance share grants and not likely to be delivered, and those allocated to future grants, are recorded at their purchase cost. A provision for impairment is recorded when the market value is less than the carrying amount.

Other marketable securities

Other marketable securities consist of money market securities purchased under resale agreements. Interest income on these securities is recognised in "Financial income." No impairment provisions are recorded for these securities if there is no tangible probability of default by the issuer or of loss expected at the time of purchase by a third party (firm commitment to buy at an agreed upon date).

E. UNTAXED PROVISIONS

Untaxed provisions primarily concern reinvested capital gains on sales of shares in subsidiaries and affiliates qualifying for rollover relief under the former Article 40 of the French Tax Code and the tax spreading out of the acquisition costs on equity investments.

F. BORROWINGS

Borrowings are stated at their nominal amount. Debt issuance costs are not capitalised but are expensed in full in the period when they are incurred.

When the face value of non-convertible bonds is higher than the amount received by Peugeot S.A., the discount is amortised over the life of the bond.

G. RETIREMENT COMMITMENTS

Company employees are entitled to length-of-service awards payable on retirement and supplementary pension benefits under defined contribution or defined benefit plans.

The Company has not elected to recognise its retirement obligations in the balance sheet. Further information on these is provided in Note 21.

H. INCOME TAXES

Peugeot S.A. and its over 95%-owned subsidiaries in France elected to file a consolidated tax return, in accordance with Article 223A of the French General Tax Code.

The effects of Group relief recorded in the Company's income statement comprise:

- the total income corresponding to the sum of the tax due by profitable subsidiaries;
- the net tax expense or tax benefit resulting from setting off the taxable profits and losses of the companies in the tax group;
- the income corresponding to any repayments from profitable subsidiaries to which tax savings were transferred in prior periods;
- any adjustments of income tax expense for prior periods;
- charges to provisions for contingencies set up to cover the estimated net income tax expense that may be due following periodic tax audits of subsidiaries in the tax group.

I. CHANGES IN MEASUREMENT METHOD

There were no changes in measurement method during the year.

NOTE 2 SIGNIFICANT EVENTS

DISTRIBUTION OF DIVIDENDS

On 4 May 2018, Peugeot S.A. paid dividends to its shareholders of €473.6 million, equivalent to €0.53 per share.

BOND ISSUE

Issue of a new €650 million bond in March 2018 (see Note 13).

SYNDICATED CREDIT FACILITY

On 24 May 2018 Peugeot S.A. signed a new amendment to the syndicated credit facility. The latter now includes tranches A and B and a single tranche with a maturity of five years (May 2023) and two extensions of one year.

NOTE 3 FINANCIAL ASSETS

<i>(in million euros)</i>	Invested entities (Note 4)	Loans & advances to invested entities	Other long-term investments (Note 5)	Long-term loans & receivables (Note 6)
Cost at 1 January 2018	18,955.5	-	150.9	6.5
› additions	329.1	-	-	0.2
› disposals	-	-	(16.6)	(3.2)
Cost at 31 December 2018	19,284.6	-	134.3	3.5
Impairment at 1 January 2018	(644.3)	-	(24.5)	(1.1)
› additions	(21.5)	-	(6.1)	(0.2)
› reversals	-	-	-	-
› other changes	-	-	-	-
Provisions for impairment at 31 December 2018	(665.8)	-	(30.6)	(1.3)
NET COST AT 31 DECEMBER 2018	18,618.8	-	103.7	2.2

NOTE 4 SHARES IN SUBSIDIARIES AND AFFILIATES

INVESTED ENTITIES

	Gross value			Impairment			Net value
(in million euros)	At 1 January	Change	At 31 December	At 1 January	Change	At 31 December	At 31 December
PSA Automobiles SA	12,559.3	-	12,559.3	-	-	-	12,559.3
Automobiles Citroën	625.7	-	625.7	-	-	-	625.7
Automobiles Peugeot	480.5	-	480.5	-	-	-	480.5
Conception d'Équipement Peugeot Citroën	170.3	-	170.3	-	-	-	170.3
Total of Automotive Division Subsidiaries Peugeot Citroën DS	13,835.8	-	13,835.8	-	-	-	13,835.8
Opel Automobile GmbH	2,087.0	279.1	2,366.1	-	-	-	2,366.1
Opel Wien	3.4	-	3.4	-	-	-	3.4
Total of Automotive Subsidiaries Division Opel	2,090.4	279.1	2,369.5	-	-	-	2,369.5
Faurecia	1,609.4	-	1,609.4	-	-	-	1,609.4
Grande Armée Participations	408.9	-	408.9	(342.2)	(0.3)	(342.5)	66.4
Peugeot Motocycles (Peugeot Scooters)	301.6	-	301.6	(301.6)	-	(301.6)	-
PSA Ventures	100.0	50.0	150.0	(0.4)	(21.1)	(21.5)	128.5
Banque PSA Finance	582.4	-	582.4	-	-	-	582.4
Other Subsidiaries	27.0	-	27.0	(0.1)	(0.1)	(0.2)	26.8
TOTAL	18,955.5	329.1	19,284.6	(644.3)	(21.5)	(665.8)	18,618.8

A. GROSS VALUES

Within the framework of the provisions of the Master Agreement, Peugeot S.A. made further payments during the course of the financial year to General Motors worth a total of €279.1 million.

On 18 May 2018, Peugeot S.A. subscribed € 50.0 million to a new increase in the share capital of PSA Ventures.

B. CARRYING VALUES

1) Peugeot Citroën DS Automotive Division

Peugeot S.A. owns automotive subsidiaries through four central companies, namely PSA Automobiles SA, Automobiles Peugeot, Automobiles Citroën, Conception d'Équipements Peugeot Citroën, which are inseparable. The shares taken altogether had a gross value of €13,835.8 million at 31 December 2018.

At year-end 2018, the net carrying amount of these investments, of €13,835.8 million, was compared to the present value of the discounted future cash flows. These tests include the business of the Peugeot Citroën DS Automotive Division excluding China and the Chinese operations. The net carrying amount remained below of the present value, no impairment was recognised.

2) Opel Automotive Division

Peugeot S.A. owns automotive subsidiaries through two central companies, namely OPEL Automobile GmbH and Opel Wien.

At year-end 2018, the net carrying amount of these investments, of €2,369.5 million, was compared the present value of the discounted future cash flows. The net carrying amount remained below of the present value, no impairment was recognised.

3) Faurecia

At 31 December 2018 the cost value of Peugeot S.A.'s investment in Faurecia was €1,609.4 million.

The investment by Peugeot S.A. (63,960,006 shares and 127,920,012 voting rights) represented at 31 December 2018, 46.33% of the capital and 63.10% of the voting rights.

The stock market value of the Faurecia shares held by Peugeot S.A. at 31 December 2018 was €2,115.2 million. This represented the share price paid in transactions between minority shareholders not leading to control.

No impairment was recognised at that date as this value far exceeded their carrying amount.

4) Other Subsidiaries

At 31 December 2018, the other subsidiaries were individually valued on the basis of their restated equity. The provisions for impairment were adjusted accordingly.

The provision for the negative net worth of Peugeot Motocycles was topped up by a further €1.2 million to reach €5.0 million.

NOTE 5 OTHER LONG-TERM INVESTMENTS

UNITS IN FCPR INVESTMENT FUNDS

Peugeot S.A. holds units in France's Fonds Avenir Automobiles (FAA), a private equity fund set up by the French government as part of the Automobile Pact signed on 9 February 2009. These units are measured at value in use, which corresponds to their market value at the balance sheet date. This reflects the value in use of the investments made by the fund. On the assumption that they are not publicly traded, their value is estimated at their cost during the first twelve months following acquisition, adjusted if necessary for any unfavourable subsequent event. After the first twelve months, value in use is estimated using earnings multiples.

At 31 December 2018 the monies already called and paid into the Fund were valued at €48.5 million. The total provision for FAA shares amounted to €30.6 million. A provision for impairment of €6.1 million was thus recognised over the period.

FAA units not yet called at 31 December 2018 amounted to €55.2 million. The liability is carried in the balance sheet under "Due to suppliers of fixed assets" (see Note 1.B).

These units are governed by the tax rules relating to FCPR investment funds, with the result that long-term capital gains on the units will be taxed at a reduced rate.

NOTE 6 LONG-TERM LOANS AND RECEIVABLES

The deposit guaranteeing loans issued by the European Investment Bank to Group subsidiaries was fully paid off by a repayment of €3.2 million on 22 February 2018.

NOTE 7 OTHER RECEIVABLES AND PREPAYMENTS TO SUPPLIERS

(in million euros)	31/12/2018	31/12/2017
Recoverable taxes ⁽¹⁾	335.9	266.7
Shareholder advances ⁽²⁾	399.6	111.9
Other	-	0.5
TOTAL	735.5	379.1

(1) Of which receivables from the State as research Tax Credits in the amount of €304.8 million in 2018, versus €218.6 million in 2017, and Competitiveness and Employment Tax Credit (CICE) in the amount of €14.4 million in 2018 (of which €64.5 million was mobilised in advance during 2018) versus €19.3 million in 2017 (of which €80.2 million was mobilised in advance during 2017).

(2) Of which receivables related to the December VAT consolidation in the amount of €132.5 million versus €93.0 million in 2017.

NOTE 8 MARKETABLE SECURITIES

(in million euros)	Treasury shares (Note 8.A.)	Other marketable securities (Note 8.B.)	Balance as of 31/12/2018
Cost at 1 January 2018	221.6	28.5	250.1
► additions	-	-	-
► disposals	(7.0)	(28.5)	(35.5)
Cost at 31 December 2018	214.6	-	214.6
Impairment at 1 January 2018	(32.6)	-	(32.6)
► additions	(8.2)	-	(8.2)
► reversals	26.6	-	26.6
Provisions for impairment at 31 December 2018	(14.2)	-	(14.2)
NET COST AT 31 DECEMBER 2018	200.4	-	200.4

A. TREASURY SHARES, PERFORMANCE SHARE PLAN

Changes treasury shares classified as "marketable securities":

(in million euros)	Allocations to performance share grants		Allocations for future LTI plans		Total	
	Number	Value	Number	Value	Number	Value
Total at 1 January 2018	5,282,000	96.7	6,033,735	124.9	11,315,735	221.6
› shares acquisitions	-	-	-	-	-	-
› shares awarded	-	-	-	-	-	-
› shares reclassified: change of category ⁽¹⁾⁽²⁾	2,700,000.0	50.6	(2,700,000)	(57.6)	-	(7.0)
COST AT 31 DECEMBER 2018	7,982,000	147.3	3,333,735	67.3	11,315,735	214.6
Provisions for impairment	-	(8.0)	-	(6.2)	-	(14.2)
NET COST AT 31 DECEMBER 2018	7,982,000	139.3	3,333,735	61.1	11,315,735	200.4

(1) Recategorisations made by the Managing Board.

(2) The transfer of treasury shares to the performance share plans was made at their net carrying amount for the portion of the shares whose award was considered likely.

PERFORMANCE SHARE PLAN

During 2018, a new free share plan was instituted. Since 2015, the plans instituted factor in performance criteria which determine the number of free shares awarded to the grantees.

1) Performance share plan 2015

On 31 March 2017 at midnight, in accordance with the plan terms, 2,019,000 free shares were awarded to the French residents. The shares have a two-year lock-in period, expiring on 31 March 2019.

For staff who are not French tax residents, the performance shares will allocated at the expiry of the vesting period on 31 March 2019. No subsequent lock-in period shall be required of the beneficiaries.

2) 2016 share grant

A free share plan was implemented on 27 April 2016, subject to performance conditions and relating to 2,200,000 existing treasury shares.

3) 2017 share grant

On 10 April 2017, a third free share plan was implemented subject to performance conditions and relating to 2,700,000 existing treasury shares.

4) 2018 share grant

In accordance with the authorisation granted to it at the Extraordinary General Meeting of 27 April 2016, expiring on 27 June

2018, the Peugeot S.A. Managing Board adopted on 28 February 2018 a new long-term discretionary incentive plan in the form of the allocation of performance shares. On 09 April 2018, that Managing Board resolved to extend the plan to a maximum number of 2,700,000 treasury shares. Vesting is subject performance conditions and will be linked to the Automotive Division's operating margin integrating Opel Vauxhall over 2018, 2019 and 2020.

For all guarantees, the performance shares will be acquired in two tranches, following two vesting periods:

- an initial vesting period of three years, expiring on 10 April 2021 for 50% of the shares; and
- a second period of four years, expiring on 10 April 2022 for the remaining 50%.

For both of the aforementioned tranches, vesting will be subject to a condition of presence within Groupe PSA at the end of the vesting period in question.

No subsequent lock-in period shall be required of the beneficiaries.

These grants led to the recognition of a provision for expenses related to the probable share grants. The probability of allocation is assessed on a grant-by-grant basis, in accordance with the terms and conditions of each grant.

B. OTHER MARKETABLE SECURITIES

The OAT debt securities held by Peugeot S.A. are purchased under resale agreements and lodged with the European Investment Bank as collateral for loans made by the bank to Group subsidiaries were paid for €28.5 million at 21 December 2018.

NOTE 9 CASH AND CASH EQUIVALENTS

Cash equivalents correspond to cash advances made to GIE PSA Trésorerie, manager of the cash pool for the Group's manufacturing and sales companies. The funds are immediately available to meet the Company's day-to-day cash needs and bear interest at a rate based on the average monthly EONIA.

The cash advances are used by GIE PSA Trésorerie to meet the short-term financing needs of Group subsidiaries. External investments consist of units in money market funds with a capital guarantee and a guaranteed yield, retail certificates of deposit and money market notes at overnight rates.

At 31 December 2018, advances to GIE PSA Trésorerie totalled €3,117.8 million.

NOTE 10 PROVISIONS RECOGNISED

Type of provisions (in million euros)	Notes	At 1 January	Charges for the year	Used in the year	Reversals for the year	Other movements	At 31 December
Untaxed provisions							
Untaxed provisions		6.5	10.3	-	-	-	16.8
		6.5	10.3	-	-	-	16.8
Provisions for contingencies and charges							
Provisions for tax risks ⁽¹⁾		75.2	-	(64.3)	(0.3)	-	10.6
Other provisions for contingencies and charges		69.9	46.5	(8.7)	(1.2)	-	106.5
		145.1	46.5	(73.0)	(1.5)	-	117.1
Provisions for impairment of investments							
Shares in subsidiaries and affiliates	4.B	644.3	21.5	-	-	-	665.8
Advances to subsidiaries and affiliates		-	-	-	-	-	-
Other investments	5	24.5	6.1	-	-	-	30.6
Loans		1.1	0.2	-	-	-	1.3
		669.9	27.8	-	-	-	697.7
Provisions for impairment of current assets							
Marketable securities	8.A	32.6	8.2	-	(19.6)	(7.0)	14.2
Non-performing loans		1.9	0.1	-	-	-	2.0
		34.5	8.3	-	(19.6)	(7.0)	16.2
TOTAL		856.0	92.9	(73.0)	(21.1)	(7.0)	847.8
Movements classified under:							
▸ operations			40.3	(8.7)	(1.0)	-	
▸ financing			37.5	-	(19.8)	(7.0)	
▸ non-recurring			15.1	(9.7)	-	-	
▸ income tax	19		-	(54.6)	(0.3)	-	

(1) The reversals of provisions for tax risks mainly concern the SCC/Félix Faure litigation.

NOTE 11 SHARE CAPITAL

(number of shares)

	31/12/2018	31/12/2017
At 1 January	904, 828,213	859,924,895
Shares issued during the year	-	44,903,318
AT 31 DECEMBER	904,828,213	904,828,213

SITUATION AT 31 DECEMBER 2018

Share capital amounted to €904,828,213 at 31 December 2018, divided into shares with a par value of €1 each. It is fully paid-up. Shares may be held in registered or bearer form, at the shareholder's discretion.

At 31 December 2018, the interest of each of the three main shareholders, namely Bpifrance (through its family Holding Company Lion Participations), Dongfeng Motor Group and the

Peugeot family group (FFP, Établissements Peugeot Frères and Maillot 1), amounted to 12.23% each.

Pursuant to Article 11 of the Company by-laws currently in force, all the shares registered in the name of a given shareholder for two years or more qualify for a double voting right.

At 31 December 2018, a total of 241,281,679 shares carried double voting rights.

Dongfeng Motor Group and the companies in the Peugeot family group (EPF, FFP and Maillot 1) hold 221,244,440 voting rights each.

The share price on 31 December 2018 was €18.65.

NOTE 12 CHANGES IN EQUITY

(in million euros)	31/12/2017	Capital increase	Appropriation voted at AGM	Distribution of dividends	Other movements for the year	31/12/2018
Share capital	904.8	-	-	-	-	904.8
Additional paid-in capital	4,676.2	-	-	-	-	4,676.2
Revaluation reserve⁽¹⁾						
Equity investments	454.5	-	-	-	-	454.5
Reserves and retained earnings						
Legal reserve	86.0	-	4.5	-	-	90.5
Long-term capital gains reserve	1,068.5	-	-	-	-	1,068.5
Other reserves	4,751.4	-	-	-	-	4,751.4
Retained earnings	7,394.5	-	(61.8)	-	-	7,332.7
	13,300.4	-	(57.3)	-	-	13,243.1
Net profit for the year	416.3	-	57.3	(473.6)	478.3	478.3
Untaxed provisions	6.5	-	-	-	10.3	16.8
TOTAL	19,758.7	-	-	(473.6)	488.6	19,773.7

(1) 1976 legal revaluation.

NOTE 13 LONG-AND SHORT-TERM DEBT

(in million euros)	31/12/2018	31/12/2017
Other bond debt	2,336.7	2,269.0
Other long-and short-term debt	21.5	0.9
TOTAL	2,358.2	2,269.9

PEUGEOT S.A. BOND ISSUES

The bond issues outstanding at 31 December 2018 stood at €2,280.4 million (as against €2,188.9 million at 31 December 2017).

The following were the main developments in 2018:

- a bond issue on 20 March 2018 maturing in seven years, for a nominal amount of €650.0 million with a 2.0% fixed-rate coupon;

- the five-year bond loan issued on 06 March 2013, for €1,000.0 million at a 7.375% fixed-rate coupon, matured and was redeemed in full for €558.5 million.

At the same date accrued interest recognised on these bonds amounted to €56.3 million versus €80.1 million in 2017.

BREAKDOWN OF BONDS BY MATURITY

(in million euros)	2019	2020	2021	2022	2023	2024	2025	Total at 31/12/2018
Other bonds	430.4	-	-	-	500.0	700.0	650.0	2,280.4
Convertible bonds	-	-	-	-	-	-	-	-
TOTAL	430.4	-	-	-	500.0	700.0	650.0	2,280.4

NOTE 14 MATURITIES OF RECEIVABLES AND PAYABLES

<i>Receivables (in million euros)</i>	Total	Due within one year	Due beyond one year
Advances to subsidiaries and affiliates	-	-	-
Loans	3.5	0.1	3.4
Non-current assets	3.5	0.1	3.4
Trade receivables	143.7	141.7	2.0
Other receivables and prepayments to suppliers			
Tax prepayments and tax credits	323.7	323.7	-
Subsidiaries	399.6	399.6	-
Other	12.2	12.2	-
Total	735.5	735.5	-
Marketable securities	214.6	19.8	194.8
Cash equivalents	3,117.9	3,117.9	-
Current assets	4,211.7	4,014.9	196.8
Prepaid expenses	-	-	-
TOTAL	4,215.2	4,015.0	200.2

<i>Payables (in million euros)</i>	Total	Due within one year	Due beyond one year
Long-and short-term debt	2,358.2	487.4	1,870.8
Trade payables	355.8	355.8	-
Due to suppliers of fixed assets	59.7	-	59.7
Shareholder advances	255.9	255.9	-
Other	1.5	1.5	-
Other liabilities	257.4	257.4	-
TOTAL LIABILITIES	3,031.1	1,100.6	1,930.5
Deferred income	0.3	-	0.3

On 31 December 2018, the liabilities due beyond five years amounted to €1,350 million and related to the bonds issued in March 2017 and 2018.

Of the €59.7 million of debt for fixed assets, €55.2 million at 31 December 2018 are imputed to FAA payments that had not been called.

NOTE 15 ACCRUED INCOME AND EXPENSES

Accrued income and expenses included in other balance sheet items are as follows:

<i>(in million euros)</i>	31/12/2018	31/12/2017
Accrued income		
Advances to subsidiaries and affiliates	-	-
Trade receivables	139.2	54.3
Other receivables and prepayments to suppliers	8.5	0.2
Marketable securities	-	12.6
Cash equivalents	-	-
TOTAL	147.7	67.1

(in million euros)	31/12/2018	31/12/2017
Accrued expenses		
Long- and short-term debt	77.9	81.0
Trade payables	24.3	16.7
Accrued taxes and payroll costs	61.8	72.5
Other liabilities	1.5	36.6
Cash equivalents	-	-
TOTAL	165.5	206.8

NOTE 16 BREAKDOWN OF OPERATING INCOME AND EXPENSE

(in million euros)	Notes	31/12/2018	31/12/2017
Revenue	17	180.7	128.8
Other income		9.1	2.5
Expense transfers		13.0	(20.5)
Reversals of provisions for contingencies and charges		9.7	36.3
Operating income		212.5	147.1
Other purchases and external charges ⁽¹⁾		(41.8)	(22.4)
Taxes other than on income		(8.1)	(7.4)
Wages and salaries		(83.4)	(56.1)
Payroll taxes		(56.4)	(39.2)
Other expenses		(2.2)	(6.8)
Additions to provisions for contingencies and charges		(40.3)	(38.8)
Operating expenses		(232.2)	(170.7)
NET OPERATING INCOME		(19.7)	(23.6)

(1) This heading primarily includes the following items:
- the commissions on borrowings were €11.5 million.

NOTE 17 REVENUE

Revenue breaks down as follows

A. BY BUSINESS SEGMENT

(in million euros)	31/12/2018	31/12/2017
Service revenues ⁽¹⁾	180.7	119.0
Rental income	-	9.8
TOTAL	180.7	128.8

(1) Services consist primarily of participation in study costs, Group management and operational expenses billed by the parent company to its subsidiaries in the amount of €144.8 million, and of the cost of the free-share allocations reinvoiced to PSA Automobiles SA for €32.4 million.

B. BY GEOGRAPHICAL SEGMENT

Substantially all of the Company's revenue is generated in France.

NOTE 18 BREAKDOWN OF NON-RECURRING INCOME AND EXPENSE

(in million euros)	Notes	31/12/2018	31/12/2017
Net gains on property disposals		-	-
Net gains on treasury share disposals		-	-
Net gains on disposals of shares in subsidiaries and affiliates		-	-
Reversals of provisions for claims and litigation and tax audits		9.7	-
Reversal of revaluation reserve	12	-	-
Other non-recurring charges to provisions and expense transfers		-	57.4
Non-recurring income		9.7	57.4
Fines relating to claims and litigation and tax audits		(9.7)	-
Carrying amount of divested assets		-	-
Carrying amount of divested shares in subsidiaries and affiliates		-	-
Carrying amount of divested treasury shares		-	-
Net income from sale of pre-emptive subscription rights		-	(34.0)
Other non-recurring expenses		(21.7)	-
Non-recurring charges to provisions		(15.1)	(5.3)
Non-recurring expenses		(46.5)	(39.3)
NET NON-RECURRING INCOME (EXPENSE)		(36.8)	18.1

NOTE 19 INCOME TAXES

In view of the Group's tax regime (see Note 1.H), tax income and expense recognised in profit and loss are as follows:

(in million euros)	31/12/2018	31/12/2017
Tax payable to Peugeot S.A. by profitable members of the tax group ⁽¹⁾	116.8	25.9
Return by profitable members of the tax group of tax savings previously transferred by Peugeot S.A. grantees	25.3	14.4
Group relief	182.0	192.0
Adjustments for tax expense	(222.0)	(55.0)
Change in provision for tax savings to be transferred to loss-making subsidiaries	-	-
Change in provision for tax risks	54.9	(0.3)
NET INCOME TAX BENEFIT	157.0	177.0

(1) In 2018, the tax due to Peugeot S.A. from consolidated subsidiaries was a negative amount of €116.8 million, in accordance with the rules governing tax consolidation and the allocation of tax credits.

In 2018, the overall income of the Group as consolidated entity for tax purposes was a profit of €457.9 million at the standard tax rate, and a profit of €202.7 million at the reduced rate. In 2018 the tax group had unused tax loss carryforwards totalling €11,326.9 million.

NOTE 20 FINANCIAL COMMITMENTS

(in million euros)

	31/12/2018	31/12/2017
Commitments received		
› Syndicated line of credit ⁽¹⁾	3,000.0	3,000.0
› Bank guarantee ⁽²⁾	1,857.7	1.2
› Income tax reallocations ⁽³⁾	408.3	433.6
TOTAL	5,266.0	3,434.8
Commitments given		
Guarantees for loans obtained by:		
› Peugeot S.A. subsidiaries ⁽⁴⁾	893.5	994.9
› Other companies	-	-
Other commitments given on behalf of:		
› Peugeot S.A. subsidiaries ⁽⁵⁾	392.6	410.0
› Opel subsidiaries ⁽⁶⁾	128.2	233.5
› Other companies ⁽⁷⁾	50.5	62.3
TOTAL	1,464.7	1,700.7

Commitments received include:

(1) Peugeot S.A. and GIE PSA Trésorerie have, from April 2014 forward, a confirmed line of credit in the amount of €3 billion with a maturity extended for five years (May 2023) by a amendment on 24 May 2018. It comprises a single tranche with two one-year extensions. It was undrawn at 31 December 2018.

(2) €1,850 million corresponding to the collateral extended by GIE PSA Trésorerie to cover the bond issues contracted by Peugeot S.A.

(3) Allocations to certain subsidiaries of income tax previously paid by Peugeot S.A., which these subsidiaries have undertaken to repay to Peugeot S.A. when they return to profit.

Following the acquisition of Opel Vauxhall by Peugeot S.A. on 31 July 2017, the company benefits from guarantees granted by General Motors. These guarantees cover losses and damages relating to various risks prior to the acquisition date, including tax adjustments, the costs of certain recall campaigns and penalties resulting from possible non-compliance with environmental regulations.

Commitments given include:

(4) €600 million in guarantees made by Peugeot S.A. in 2011 as part of a €600 million bond issue by GIE PSA Trésorerie maturing September 2033.

- €274.5 million the other guarantees mostly concern loans obtained by subsidiaries from the European Investment Bank and the EBRD.

- €19.0 million in guarantees given in 2012 by Peugeot S.A. as part of the debt incurred by PCMA Russie.

(5) €20.7 million, the equivalent of outstanding loans by Banque PSA Finance to Group subsidiaries at 31 December 2018, that Peugeot S.A. is committed to repaying in the event of default by the subsidiaries concerned.

- €78.5million, representing the letters of intent signed by Peugeot S.A. to guarantee the rental payments due under the leases signed by France and UK Retail.

- €17.8 million, representing tax guarantees to the Italian authorities.

- €135.0 million, representing tax guarantees of the Investments to the PCA Maroc.

- €41.5 million, representing Corporate guarantees to Peugeot and Citroën Italia and Peugeot Motor Company.

(6) €128.2 million correspond to the bank guarantees given by Peugeot S.A., for the benefit of the Opel's subsidiaries.

(7) €50.5 million correspond to the guarantees given by Peugeot S.A. for the Rueil rental.

NOTE 21 PENSION OBLIGATIONS

At 31 December 2018, the projected benefit obligation amounted to €44.2 million.

Benefit compensation for services rendered is funded in the amount of €25.8 million paid into external funds.

NOTE 22 UNRECOGNISED DEFERRED TAXES

Deferred taxes arising from differences between the recognition of income and expenses for financial reporting and tax purposes represented a net deferred tax asset of €301.9 million at 31 December 2018, comprising €174.2 million for losses carried forward and €127.7 million as a temporary difference. There are no deferred tax liabilities.

NOTE 23 MANAGEMENT COMPENSATION

The Group is managed by the Managing Board. The members of the Managing Board, together with the other members of the Management Committee, constitute the Executive Committee. The members of that Committee constitute the Group's managing bodies.

The compensation details provided in the table above do not include social security contributions. The amount of compensation paid to members of management bodies, including accrued variable compensation, is provisional.

<i>(in million euros)</i>	31/12/2018	31/12/2017
Number of Executive Committee members at 31 December	18.0	18
Fixed & variable compensation and other short-term benefits (excluding pensions)	21.7	22.2

Furthermore, the charge recorded in 2018 in relation to the employer's contribution to the new defined-contribution pension plan for members of the Managing Board and the other Executive Committee members amounted to €4.6 million, comprised of €2.3 million paid to a pension fund and €2.3 million paid in cash to grantees (taking into account a scheme based on taxation upon first deposit).

The performance shares allocated in 2015, 2016, 2017 and 2018 to the members of the Managing Bodies are detailed in the table below:

<i>(number of options)</i>	31/12/2018	31/12/2017
Performance shares held at 31 December	2,229,000	1,670,000

Members of the Group's management bodies are not entitled to any long-term benefits apart from pension benefits and the performance shares under the plans referred to above, or any other forms of share-based payments or any compensation for loss of office.

NOTE 24 AVERAGE WORKFORCE

<i>(number of employees)</i>	31/12/2018	31/12/2017
Managers	591	327
Other	98	69
TOTAL	689	396

This change in workforce numbers is due to the new establishment of staff at Rueil.

NOTE 25 SUBSEQUENT EVENTS

Between 31 December 2018 and 25 February 2019, the date on which the financial statements were approved by the Supervisory Board, no event likely to significantly impact the economic decisions made on the basis of these financial statements occurred.

NOTE 26 SUBSIDIARIES AND EQUITY INVESTMENTS

Company or Group	Share Capital	Share-holders' equity other than capital	Share of equity held (as a percentage)	Book value of shares held		Loan and advance granted by the Company not yet repaid	Amount of deposits and endorsements given by the Company	Revenues excluding sales taxes of the past financial year	Profit (loss) for the last reporting period	Dividends received by the Company during the period
				Gross	Net					
I - Detailed information										
A - Subsidiaries (at least 50% owned)										
PSA Automobiles SA 2-10 Boulevard de l'Europe - 78 Poissy	300,177	3,776,437	100.00	12,559,342	-	-	303,164	61,362,301	1,079,025	38,594
Automobiles Citroën 7, rue Henri Sainte-Claire Déville - 92 Rueil Malmaison	159,000	(4,256)	100.00	625,654	-	-	3,037	8,410,967	(23,507)	35,100
Automobiles Peugeot 7, rue Henri Sainte-Claire Déville - 92 Rueil Malmaison	172,712	370,606	100.00	480,545		-	5,058	13,683,940	341,311	285,232
Conception d'Equipements Peugeot Citroën 2-10 Boulevard de l'Europe - 78 Poissy	22,954	14,962	84.54	170,304	-	-	-	79,043	445	1,007
TOTAL OF AUTOMOTIVE DIVISION SUBSIDIARIES PEUGEOT CITROËN DS				13,835,845	13,835,845					
Grande Armée Participations 7, rue Henri Sainte-Claire Déville - 92 Rueil Malmaison	60,435	5,963	100.00	408,923	66,411	-	-	-	(81)	150
Banque PSA Finance 7, rue Henri Sainte-Claire Déville - 92 Rueil Malmaison	199,620	2,134,424	74.93	582,389	582,389	-	-	197	84,562	-
PSA International S.A. 62 quai Gustave Ador, 1207 Genève (Suisse)	CHF ⁽¹⁾ 5,979	226,408	-	-	-	-	-	36,338	26,102	-
	EUR	5,292	200,400	100.00	6,849	6,849	-	32,164	23,104	28,085
Société Anonyme de Réassurance Luxembourgeoise 6 B Route de Trèves L2633 Senningerberg - Luxembourg	10,500	22	100.00	11,267	11,267	-	-	39,564	-	-
PSA Ventures 7, rue Henri Sainte-Claire Déville - 92 Rueil Malmaison	150,000	(25,817)	100.00	150,000	128,531	-	-	3,358	(25,374)	-
OPEL Automobile GMBH Bahnhofsplatz - Rüsselsheim am Main	25	1,977,768	100.00	2,366,067	2,366,067	-	40,890	18,702,414	(117,195)	-
DS Automobiles 7, rue Henri Sainte-Claire Déville - 92 Rueil Malmaison	500	(54)	100.00	500	349	-	-	-	(43)	-
B - Affiliates (10 to 50% owned)										
GEFCO 77 à 81, rue des Lilas d'Espagne, 92 Courbevoie	8,000	204,529	24.96	8,094	8,094	-	-	36,847	43,805	12,479
Peugeot Motocycles ⁽²⁾ rue du 17 Novembre - 25 Mandeure	9,809	(45,524)	49.00	301,597	-	-	-	102,447	(19,158)	-
Faurecia 2, rue Hennape, 92 Nanterre	966,251	2,319,590	46.33	1,609,405	1,609,405	-	-	46,563	415,679	70,356
II - Aggregate information										
A - Subsidiaries not listed in I:										
a) French subsidiaries (total)	-		-	15	15	-	600,000	-	-	-
b) Foreign subsidiaries (total)	-		-	-	-	-	-	-	-	11
B -Affiliates not listed in I:										
a) French companies (total)	-		-	-	-	-	-	-	-	-
b) Foreign companies (total)	-		-	31	31	-	-	-	-	-
C - Other affiliates:										
Owned below 10%	-		-	3,622	3,622	-	-	-	-	4,800

(1) 1 EUR = 1,129781 CHF
(2) Données 2017

Data not audited by the local auditors or data not yet finalised.

6.5. COMPANY FINANCIAL RESULTS FOR THE PAST FIVE YEARS

(en millions d'euros)

	2018	2017	2016	2015	2014
I - Year-end financial position					
a) Share capital	904,828,213	904,828,213	859,924,895	808,597,336	783,088,675
b) Shares outstanding	904,828,213	904,828,213	859,924,895	808,597,336	783,088,675
II - Results of operations					
a) Net revenues	668,113,310	496,155,843	907,696,000	1,307,530,034	730,869,845
b) Income before tax, employee profit-sharing, depreciation, amortisation and provisions	375,953,937	219,923,095	571,740,325	2,920,816,409	109,199,914
c) Employee profit-sharing (charge for the year)	-	-	-	-	-
d) Income tax ⁽¹⁾	157,094,520	176,889,185	149,903,370	160,797,535	159,993,931
e) Income after tax, employee profit-sharing, depreciation, amortisation and provisions	478,327,566	416,256,396	1,611,204,755	3,315,010,317	300,166,206
f) Dividends distributed ⁽²⁾		473,561,613	430,912,296	-	-
III - Per share data					
a) Income after tax and employee profit-sharing, before depreciation, amortisation and provisions	0.59	0.44	0.84	3.81	0.34
b) Income after tax and employee profit-sharing, depreciation, amortisation and provisions	0.53	0.46	1.87	4.10	0.38
c) Dividend per share :					
‣ Net dividend distributed	0.78	0.53	0.48	-	-
‣ Income taxes already paid to Treasury (tax credit)	-	-	-	-	-
‣ Allowance of 40% as per article 158.3-2' to 4' of French Tax Code (CGI)	0.31	0.21	0.19	-	-
= Total revenue	-	-	-	-	-
IV - Employees					
a) Average number of employees	689	396	305	328	359
b) Total payroll	83,369,419	56,124,153	42,377,993	41,760,374	38,646,265
c) Total benefits (social security, retirement pensions, etc.)	56,381,756	39,238,977	36,185,688	25,349,667	16,192,375

(1) Since 1 January 1990, in compliance with Article 223-A et seq. of the French General Tax Code, a consolidated tax return has been filed by the Company and its French subsidiaries that are at least 95% owned. The income tax charge includes current taxes for the years and movements in provisions for deferred taxes.

(2) For 2019, the payment of a dividend of €0.78 per share will be submitted for approval at the Shareholder's General meeting of 25 April 2019.

6.6. STATUTORY AUDIT REPORT ON THE FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Peugeot S.A.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Peugeot S.A. for the year ended 31 December 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Finance and Audit Committee.

Basis for Opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2018 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*).

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.



VALUATION OF INVESTMENTS IN SUBSIDIARIES

Risk identified

As at 31 December 2018, investments in subsidiaries are recorded on the balance sheet for a net carrying amount of €18,619m, i.e. approximately 80% of total assets.

As stated in Note 1.B to the financial statements, investments are recognized at acquisition cost at their entry date. For each investment, in the event of a sustained reduction in its value in use and if its value in use is less than its gross carrying amount, a provision for impairment is recognized for the shortfall.

The value in use of investments is determined based on one of the following methods: the market value of the shares, the economic value of the consolidated shareholders' equity of the business that they represent, in turn established based on the future cash flows taken from the latest medium-term plan updated each year, or on the share of adjusted net equity calculated in accordance with Group accounting principles.

The estimation of the value in use of certain investments is based on complex valuation models, in particular for subsidiaries that themselves own numerous subsidiaries, and management is required to exercise judgment to determine the cash flow assumptions.

Given the significance of the investments in the balance sheet, the complexity of the models used and their sensitivity to variations in the data and assumptions on which the estimates are based, we have considered the valuation of investments as a key audit matter.

Our response

Our work notably consisted in:

- › Assessing, based on the information provided to us, whether management's estimation of values in use is based on an appropriate justification of the valuation method and the figures used;
- › Analyzing the cash flow projections used, with regard to the latest operating forecasts established by management;
- › Comparing the data used to perform impairment tests with the source data by entity, as well as the results of the audit work on these subsidiaries;
- › Testing, by sampling, the arithmetical accuracy of the Company's calculations of values in use.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French legal and regulatory texts.

Information provided in the management report and in the other documents provided to the shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Managing Board's management report and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

We attest that the information relating to payment times referred to in article D. 441-4 of the French Commercial Code (*Code de commerce*) is fair and consistent with the financial statements.

REPORT ON CORPORATE GOVERNANCE

We attest that the Supervisory Board's Report on Corporate Governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a public purchase or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have agreed these to the source documents communicated to us. Based on our work, we have no observations to make on this information.

OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Peugeot S.A. by your Annual General Meeting held on 25 May 2005 for MAZARS and on 31 May 2011 for ERNST & YOUNG et Autres.

As at 31 December 2018, MAZARS was in its 14th year and ERNST & YOUNG et Autres in its 8th year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Finance and Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Managing Board.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.





REPORT TO THE FINANCE AND AUDIT COMMITTEE

We submit a report to the Finance and Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Finance and Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Finance and Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Finance and Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, 26 February 2019

The Statutory Auditors

French original signed by:

MAZARS

Thierry Blanchetier

Jérôme de Pastors

ERNST & YOUNG et Autres

Laurent Miannay

Ioulia Vermelle

6.7. STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Annual General Meeting held to approve the financial statements for the year ended 31 December 2018

To the Annual General Meeting of Peugeot S.A.,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements and commitments. It is your responsibility, in accordance with Article R. 225-58 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements and commitments prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-58 of the French Commercial Code (*Code de commerce*) of the continuation of the implementation, during the year ended 31 December 2018, of the agreements and commitments previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE ANNUAL GENERAL MEETING

We hereby inform you that we have not been notified of any agreements or commitments authorized and concluded during the year ended 31 December 2018 to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-86 of the French Commercial Code (*Code de commerce*).

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

In accordance with Article R. 225-57 of the French Commercial Code (*Code de commerce*), we have been notified that the implementation of the following agreements and commitments, which were approved by the Annual General Meeting in prior years, continued during the year ended 31 December 2018.

1. With the French State and DongFeng Motor Group Company Ltd (shareholders with more than 10% of the voting rights)

Persons concerned: Etablissements Peugeot Frères (EPF) and FFP.

Corporate officers concerned at the time of approval of the agreement: Ms Marie-Hélène Peugeot Roncoroni, permanent representative of EPF on your Company's Supervisory Board, Mr Thierry Peugeot, Vice-Chairman and Chief Operating Officer of EPF and Chairman of the Supervisory Board of your Company, Mr Jean-Philippe Peugeot, Chief Executive Officer of EPF, Vice-Chairman and Director of FFP and Vice-Chairman of the Supervisory Board of your Company, and Mr Robert Peugeot, permanent representative of FFP on the Supervisory Board of your Company.

Corporate officers concerned at the date of this report: Ms Marie-Hélène Peugeot Roncoroni and Mr Robert Peugeot.

Acquisitions of minority interests

The Supervisory Board of your Company approved, at its meetings on 18 February 2014 (approval relating to the Memorandum of Understanding) and on 18 March 2014 (approval relating to the Master Agreement, as well as to the other agreements mentioned below), the conclusion of the following agreements:

- a Memorandum of Understanding concluded on 18 February 2014, with DongFeng Motor Group Company Ltd., the French State, EPF and FFP, designed, firstly, to formalize the principles applicable to the proposed capital transactions within the context of the acquisition of equity by DongFeng Motor Group Company Ltd. and the French state, as well as to the governance rules to be set up after the performance of these capital transactions and, secondly, to provide a framework for the discussions and work to be done for the implementation of the proposed transactions, this implementation being subject to the subsequent signing of final legal documentation;
- a Master Agreement concluded on 26 March 2014 with DongFeng Motor Group Company Ltd., the French state, EPF and FFP in accordance with the Memorandum of Understanding, and substituting the latter, designed to detail the terms and conditions of the capital transactions and the governance rules applicable upon completion of these transactions.

In accordance with the provisions of the Master Agreement, the performance of the following agreement continued during the year ended 31 December 2018:

- the Shareholders Agreement, concluded with DongFeng Motor Group Company Ltd., the French State, EPF and FFP, designed to fix the rules and principles applicable between the parties after the entry of DongFeng Motor Group Company Ltd. and the French State into the capital of your Company, in terms of governance and the acquisition or sale of shares. The rules and principles contained in the Shareholders Agreement are those set out in section 22 of the Registration Document filed with the AMF (French financial markets authority) on 2 April 2014.

These agreements did not have any effect during the year ended 31 December 2018.

2. With PSA Automobiles S.A., Automobiles Peugeot, Automobiles Citroën, Opel Automobile GmbH and Banque PSA Finance (entities with a corporate officer or director in common with your Company)

Persons concerned: For PSA Automobiles S.A.: Mr Tavares (Chairman of the Managing Board of your Company and Chairman of the Board of Directors of PSA Automobiles S.A.).

For Automobiles Peugeot (AP) and Automobiles Citroën (AC): Mr Chasseloup de Chatillon (member of the Managing Board of your Company, permanent representative of your Company on the Board of Directors of AP and Director of AC) until 31 July 2018, date on which he resigned from all his terms of office within PSA Group companies.

For Banque PSA Finance (BPF): Mr Tavares (Chairman of the Managing Board of your Company and Director of BPF), Mr Chasseloup de Chatillon (member of the Managing Board of your Company and permanent representative of your Company on the Board of Directors of BPF) until 31 July 2018, effective date of his resignation from all his terms of office within PSA Group companies.

For Opel Automobile GmbH: Mr Tavares (Chairman of the Managing Board of your Company and Chairman of the Supervisory Board of Opel Automobile GmbH) et Mr Picat (member of the Managing Board of your Company and member of the Supervisory Board of Opel Automobile GmbH).

Contribution to the Group's study, management and operating expenses

Your Company invoices its principal subsidiaries (PSA Automobiles S.A. (formerly Peugeot Citroën Automobiles S.A. (PCA)), Automobiles Peugeot, Automobiles Citroën, Opel Automobile GmbH and Banque PSA Finance), for their contribution to study, management and operating expenses. The amount of the contributions to be paid is calculated on the basis of revenue excluding taxes.

For financial year 2018, your Company received €96,969,703. During the financial year 2018, your Company has reimbursed € 29,139,726 to its subsidiaries' in respect of their contribution for the financial year 2017.

3. With the members of the Managing Board of your Company

Persons concerned: Mr Tavares (Chairman of the Managing Board of your Company), Mr Chasseloup de Chatillon (member of the Managing Board of your Company until 31 July 2018), Mr Quemard (member of the Managing Board of your Company) and Mr Picat (member of the Managing Board of your Company).

Maintenance of the pension plan

The implementation a new defined contribution pension scheme for the members of the Managing Board as of 1 January 2016 was authorized by the Supervisory Board of your Company at its meeting on 15 December 2015 and approved at the General Meeting of Shareholders on 27 April 2016.

At its meeting on 22 February 2017, the Supervisory Board of your Company, after having renewed the terms of office of the members of the Managing Board, authorized the maintaining of the defined contribution pension plan for their benefit, under the same financial conditions as those already authorized. This regulated commitment was approved by the General Meeting of Shareholders on 10 May 2017 (fourth resolution).

This plan provides for the following:

- the payment of an annual additional contribution for retirement equal to 25% of the sum of the fixed compensation and the variable compensation for the year. 50% of this additional contribution is composed of payments made to a third-party organization under an optional defined contribution pension plan (Article 82 of the French Tax Code (*Code général des impôts*)), blocked until the settlement of the pension rights of the person concerned. The other 50% is composed of a sum in cash (taking into account a system based on tax on entry). The additional contribution in respect of financial year 2018 amounts to €995,874 for Mr Tavares, €360,327 for Mr Quemard and €413,315 for Mr Picat. As Mr Chasseloup de Chatillon resigned during the year, his annual additional contribution for retirement, representing €237,274, was not paid;

- the allocation of a balance of entitlements, paid for three consecutive years as from financial year 2015, taking into account the entitlements accrued as at the end of 2015 by the beneficiaries under the defined benefit pension plan terminated by the Supervisory Board of your Company. This balance applies to the entitlements thus constituted with a deduction depending on age, length of membership in the plan and length of service in the Group; 50% of it is composed of payments made to a third-party organization, blocked until the settlement of the pension rights of the person concerned, and 50% is composed of a sum in cash. The payment of the balance of entitlements is spread over three years (2016, 2017 and 2018) and is conditional upon the employee being on the payroll of the Company at the end of each of the years concerned. In respect of financial year 2018 this payment amounts to €470,000 for Mr Tavares, €510,000 for Mr Quemard and €38,743 for Mr Picat, in respect of financial year. The €332,000 due to Mr Chasseloup de Chatillon, under the commitment made by your Company, will not be paid, in accordance with the decision of your Supervisory Board on 18 December 2018 fixing the conditions of his departure.

For the record, the decisions of the Supervisory Board of your Company "were taken in the light of the advantages and disadvantages of the defined benefit pension plan compared to the proposed new plan, in particular the fact that the latter is considerably cheaper for the Group".

Courbevoie and Paris-La Défense, 26 February 2019

The Statutory Auditors

French original signed by:

MAZARS

Thierry Blanchetier

Jérôme de Pastors

ERNST & YOUNG et Autres

Laurent Miannay

Ioulia Vermelle





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7.1. INFORMATION ABOUT PEUGEOT S.A.

7.1.1. Name of the Company

The name of the Company is Peugeot S.A.

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

7.1.2. Registered office – Governing law – Legal form

REGISTERED OFFICE AND ADMINISTRATIVE HEADQUARTERS

7, rue Henri Sainte-Claire Deville, 92500 Rueil-Malmaison – France.
The telephone number of the corporate office is +33 (0)1 55 94 81 00.

LEGAL FORM

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

GOVERNING LAW

The Company is governed by the laws of France.

7.1.3. Date of incorporation and length of life

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

7.1.4. Place of registration and Company registration number

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

7.1.5. Company by-laws

The full text of the Company by-laws is available at www.groupe-psa.com, under Governance.

7.1.5.1. CORPORATE PURPOSE

(Summary of Article 3 of the Company by-laws)

The Company's purpose is to participate, directly or indirectly, in any and all industrial, commercial or financial activities, in France or abroad, related to:

- the manufacture, sale or repair of all forms of motor vehicles;
- the manufacture and sale of all steel products, tools and tooling;
- the manufacture and sale of all manufacturing, mechanical and electrical engineering equipment;

- the grant of short, medium and long-term consumer finance, the purchase and sale of all marketable securities and all financial and banking transactions;
 - the provision of all transport and other services;
 - the acquisition of all real property and property rights, by any appropriate means;
- and generally to conduct any and all commercial, industrial, financial, securities or real estate transactions related directly or indirectly to any of the above purposes or any other purpose that contributes to the development of the Company's business.

7.1.5.2. EQUITY THRESHOLDS THAT MUST BE DISCLOSED TO THE COMPANY PER THE COMPANY BY-LAWS

(Excerpt from Article 7 of the Company by-laws)

Apart from the duty to notify the Company of share ownership, any individual or legal entity who should possess directly or indirectly a number of shares representing a fraction equal to or greater than 2% of the share capital or voting rights of the Company must so inform the Company in writing, within four trading days of crossing this threshold, stating the total number of shares and of voting rights in his, her or its possession at the date of that declaration. Above the aforementioned threshold of 2% the same duty to declare referred to in the preceding paragraph shall apply, with the same time frame and in the same manner, each time another 1% threshold in share capital or voting rights is crossed, and this shall include declaration thresholds provided in law and regulations. For purposes of applying these provisions, the shares or voting rights possessed shall be the shares and voting rights listed in Article L. 233-9-I of the French Commercial Code.

Should a shareholder fail to perform this duty to inform provided in the By-laws, that shareholder will be deprived of voting rights for those shares that exceed the fraction that ought to have been declared, if at the time of a Shareholders' General Meeting, the failure to declare having been noted, one or more shareholders holding among them at least 5% of the share capital so request and place that request in the minutes of that meeting. The loss of voting rights will continue for any Shareholders' Meeting held until a period of two years has expired from the time a proper declaration has been made.

There are no other clauses in the By-laws limiting voting rights.

7.1.5.3. IDENTITY OF SHAREHOLDERS

(Article 7 of the Company by-laws)

The Company is entitled, under the applicable laws and regulations, to request information on the identity of the holders of securities granting immediate or future voting rights at its Shareholders' Meetings and the number of voting rights held.

7.1.5.4. RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO EXISTING SHARES

(Article 8 of the Company by-laws)

In addition to the statutory voting rights attached to the shares, each share entitles its holder to a fractional share of the Company's profits and liquidation surplus equal to the fraction of the issued capital represented by the share.

All shares rank *pari passu* as regards taxation. As a result, they entitle their holders to the same net amount, based on their par value and cum-rights date, for any allocation or return of capital during the Company's life or its liquidation.

7.1.5.5. GOVERNANCE

(Articles 9 and 10 of the Company by-laws)

For any details concerning the management and supervisory bodies, please refer to Chapter 3 above.

7.1.5.6. SHAREHOLDERS' MEETINGS

(Summary of Article 11 of the Company by-laws)

The special guidelines about the participation of shareholders in the Shareholders' Meetings are given in Article 11 of the Company by-laws, concerning Shareholders' General Meetings.

Meetings are held at the registered office or at any other venue indicated in the Notice of meeting.

Fully paid-up shares registered in the name of the same holder for at least two years shall carry double voting rights at Shareholders' Meetings.

Remote voting may be used in accordance with the terms and conditions set down in the applicable laws and regulations.

Shareholders may send their proxy and postal voting forms either in paper form or, by electronic communication, including *via* the Internet.

The formalities for attending the Shareholders' Meeting to be held on 25 April 2019 are set out in the Notice of meeting published at least 35 days before the meeting in the *Bulletin d'Annonces Légales Obligatoires* and on the Group's website.

Every shareholder may attend the Shareholders' Meetings upon evidence that his/her shares are held in a registered account or in bearer form by an authorised intermediary at midnight (Paris time) of the second business day preceding the meeting.

Note that Internet voting has been arranged for the 2019 Shareholders' General Meeting.

7.1.5.7. FINANCIAL YEAR

(Summary of Article 12 of the Company by-laws)

Each financial year shall cover a 12-month period commencing on 1 January and ending on 31 December.

The distributable profit as defined by law is at the disposal of the Shareholders' General Meeting. Apart from exceptions resulting from the law, the Shareholders' General Meeting makes the final decision as to its appropriation.



7.2. INFORMATION ON THE SHARE CAPITAL

7.2.1. Share Capital and voting rights

The issued capital amounted to €904,828,213 at 31 December 2018. It was divided into 904,828,213 shares with a par value of €1, all fully paid-up and of the same class. The shares are held in registered or bearer form, at the shareholder's choosing.

In compliance with Article 223-11 of the AMF General Rules and Regulations, the following chart analyses potential voting rights

outstanding, which include rights attached to shares held in treasury. These potential voting rights are the ones used in determining when statutory disclosure thresholds have been exceeded.

7.2.2. History of the share capital

(in euros)	2018	2017	2016
Share capital at beginning of period	904,828,213	859,924,895	808,597,336
Rights issue reserved to the employees			
Shares from the conversion of BSA		44,903,318	51,327,559
SHARE CAPITAL AT END OF PERIOD	904,828,213	904,828,213	859,924,895

BSA: equity warrants.

7.2.3. Shares not representing capital

Not applicable.

7.2.4. Conditions imposed by the By-laws governing changes in the share capital

None.

7.2.5. Stock options and performance share grants

No stock options were granted since 2009.

A free share plan was set up on 2 June 2016, in view of the authorisations given at the Extraordinary General Meeting of 27 April 2016 and by the Supervisory Board on 27 April 2016. The arrangements are detailed in Note 7.2 to the 2017 consolidated financial statements and in Section 3.2 above.

A free share plan was set up on 10 April 2017 by the Managing Board, in view of the authorisations given at the Extraordinary

General Meeting of 27 April 2016 and by the Supervisory Board on 22 February 2017. The arrangements are detailed in Note 6.2 to the 2018 consolidated financial statements and in Section 3.2 above.

A free share plan was set up on 9 April 2018 by the Managing Board, in view of the authorisations given at the Extraordinary General Meeting of 27 April 2016 and by the Supervisory Board on 28 February 2018. The arrangements are detailed in Note 6.2 to the 2018 consolidated financial statements and in Section 3.2 above.

7.2.6. Potential share capital

The potential share capital is comprised of equity warrants (BSA):

EQUITY WARRANTS (BSA)

On 31 July 2017, in accordance with the 31st resolution of the Shareholders' General Meeting of 10 May 2017, 39,727,324 equity warrants (BSAs) were issued in favour of Adam Opel GmbH, a subsidiary of the General Motors Group, at the unit price of €16.3386515.

These equity warrants give entitlement to subscribe a maximum of 39,727,324 shares in the Company of nominal value of €1 each, on the basis of 1 share for 1 equity warrant.

The exercise price of each equity warrant will be €1, and these equity warrants may be exercised only between the fifth and ninth year following the date on which they are issued, i.e. from 10 May

2022 to 9 May 2026. Hence, the issue of these equity warrants has no immediate impact on the Group's equity.

The maximum amount of the capital increase liable to arise from this issue is €39,727,324 for 39,727,324 new shares. In addition, General Motors and its affiliated companies do not have any governance or voting rights in respect of these Warrants, and are obliged to sell the Groupe PSA shares received within a period of 35 days from the date of exercise of the Warrants.

Furthermore, please note that through a decision by the Managing Board on 24 April 2014, 342,060,365 equity warrants were allocated free of charge to Peugeot S.A.'s shareholders at the rate of one equity warrant per share held. The capital increase resulting from this issue amounted to €760 million with the issue of 118,239,565 new shares. As the equity warrants allocated as part of this programme could be exercised starting from the second year and up to the third anniversary of their issue date, i.e. 29 April 2017, this programme has matured.

7.2.7. Authorisations in effect

The following financial authorisations have been granted by the Shareholders' Meeting to the Managing Board.

In accordance with the Company by-laws, any corporate actions or bond issues must be submitted to the Supervisory Board for prior approval.

SUMMARY STATEMENT OF FINANCIAL AUTHORISATIONS IN EFFECT AT 31 DECEMBER 2018 AND USE MADE OF THEM DURING THE 2018 FINANCIAL YEAR

	Authorisation	Duration	From	Until	Use in 2018
1 - Ordinary Shareholders' Meeting					
Trading in own shares (21st resolution of the 2018 SGM)	<ul style="list-style-type: none"> ▶ Purchase of 79,167,086 shares at most up to 10% of the share capital ▶ Maximum purchase price: €30 	18 months	24 April 2018	24 October 2019	None
2 - Extraordinary General Meeting					
Capital reductions by cancellation of shares bought back by the Company, not to exceed 10% of the share capital (22nd resolution of the 2017 SGM)	<ul style="list-style-type: none"> ▶ Up to 10% of the Company's share capital in any 24 months 	26 months	10 May 2017	10 July 2019	None
Issue, with PSR, of shares and/or marketable securities, directly or indirectly carrying rights to shares of the Company, by incorporating reserves, profits or premiums inter alia (23rd resolution of the 2017 SGM)	<ul style="list-style-type: none"> ▶ Aggregate nominal total amount of capital increase not to exceed €215,936,439 ▶ Aggregate nominal total amount of debt not to exceed €2,305,800,000 for the issue of debt securities 	26 months	10 May 2017	10 July 2019	None
Issue, without PSR, of shares and/or marketable securities directly or indirectly carrying rights to shares of the Company, by public offering or private placement (24th and 25th resolutions of the 2017 SGM)	<ul style="list-style-type: none"> ▶ Aggregate nominal total amount of capital increase not to exceed €86,374,575 ▶ Aggregate nominal total amount of debt not to exceed €2,305,800,000 for the issue of debt securities 	26 months	10 May 2017	10 July 2019	None
Increase in the number of securities offered, with or without PSR, for issues that are oversubscribed (26th resolution of the 2017 SGM)	<ul style="list-style-type: none"> ▶ Authorisation to increase the number of securities offered under any issues decided pursuant to Resolutions 23, 24 and 25 approved at the Shareholders' General Meeting of 10 May 2017, provided that the ceilings specified in the resolutions and 15% of the initial issue are not exceeded 	26 months	10 May 2017	10 July 2019	None



	Authorisation	Duration	From	Until	Use in 2018
Issues of shares and/or marketable securities carrying rights to shares of the Company without PSR, in payment for another company's securities, other than in connection with a stock-for-stock offer initiated by the Company (27th resolution of the 2017 SGM)	<ul style="list-style-type: none"> › Aggregate nominal total amount of capital increase not to exceed €86,374,575 › Aggregate nominal total amount of debt not to exceed €2,305,800,000 for the issue of debt securities 	26 months	10 May 2017	10 July 2019	None
Issues of shares and/or marketable securities carrying rights to shares of the Company without PSR, in payment for another company's securities, other than in connection with a stock-for-stock offer initiated by the Company (28th resolution of the 2017 SGM)	<ul style="list-style-type: none"> › Up to 10% of the share capital › Aggregate nominal total amount of debt not to exceed €2,305,800,000 for the issue of debt securities 	26 months	10 May 2017	10 July 2019	None
Blanket ceiling on capital increases carried out pursuant to the 23rd to the 28th and the 31st resolutions of the 2017 SGM and the 24th resolution of the 2018 SGM (29th resolution of the 2017 SGM)	<ul style="list-style-type: none"> › Aggregate nominal total amount of capital increase not to exceed €350,675,796 				
Delegation of authority for the Managing Board to issue equity warrants to subscribe for shares reserved for companies of the General Motors Group (31st resolution of the 2017 SGM)	<ul style="list-style-type: none"> › Up to 39,727,324 Company shares 	18 months	10 May 2017	10 November 2018	None
Existing or future Company performance share grants, subject to performance conditions (22nd resolution of the 2018 SGM)	<ul style="list-style-type: none"> › Up to 0.85% of the Company's share capital in any 24 months 	26 months	24 April 2018	24 June 2020	None
Issues of equity warrants while a takeover bid in relation to the Company's shares is in progress (23rd resolution of the 2018 SGM)	<ul style="list-style-type: none"> › Aggregate nominal total amount of capital increase not to exceed €452,414,106.50 	18 months	24 April 2018	24 October 2019	None
Capital increase(s) reserved for employees, without PSR (24th resolution of the 2018 SGM)	<ul style="list-style-type: none"> › Aggregate nominal total amount of capital increase not to exceed €9,048,282 	26 months	24 April 2018	24 June 2020	None

SGM: Shareholders' General Meeting.
PSR: preferential subscription right.

7.3. OWNERSHIP STRUCTURE

7.3.1. Capital and voting Rights Structure at 31 December 2018

Main identified shareholders ⁽¹⁾	31 December 2018				31 December 2017				31 December 2016			
	Number of shares	% of share capital	% of exercisable voting rights	% of theoretical voting rights	Number of shares	% of share capital	% of exercisable voting rights	% of theoretical voting rights	Number of shares	% of share capital	% of exercisable voting rights	% of theoretical voting rights
The Groupe familial Peugeot (Peugeot family interests) (EPF/FFP) ⁽²⁾	110,622,220	12.23	19.50	19.30	110,622,220	12.23	17.63	17.45	110,622,220	12.86	16.67	16.54
Dongfeng Motor (Hong Kong) International Co. Limited (DMHK)	110,622,220	12.23	19.50	19.30	110,622,220	12.23	19.94	19.74	110,622,220	12.86	18.85	18.70
BPIfrance via Lion Participation SAS	110,622,220	12.23	9.75	9.65	110,622,220	12.23	9.97	9.87	110,622,220	12.86	18.85	18.70
Other individual shareholders ⁽³⁾	60,828,929	6.71	6.07	6.01	59,945,072	6.63	6.30	6.23	66,247,514	7.70	6.17	6.12
Employees	16,830,900	1.92	2.56	2.54	18,407,518	2.03	2.56	2.53	18,514,185	2.15	2.56	2.54
Other French institutions	71,946,202	7.93	6.33	6.26	75,880,738	8.39	6.84	6.77	93,925,579	10.92	8.00	7.94
Other foreign institutions	412,039,787	45.51	36.30	35.95	407,412,490	45.03	36.76	36.39	340,257,694	39.57	28.90	28.69
Treasury shares	11,315,735	1.25	-	0.99	11,315,735	1.25	-	1.01	9,113,263	1.06	-	0.77
TOTAL	904,828,213	100	100	100	904,828,213	100	100	100	859,924,895	100	100	100

(1) Source: Euroclear TPI 31 December 2018 and Nasdaq.

(2) EPF (Établissements Peugeot Frères) is a family holding company with maximum stake held by individual members of the Peugeot family. FFP is controlled by EPF.

(3) Individual and other accounts (by difference). The Group's executive managers and Company officers do not hold more than 5% of the Group's share capital.

As at 31 December 2018, the shareholders of the Groupe familial Peugeot (FFP/EPF), DMHK and BPIfrance each held a 12.23% stake in the share capital of Peugeot S.A.

To the best of the Company's knowledge, no shareholder other than the ones listed in the table below directly or indirectly own more than 5% of the Company's issued capital or voting rights.

Groupe PSA offers a variety of savings schemes in various countries. Employee share ownership was 1.92% at 31 December 2018, representing 50,985 current and former employees of the Group.

Since 2013, the Supervisory Board includes a representative of employee shareholders (for more information please refer to Section 3.1).

STATUTORY DISCLOSURE THRESHOLDS IN 2018

During the 2018 financial year, no statutory threshold disclosures were made in relation to share capital or voting rights.



DISCLOSURE THRESHOLDS PER THE COMPANY BY-LAWS IN 2018

Through two letters received on 20 December and 28 December 2018, the Groupe Familial Peugeot, which comprises FFP, EPF and Maillot 1, disclosed that it had crossed above the equity thresholds of 18% and 19% of exercisable voting rights.

These crossings resulted from the registration of shares that were purchased in December 2016 through the exercise of the equity warrants issued by the Company in 2014.

Shareholders	Date of threshold crossing	Direction	Threshold crossed	No of shares after crossing	% of capital after crossing	% of voting rights after crossing
Group Familial Peugeot	20 December 2018	Upwards	18% of voting rights	110,622,220	12.23%	18.18%
FFP	28 December 2018	Upwards	14% of voting rights	84,323,161	9.32%	14.71%
Group Familial Peugeot	28 December 2018	Upwards	19% of voting rights	110,622,220	12.23%	19.30%
Norges Bank Investment Management	1 June 2018	Upwards	2% of share capital	19,830,040	2.19%	not communicated
Norges Bank Investment Management	23 July 2018	Upwards	3% of share capital	27,502,240	3.04%	not communicated

7.3.2. Different voting rights

Fully paid-up shares registered in the name of the same holder for at least two years shall carry double voting rights at Shareholders' Meetings.

In the event of a capital increase through the capitalisation of retained earnings, profits or additional paid-in capital, the resulting bonus shares distributed in respect of registered shares carrying double voting rights will similarly carry double voting rights. In

accordance with the law, double voting rights will be lost if the shares are converted into bearer form or transferred to another shareholder, unless the transfer takes place due to an inheritance, the liquidation of a marital estate or a gift to a spouse or heir.

Double voting rights may be cancelled by vote of the Extraordinary General Meeting and after ratification by the special meeting of Beneficiary Shareholders (according to the Company by-laws).

7.3.3. Shareholders' agreement

A shareholders' agreement signed between DFG, DMHK, the French State, SOGEPA, EPF/FFP and the Company, in force since 29 April 2014 for a ten-year period, governs the relationships between the main shareholders of the Company.

As from 19 June 2017, SOGEPA has ceased to be a party to the shareholders' agreement, since it sold the whole of its interest in the Company's capital to Bpifrance via its Lion Participations SAS subsidiary. Bpifrance has consequently joined the agreement and legally replaced SOGEPA.

In accordance with the shareholders' agreement:

- DMHK, Bpifrance and EPF/FFP are free to transfer all or part of their shares. Prior to any transfer of shares on the market by these parties, the shareholder(s) concerned are required to inform the management of the Company and discuss it with them in order to limit the impact of such a transfer on the share price. Other than this requirement, DMHK, Bpifrance and EPF/FFP are not subject to further constraints on to the transfer of their shares. There is no pre-emptive clause or tag-along rights;

- DMHK (and DFG), Bpifrance and EPF/FFP shall not act in concert with respect to the Company. This agreement, signed by each of the shareholders to protect its capital expenditure and own interests as a shareholder of the Company, does not aim to establish a common policy with regard to the Company within the meaning of Article L. 233-10 of the French Commercial Code. The Group's strategy will be determined by the Managing Board under the supervision of the Supervisory Board. The signing of the framework agreement between the Company and DFG strengthens the long-standing partnership between the two groups and in no case represents a shift in the strategy of Groupe PSA.

To the best of the Company's knowledge, there does not exist at this point any other agreement which if implemented might entail a change in control of the Company or have the effect of delaying, deferring or preventing a change in control.

7.3.4. Measures taken by the Company to ensure that control is not abused

No shareholder holds, directly or indirectly, alone or in concert, control of the Company. Measures have been introduced to ensure that shareholders that have proposed the appointment of members to the Supervisory Board do not abuse their powers when decisions

are taken, namely: the presence of independent members on the Board and its committees, the presence of one Senior Independent Member and procedures for handling conflicts of interests (see developments in Section 3.2 of this Registration Document).

7.4. CORPORATE FINANCIAL INSTRUMENT MARKETS

LISTING OF THE PEUGEOT S.A. SHARE

The Peugeot S.A. share is listed on the Euronext Paris stock exchange, compartment A, where it is eligible for the deferred settlement system.

PEUGEOT S.A. SHARE DATA SHEET

ISIN security code	FR0000121501
Markets	Euronext continuous trading – Euronext Paris, Compartment A Ticker UGFP (Bloomberg) Other markets: ► Europe: SEAQ International – London
Listed in the major indexes	CAC 40, CAC ALL-TRADABLE, CAC LARGE 60, Dow Jones Euro Stoxx Auto, Advanced Sustainable Performance Indices (ASPI), FTSE4Good
Share eligibility	Deferred settlement under the SDR System and inclusion in French PEA stock savings plans
Par value	€1
Number of shares outstanding at 31 December 2017	904,828,213
Price at 31 December 2018	€18.65
Market capitalisation at 31 December 2018	€16.87 billion

Groupe PSA has opted not to establish or sponsor the American Depositary Receipts (ADRs) programme. Consequently, any existing ADR programme is classified as unsponsored, and has no connection of any kind with Groupe PSA. As a result, Peugeot S.A.

may not be considered bound to ensure the proper functioning of such programmes or to protect the rights of ADR holders. Peugeot S.A. refuses any responsibility and states that it does not accept any court jurisdiction, particularly American, under such programmes.

DETAILED STOCK MARKET INFORMATION

(Source: Euronext)

PRICE

(in euros)	2018			2017			% change on 2018/2017 closing price
	High	Low	31 December 2018	High	Low	31 December 2017	
Share	25.400	16.455	18.645	21.015	15.390	16.955	+10.0%
CAC 40 index	5,640.10	4,598.61	4,730.69	5,536.40	4,733.82	5,312.56	-11.0%

TRANSACTIONS

	2018		2017	
	Total	Average per day	Total	Average per day
In number of shares	791,183,768	3,177,444	817,610,698	3,206,316
Value (in million euros)	16,167.88	64.93	15,063.14	59.07



INFORMATION ABOUT THE COMPANY AND ITS SHARE CAPITAL

Corporate financial instrument markets

MARKET FOR THE PEUGEOT S.A. SHARE ON THE PARIS STOCK EXCHANGE (DEFERRED SETTLEMENT SERVICE)

	Share price (in euros)			Trading volumes		
	Low	High	Closing	Number of shares per month	Value per month (in million euros)	Average per day (in million euros)
2017						
January	15.390	18.015	17.200	69,721,625	1,184.05	53.82
February	16.905	19.165	17.960	77,246,923	1,394.16	69.71
March	18.005	20.060	18.875	82,919,751	1,577.81	68.60
April	17.110	19.370	19.235	70,720,665	1,301.99	72.33
May	17.535	19.655	17.550	68,804,148	1,286.08	58.46
June	17.265	18.445	17.465	61,084,116	1,094.00	49.73
July	17.595	19.345	18.185	67,001,696	1,241.35	59.11
August	17.550	18.550	17.735	46,585,439	841.62	36.59
September	17.510	20.150	20.150	59,972,944	1,130.34	53.83
October	19.905	21.015	20.365	63,072,410	1,284.02	58.36
November	17.280	20.950	17.375	88,960,283	1,672.47	76.02
December	16.805	17.480	16.955	61,520,698	1,055.24	55.54
2018						
January	16.455	19.190	18.090	70,617,912	1,278.58	58.12
February	17.300	18.815	18.615	68,572,671	1,240.50	62.03
March	18.115	20.150	19.550	73,019,793	1,397.53	66.55
April	19.130	20.990	20.420	59,211,145	1,196.00	59.80
May	19.705	21.020	19.945	53,434,509	1,083.62	49.26
June	19.230	21.750	19.560	65,911,142	1,354.78	64.51
July	19.150	24.770	24.610	83,590,484	1,839.07	83.59
August	23.230	25.290	23.700	59,536,498	1,449.94	63.04
September	22.870	25.400	23.230	52,666,782	1,254.11	62.71
October	18.700	23.230	21.030	88,296,481	1,844.67	80.20
November	18.910	21.980	19.400	55,422,389	1,112.65	50.58
December	17.170	20.060	18.645	60,903,962	1,116.43	78.76
2019						
January	17.870	22.230	21.990	54,409,554	1,118.10	50.82
February	20.370	22.870	22.360	51,199,432	1,112.78	55.64

Source: Euronext Paris - March 2019.

DIVIDEND POLICY

On 26 February 2019, Groupe PSA has announced a new dividend policy for 2019-2021 with a pay out ratio increased to 28% from fiscal year 2019.

DIVIDENDS PAID OVER THE PAST THREE YEARS

Financial year	Number of shares involved	Par value	Payment date	Barred date	Gross dividend
2015	808,597,336	€1	n/a	n/a	n/a
2016	897,733,950	€1	17 May 2017	17 May 2022	0.48
2017	904,828,213	€1	4 May 2018	4 May 2023	0.53

In respect of financial year 2018, the payment of a dividend of €0.78 per share will be submitted for shareholder approval at the Shareholders' General Meeting. The ex-dividend date shall be 2 May 2019 and the payment date shall be 6 May 2019.

ADDITIONAL INFORMATION



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ADDITIONAL INFORMATION

Persons responsible for the Registration Document

8.1. PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Person responsible for the 2018 Registration Document

Carlos TAVARES

Chairman of the Peugeot S.A. Managing Board

Statement by the person responsible for the 2018 Registration Document

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

I hereby declare that, to the best of my knowledge, (i) the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Peugeot S.A. and of the companies in the consolidated group, and (ii) the Report of the Managing Board, whose contents are described on pages 269 and 270, presents a true and fair view of the business development,

results and financial position of Peugeot S.A. and the companies in the consolidated group, together with a description of the main risks and uncertainties they face.

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

Carlos TAVARES

Chairman of the Peugeot S.A. Managing Board

Person responsible for financial information

Andrea BANDINELLI

Head of Financial Communication and Investor Relations

andrea.bandinelli@mpsa.com

8.2. HISTORICAL FINANCIAL INFORMATION

In compliance with Article 28 of EC regulation No. 809/2004, the following information is incorporated by reference in the Registration Document:

For financial year 2017

Required disclosures in the Report of the Managing Board appear on page 311, the consolidated financial statements are presented on pages 157 to 239 and the corresponding Auditors' Report is presented on pages 241 to 244 of the 2017 Registration Document filed with the *Autorité des Marchés Financiers* on 28 March 2018 under No. D. 18-0196.

For financial year 2016

Required disclosures in the Report of the Managing Board appear on page 351, the consolidated financial statements are presented on pages 173 to 256 and the corresponding Auditors' Report is presented on page 257 of the 2016 Registration Document filed with the *Autorité des Marchés Financiers* on 3 April 2017 under No. D. 17-0289.

Date of latest financial information

31 December 2018

8.3. DOCUMENTS AVAILABLE TO THE PUBLIC

The following documents are available on the Company's website (www.groupe-psa.com):

- the present 2018 Registration Document filed with the *Autorité des Marchés Financiers*;
- financial press releases;
- the Peugeot S.A. Company by-laws;
- historical financial information for Peugeot S.A. and its subsidiaries;
- presentation of the full-year results for 2018.

Company documents and information are available for consultation at the Company's registered office: 7, rue Henri Sainte-Claire Deville, 92500 Rueil-Malmaison, France.





ADDITIONAL INFORMATION

Persons responsible for auditing the accounts

8.4. PERSONS RESPONSIBLE FOR AUDITING THE ACCOUNTS

8.4.1. Statutory Auditors

ERNST & YOUNG ET AUTRES

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

Mrs Ioulia VERMELLE and Mr Laurent MIANNAY

1-2, place des Saisons

92400 Courbevoie – Paris-La Défense 1

Date of first appointment: Ordinary General Meeting of 31 May 2011.

End date of current appointment: at the close of the Shareholders' General Meeting called to approve the 2023 financial statements.

MAZARS

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

Mr Jérôme de PASTORS and Mr Thierry BLANCHETIER

61, rue Henri-Regnault

92400 Courbevoie (Hauts-de-Seine)

Date of first appointment: Ordinary General Meeting of 25 May 2005.

End date of current appointment: at the close of the Shareholders' General Meeting called to approve the 2023 financial statements.

8.4.2. Alternate Statutory Auditors

SOCIÉTÉ AUDITEX

1-2, place des Saisons

92400 Courbevoie – Paris-La Défense 1

Date of first appointment: Ordinary General Meeting of 31 May 2011.

End date of current appointment: at the close of the Shareholders' General Meeting called to approve the 2023 financial statements.

JEAN-MARC DESLANDES

61, rue Henri-Regnault

92400 Courbevoie (Hauts-de-Seine)

Date of first appointment: Ordinary General Meeting of 10 May 2017.

End date of current appointment: at the close of the Shareholders' General Meeting called to approve the 2023 financial statements.

8.4.3. Fees paid to the Auditors

The Statutory Auditors' fees and those of their network are shown in Note 19 to the consolidated financial statements for 2018, Section 5.6.

The 2018 fees paid to the auditors Ernst & Young et Autres and Mazars for services other than statutory and contractual audit provided to Peugeot S.A. and its subsidiaries respectively amount to

€36,000 and €55,000. These services mainly concern the issuance of comfort letters for bond issues and the issuance of reports on expenditure statements

8.5. CROSS-REFERENCE TABLES

8.5.1. Cross-reference table on the Report of the Managing Board

This Registration Document includes all of the information in the Report of the Managing Board of the Group and the parent company as provided for in Articles L. 225-100 and L. 225-100-1 of the French Commercial Code.

The following table cross-refers each section of the Group's or the parent company's Management Report to the corresponding pages of the Registration Document.

Section	Section in Registration Document	Pages
	Key figures	2 and 3
	1.3. Activities and strategy	9 to 19
	4.1. Analysis of the business and consolidated operating results	130 to 132
	4.2. Financial position and liquidity	132 to 134
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ADDITIONAL INFORMATION

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8.5.2. Cross-reference table on the Annual Financial Report

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