

China Division

PSA Peugeot Citroën in China

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CONTENTS

1. Milestones in the Group's development in China.....	p.3
2. The China Division and organisation of the Group in China.....	p.6
3. The Group's vision in China	p.7
4. The Group's clean vehicle strategy to 2020.....	p.8
5. The China Tech Center: new R&D capacities for the Group in China	p.9
6. Dong Feng Peugeot Citroën Automobile Co. (DPCA)	p.10
a) Industrial base and R&D	
b) Models produced	
c) Sales networks	
7. Imported vehicle activity	p.15
8. Sales results.....	p.16
9. Other forms of PSA Peugeot Citroën Presence in China.....	p.17
a) Banque PSA Finance (BPF)	
b) GEFCO	
c) Faurecia	
10. The Group's Social Commitment in China.....	p.19

1. MILESTONES IN THE GROUP'S DEVELOPMENT IN CHINA

PSA Peugeot Citroën is a historic partner of the Chinese automotive market, with **industrial and commercial presence in China extending over more than 20 years.**

a) 1980s: From Guangzhou Peugeot to Citroën's first steps in China

- 6 September 1985 **Founding of the joint venture Guangzhou Peugeot Automobile (GPAC).**
- 1985 -1997 GPAC produces around 100,000 vehicles (505 family car and saloon, 504 pick-up).
- 1987 Citroën enters discussions with SAW – Second Automobile Work (now Dongfeng Motors), China's second biggest truck manufacturer.
- 1988 First proposal by Citroën and road tests in China. Feasibility study.
- 1989 Citroën / SAW project approved by the Chinese authorities.

b) 1990-1996: Founding of Dongfeng Citroën

- December 1990 A joint-venture agreement is signed with SAW.
- 18 May1992 **Official founding of DCAC, Dongfeng Citroën Automobile Company, a joint venture between Automobiles Citroën and Dongfeng Motor Corporation, set up to produce and sell the ZX Fukang in China.**
- 8 August 1992 ZX Fukang hatchback goes into production (SKD) A total 17,000 units are produced between 1992 and 1996.
- 1992-1996 Two production plants are built in Wuhan and Xiang Fan, in Hubei province.
- September 1996 All production facilities come on line (capacity of 150,000 vehicles/year).

c) 1997-2001 : Development of Dongfeng Citroën

- March1997 Peugeot sells its stake in GPAC.
- 8 September 1998 **Citroën ZX Fukang sedan market launch ("Fukang 988").**
- 2000 **DCAC announces a capital increase to RMB 6 billion.**
Chinese partner: Dongfeng Motor Corporation (31%), banks (39%),
French partner: Citroën (26.9%) banks(3.1%).
- November 2001 **Citroën Xsara Picasso market launch.**

d) 2001-2004: Broader cooperation with DFM; the return of Peugeot to China

- 14 November 2001 The start of a new phase in cooperation. PSA Peugeot Citroën and Dongfeng Motors **sign a memorandum of understanding to reinforce and accelerate cooperation between**

- the two groups.** The aim is to significantly increase the production and sale of Citroën and Peugeot brand vehicles.
- June 2002 Citroën Elysée market launch.
 - June 2002 Tenth anniversary of DCAC: 300,000 vehicles produced in China since 1992.
 - 25 October 2002 **Ceremony in Beijing for the signing of the agreement on the second phase in the cooperation between PSA Peugeot Citroën and Dongfeng Motors. DCAC becomes DPCA (Dongfeng Peugeot Citroën Automobile) and announces the launch of a Peugeot model.** The joint venture increases its capital by RMB 1 billion to RMB 7 billion, giving each of the two groups an equal 32% stake in the venture.
 - 6 January 2004 Commitment to a major €600 million capital-spending programme to increase the production capacity of DPCA to 300,000 vehicles/year and commit to the launch of new vehicles.
 - 21 April 2004 Peugeot 307 sedan goes into production.
 - Second-half 2004 Peugeot 307 sedan market launch.
 - September 2004 More than 500,000 Citroën vehicles produced in China overall.
 - 18 November 2004 **Chinese authorities approve plans to buy back the stakes held by the banks. PSA and DFM become joint 50/50 shareholders of DPCA**

e) 2005-2007: The Group steps up its development in China: new products, increased production capacity

- 28 June 2005 First international symposium on road safety organised in Beijing by PSA Peugeot Citroën and the Chinese Ministry of Health.
- 19 January 2006 Dongfeng Peugeot 206 goes into production, the first platform-1 vehicle produced at DPCA.
- 18 February 2006 World preview of the Dongfeng Citroën C-Triomphe in Shenzhen (Guangdong province).
- 1 April 2006 A decision is made to build a second production unit at DPCA for the platform-3 vehicles of the PSA Peugeot Citroën Group, operational in 2009.
- 28 April 2006 Dongfeng Citroën C-Triomphe goes into production in Wuhan.
- 28 May 2006 Dongfeng Citroën C-Triomphe market launch.
- June 2006 **Opening of Peugeot Citroën (China) Automotive Trade Co. Ltd. , a subsidiary of the PSA Peugeot Citroën Group in China.**
- 1 July 2006 Campaign launched to promote child safety on the road.
- July 2006 Founding of DPCAFC, a joint venture for vehicle financing in China, Between Bank of China, Banque PSA Finance and DPCA.
- 28 August 2006 Presentation of Dongfeng Citroën C2, a compact Citroën vehicle designed specially for China.
- 27 October 2006 **Foundation stone laid for the second DPCA production unit in Wuhan, in a ceremony attended by the President of France, Jacques Chirac.**

f) 2007 - Today: The China Division starts operation: Deployment of a new Group vision in China

- February 2007 **Founding of the new China Division, based in Beijing, in charge of all PSA Peugeot Citroën Group activities in China.**
- March 2007 DPCA becomes the first Chinese vehicle manufacturer to publish an annual sustainable development report.
- 22 September 2007 New Peugeot 307 sedan presented in Beijing.
- 20 February 2008 New Peugeot 307 hatchback launched in Beijing.
- 1 April 2008 Launch of the China Tech Center (CTC) project to give the Group an R&D and Styling centre in China.
- 20 April 2008 New Citroën C-Elysée launched at the Beijing Motor Show.
- 1 June 2008 A semi-permanent exhibition on road safety opens at China's Museum of Science and Technology in Beijing.
- 7 July 2008 PSA Peugeot Citroën signs an R&D cooperation agreement with the Institute of Automotive Studies at Tongji University in Shanghai.
- August 2008 **CTC moves into new premises in the Caohejing new technology development zone in Shanghai. The Group's R&D and design centre in China becomes operational.**
- September 2008 Market launch of the Citroën C-Quatre in China and the Peugeot 207 CC (imported)
- December 2008 Peugeot 207 sedan launched in December, followed by the hatchback in February 2009. Launch of the Citroën Grand C4 Picasso (imported).
- March 2009 Launch of the C-Elysée hatchback.
- April 2009 World preview of the Citroën C-Quatre sedan at the Shanghai Motor Show.
- September 2009 **New C5 launched in China.**
- 17 October 2009 **Wuhan 2 plant comes on line.**
- 11 December 2009 **The Group announces its clean vehicles strategy for China:** the aim is to halve emissions of Group vehicles by 2020 to be on a par with the European market.
- January 2010 World preview of the **new Peugeot 408** in Beijing.
- 8 April 2010 World first **market launch** of the new Peugeot 408
- 18 April 2010 **World preview in Shanghai of Metropolis**, the first Citroën concept car to be designed and built at the China Tech Center in Shanghai.
- 22 April 2010 **New Peugeot image** presented in Beijing.
- May-October 2010 PSA Peugeot Citroën, partner of the France Pavilion at the **Shanghai Universal Exposition 2010.**

2. THE CHINA DIVISION AND ORGANISATION OF THE GROUP IN CHINA

- Based in Beijing, **the China Division is responsible for developing the activities of the PSA Peugeot Citroën Group in China:** partnerships and cooperation, marketing strategy, product plan, development of local R&D capacities, sourcing, etc.
 - **The division has the expertise necessary to oversee the development of the Group in China and to act as the direct contact for our joint ventures.**
 - The director reports directly to the Chairman of the Group Management Board.
- ⇒ Alongside the China Division, the PSA Peugeot Citroën Group is mainly present in China through:
- **Dongfeng Peugeot Citroën Automobile Co. Ltd (DPCA)**, the joint venture between PSA Peugeot Citroën and the Dong Feng Group, based in Wuhan.
 - **The activities in China of the other PSA Peugeot Citroën subsidiaries:** Banque PSA Finance, Gefco and Faurecia.
- ⇒ Through its full range of activities, **the Group employs almost 14,000 people in China.**

3. THE GROUP'S VISION IN CHINA

China became the **world's biggest automotive market** in 2009, and the **second biggest global market for the PSA Peugeot Citroën Group**.

China continues to exhibit extremely high potential for growth, since car ownership remains low at 27 passenger cars for 1,000 inhabitants at end-2009 compared with a global average of around 100 vehicles for 1,000 inhabitants.

PSA Peugeot Citroën is convinced of China's growing importance in the world automotive industry. The Group believes that **to be a major name in the global automotive industry of the 21st century, you have to be a major name in China's automotive industry.**

The Group has set out its Vision for the next ten years, detailing its development targets in China between now and 2020:

- Reach market share of between 8 and 10%
- To this end:
 - o Continue to renew and expand vehicle ranges in China, entering new segments of the market
 - o Be a leader in low-carbon vehicles in China
 - o Be a leader in innovative mobility solutions.

To meet these targets, the Group is putting in place the human and technical resources necessary to develop vehicles that meet the expectations of Chinese customers in all respects.

4. THE GROUP'S CLEAN VEHICLES STRATEGY IN CHINA

In December 2009, PSA Peugeot Citroën unveiled its clean vehicle strategy in China for the next ten years. **The Group is aiming to halve the CO2 emissions of its vehicles in China by 2020, to be on a par with Europe – the benchmark in this area – in accordance with the objectives set for this date.**

The Group made this announcement at the Copenhagen summit on climate change, during which China made a number of major commitments. To meet its ambitious target, the Group will use a range of technologies, each one bringing benefits for the customer while cutting CO2 emissions. Main solutions include:

- **Six new petrol engines between now and 2020**
- **Electric vehicles**
- **Petrol plug-in hybrid**
- **A new generation of automatic gearboxes**

This strategy was announced at the clean vehicles show in Shenzhen. This event also saw the world preview of the **new C-Quatre featuring STT technology**, developed by engineers at the China Tech Center.

5. THE CHINA TECH CENTER IN SHANGHAI

PSA Peugeot Citroën gained new capacities in research and development in China with the launch of the China Tech Center project in Shanghai. **The CTC groups the Technology, Purchasing and Styling functions for China. It is the Group's first R&D and styling centre outside Europe.** It is also the first centre of this type to be opened by an international vehicle manufacturer in China.

Located in Shanghai, one of China's main economic centres with a strong high-tech focus, the CTC became operational in September 2008. **Today, it employs some 300 engineers, designers and technicians whose role is to conduct development projects in vehicles, sub-systems and styling taking account of the characteristics necessary to satisfy the expectations of the Chinese market.**

The CTC works in close **cooperation** with the other **R&D centres of the PSA Peugeot Citroën Group** around the world, and with the **R&D centre of DPCA**, the joint venture set up between the PSA Peugeot Citroën Group and its Chinese partner, Dong Feng Motors, which employs more than one thousand engineers and technicians.

The focus on styling is part of efforts by PSA Peugeot Citroën Group brands to develop local marketing skills in China and to meet the needs of Chinese customers with an offering tailored to local tastes.

In July 2008, **CTC signed a cooperation agreement with the Institute of Automotive Studies at the prestigious Tongji University in Shanghai.** The aim is to provide new prospects for young automotive engineers graduating from this university, to provide training for lecturers at Tongji by PSA Peugeot Citroën, and to pave the way for joint research projects.

The work of China Tech Center has already brought visible results. On 18 April 2010 in Shanghai, Citroën presented Metropolis, the first concept car designed and built in Shanghai by CTC.

⇒ The CTC project involves a total investment of RMB 1 billion over three years.

6. DONG FENG PEUGEOT CITROEN AUTOMOBILE (DPCA)

Founded in 1992, DPCA is a joint venture owned in equal parts by PSA Peugeot Citroën and China's Dong Feng. **Based in Wuhan, capital of Hubei province, DPCA employs a workforce of more than 9,000. It builds and sells vehicles in China under the brand names Dongfeng Peugeot and Dongfeng Citroën. In 16 years, more than 1.2 million vehicles have been produced and sold.**

DPCA was also the first Chinese vehicle manufacturer to publish an annual sustainable development report.

a) Industrial base and R&D

DPCA has an industrial base with a production capacity of 450,000 vehicles/year. The base is made up of two final assembly plants in Wuhan and a powertrain plant in Xiang Fan.

- **WUHAN 1 FINAL ASSEMBLY PLANT**

- **Location:** The Wuhan final assembly plant is located in Hubei, a region of 58 million inhabitants. Wuhan is a city of seven million inhabitants, and the capital of Hubei province. The Yangtze, China's longest river, flows through Wuhan, which has a large commercial port. It is also a major academic and industrial centre.
- **Size and organisation:** The Wuhan final assembly plant came on line in 1996. It has four workshops: press shop, body assembly, painting and final assembly. It is located on a site of 190 hectares and has a built-up area of 500,000 m². The plant was designed and built to the same standards as other plants in the PSA Peugeot Citroën Group and **satisfies global industry standards in all areas.**
- **Production:** The plant currently produces 74 vehicles/hour.

- **WUHAN 2 FINAL ASSEMBLY PLANT**

- **Location:** The new DPCA production site is close to the existing plant in Wuhan.
- **Size and organisation:** Wuhan 2 came on line in October 2009. It **builds large vehicles, such as the new Citroën C5.** It has three main workshops: body assembly, painting and final assembly. The Wuhan 2 site is **an international benchmark for lean practices.** The plant, which has a compact layout, systematically applies the best practices implemented by PSA and by the Group's best competitors. **Wuhan 2 is also a model plant for its working environment and energy savings.** The site's vast, airy

workshops make maximum use of natural light. At the same time, building height has been reduced in order to limit energy use. **The site already has around a thousand employees.** Particular emphasis is placed on employee training.

- **Production:** The plant has a maximum production capacity of 44 vehicles/hour. It is now ramping up to produce 5,000 vehicles/month in 2010.

- XIANG FAN POWERTRAIN PLANT

- **Location:** Located 400 km from Wuhan in the north-eastern part of Hubei, Xiang Fan has some 700,000 inhabitants.
- **Size and organisation:** The Xiang Fan powertrain plant **produces engines and gearboxes in its machining and assembly workshops.** The workshops occupy a covered surface area of 208,300 m². Xiang Fan will gain new production capacities to keep pace with the development of vehicle production. DPCA will thus double output of engines, gearboxes and running gear to supply the Wuhan plants. The Xiang Fan plant has a production capacity of 640,000 engines and 375,000 gearboxes.
- **Production:** The plant produces around one thousand engines (1.4l, 1.6l, 2.0l and 2.3l) and more than 700 manual gearboxes every day.

- R&D

- **With an R&D centre staffed by a thousand engineers and technicians, DPCA has the technical resources to ensure growth.**
- Working closely with PSA Peugeot Citroën, the main missions of these engineers and technicians are to:
 - a) **industrialise the vehicles and** components to be produced in the joint venture's two plants, with a particular focus on production resources and methods in China;
 - b) **ensure local sourcing for vehicles** and components by developing active partnerships with local suppliers;
 - c) **apply upgrades made to Citroën and Peugeot vehicles sold in other world markets to models in the Chinese range**, whether to improve quality or reduce costs;
 - d) **study and deploy product adaptations specific to the Chinese market** so that vehicles sold in the country meet the tastes and aspirations of customers as much as possible.

b) Models produced

As part of an ambitious product plan, **at least one new Citroën and Peugeot vehicle is set for launch each year**. DPCA is looking to constantly upgrade its range in a market where new features and technologies are major selling points.

- **Main models in the Dongfeng Citroën range**

- **Citroën C5: the Citroën flagship aimed at conquering the saloon market in China.** DCAD has rounded out its product line-up with this high-end model to satisfy all Chinese customers and win new customers in the M2 saloon segment. The C5 boasts excellent performance and handling while scoring high on comfort and safety. Featuring generous, elegant and dynamic styling, it is available with a range of cutting-edge technologies. The C5 can be fitted with three engines, a 2.0 l, a V6 3.0 l and a new 2.3 l petrol unit mated to a 6-speed Tiptronic gearbox. Passenger comfort is enhanced by the new 51S system that considerably reduces cabin noise. The C5 is also equipped with ESP, corresponding to the latest 8.1 system by Bosch, and was assembled using ALW laser technology.
- **Citroën C-Quatre: a modern hatchback/three-box duo in the most dynamic car segment in China.** The C-Quatre, or “Shi jia” in Chinese, is a winning blend of sportiness, comfort, safety and style. Aimed at a young public, it is available with a host of equipment, including a fixed-centre steering wheel with an asymmetric airbag, new-generation GPS, Bluetooth, latest-generation ABS and emergency brake assist. Fitted with a high-performance 1.6 l or 2.0 l 16V VVT petrol engine, it consumes just 6 l/100 km of fuel at a steady 90 km/h. The C-Quatre is available as a hatchback and, in a world first, as a three-box saloon.
- **Citroën C-Élysée: Citroën three-box and hatchback saloons designed in China.** Launched in the Chinese M1 segment in spring 2008, the new Citroën C-Élysée features more than 300 changes and improvements on the first-generation model, released in 2003. The C-Élysée was available first as a three-box saloon fitted with a 1.6 l 16V petrol engine, complying with Euro IV standards and developing 106 bhp. A CNG version is also available. The C-Élysée boasts a broad range of standard safety equipment, such as Bosch ABS 8.1 and a Bluetooth system. A hatchback model rounds out the C-Élysée range.
- **Citroën C-Triomphe: an innovative three-box saloon.** This modern and innovative three-box saloon measuring 4.8 m long and 1.77 m wide made its world debut in the Chinese market. Together with outstanding roominess, C-Triomphe has innumerable assets in terms of innovations, driving pleasure and safety. It is a standard-setter in China on secondary safety, having scored 47.4 points and five stars out of five in C-NCAP crash tests – the best marks in its class.

- **Main models in the Dongfeng Peugeot range**

- **Peugeot 408:** Launched this year in a world debut in China and poised for an international career, the new Peugeot 408 is designed to attract new customers. In a segment accounting for more than half the sales in the world's largest car market, this three-box saloon is fitted with top-level, latest-generation features:
 - a) a characterful car with balanced, dynamic and prestigious styling;
 - b) dimensions and volumes close to those of high-end saloons;
 - c) record-setting spaciousness in the back seat;
 - d) driving and ride comfort commensurate with the high standards of Chinese customers;
 - e) a new automatic gearbox adapted to local driving styles;
 - f) high-level roadholding, a Peugeot hallmark.
- **Peugeot 307 hatchback: a benchmark in hatchback design.** The Peugeot 307, launched in October 2008, broadened the Dongfeng Peugeot range and gave it a foothold in a new growth market segment: the mid-range hatchback category. The 307 is well equipped, with six airbags across the range, a multimedia navigation system with a 7-inch 16/9 screen, ESP and a latest-generation Bosch ABS system – all of which make it the new standard-setter in the segment.
- **New Peugeot 307 Sedan: a new kind of saloon.** Between the launch of the first version in late 2004 and September 2007, the Peugeot 307 sedan sold in more than 140,000 units, making it a reference in its segment, particularly in terms of safety. The new Dongfeng Peugeot 307, launched in September 2007, inherits the semi-high architecture and immense cabin space of its forerunner, while gaining a new front end and extra equipment. The new 307 is fitted with an RT4 multimedia navigation system and is one of the only cars in the segment to be equipped with six airbags.
- **Peugeot 207 hatchback and three-box: two new members of the 207 family.** The Dongfeng Peugeot 207 features modern yet classic styling and outstanding road performance, together with a range of high-tech equipment. Available as a hatchback or a three-box model, it breaks new ground for compact cars in China. It is aimed at young and dynamic customers and comes with a 1.6 l engine mated to a Porsche Tiptronic auto gearbox or a 1.4 l with a 5-speed manual gearbox. The Dongfeng Peugeot 207 stands out from rivals in the segment with automatic headlamp activation, automatic windscreen wipers and automatic air conditioning. And with standard-fit ABS, EBD, automatic warning lights and front airbags, the 207 brings occupants high-level safety.

c) **Sales networks**

- **Dongfeng Citroën**

To consolidate the presence of Citroën in China, **the deployment of a dense network continues to cover this vast territory.**

The Citroën network currently consists of **more 280 sales outlets in 206 Chinese cities**, of which 225 “4S” dealerships to which are added an additional network of nearly 60 operators with a NV showroom and an after-sales workshop for cities in the second and third categories.

The network continues to grow rapidly, with 50 new outlets under construction.

Considerable efforts are also being made to improve customer service quality, with the renovation of the entire network as part of Citroën’s new image and the deployment of Lean through out the network.

- **Dongfeng Peugeot**

A cooperation agreement in October 2002 between the PSA Peugeot Citroën Group and Dongfeng Motor sealed the return of the Peugeot brand to the market of locally produced cars in China.

Dongfeng Peugeot started deploying its network in China in 2004, in respect of the brand’s international standards (the Blue Box concept):

- Today, **Dongfeng Peugeot has more than 300 sales and service outlets across the country**, of which 170 dealerships. The objective for end-2010 is 200 dealerships in China.

The two centres in Wuhan and Beijing are working hard on technical and sales training.

7. IMPORTED VEHICLE ACTIVITY

To significantly grow its activities in China, **PSA Peugeot Citroën set up a wholly-owned subsidiary in June 2006 called Peugeot Citroën (China) Automotive Trade Company Limited**, tasked with importing vehicles to round out the range and strengthen the image of the Peugeot and Citroën brands.

Sales of imported Group vehicles in China doubled between 2008 and 2009.

a) Citroën

- Citroën has been working in the import segment for a number of years (with the XM and Xantia). Rounding out its locally produced line-up, Citroën's import range **currently includes the Citroën C6, C4 Coupé and Grand C4 Picasso.**
- Citroën has a network of 23 approved distributors for its imported vehicles, 20 of which are Dongfeng Citroën dealerships.

b) Peugeot

- Alongside the locally produced range, Peugeot also sells the following imports in China: the **607, 207 CC, 308 CC, 308 SW, 407, 407 SW and 407 Coupé.**
- Peugeot has a network of **37 sales outlets in China** (20 dealerships and 17 agents).

8. SALES RESULTS

2009 results: Group sales in China set another record in with 272,000 Peugeot and Citroën sales, a full 52% more than in 2008. In an extremely dynamic market, these results were obtained notably through the success of recently launched models such as Citroën's C-Quatre (the three-box model in particular) and Peugeot's 207 hatchback/three-box duo.

2010: The Group's sales dynamic continued in first-quarter 2010. With more than 89,000 vehicles sold between January and March, Group sales were up 70% in first-quarter 2008.

The launch of the new Peugeot 408 in early April will bolster sales growth and help the Group regain market share. In early April, 30,000 purchase intentions had been recorded for the 408.

	2004	2005	2006	2007	2008	2009
PC sales China	2,546,000	3,209,000	4,238,111	5,274,000	5,326,456	8,236,000
PSA Peugeot Citroën sales	89,100	140,400	201,318	207,500	189,162	272,000

9. OTHER FORMS OF PSA PEUGEOT CITROËN PRESENCE IN CHINA

a) Banque PSA Finance (BPF)

A subsidiary of the PSA Peugeot Citroën Group, Banque PSA Finance (BPF) finances the customers and sales networks of the Peugeot and Citroën brands.

DPCAFC, a joint venture between DPCA and BPF, started automobile financing activities in Beijing in August 2006 before expanding across the entire country. Its mission consists in financing car stocks for Dongfeng Peugeot and Dongfeng Citroën distribution networks and bringing Chinese customers finance solutions for their car purchases.

The joint venture benefits from the financial support and the network of the Bank of China, together with the automobile financing expertise of Banque PSA Finance, a subsidiary of PSA Peugeot Citroën present in 18 countries in Europe and Latin America.

At end-2009, 274 dealerships of the two marques benefitted from wholesale financing from DPCAFC in China. Some 165,000 vehicles were financed for the year as a whole, up 78% on 2008. The objective this year is to finance 225,000 vehicles.

After a pilot phase with 12 dealerships in Beijing, the retail financing business (for sales to end customers) is currently being gradually extended to the entire country. Today, around 192 dealerships benefit from this new sales tool. The number of financed vehicles is expected to triple this year.

b) GEFCO

GEFCO carried out a thorough reorganisation in 2006, buying the shares of its partner, DTW, in their joint venture. GEFCO has since 2004 operated the Sequence Inbound Logistics Centre for DPCA in Wuhan, consisting of two 8,000-m² buildings, and also manages a forward stock centre that stocks parts for DPCA suppliers.

GEFCO handles alternative logistics for the DPCA assembly workshop (reception, preparation and line-side delivery of parts).

In addition, GEFCO has since 2005 been developing **sea, air and rail transport** activities for exports and imports from and to China (in particular, exports of two- and four-wheeler vehicles).

c) Faurecia

A world leader in automotive equipment, Faurecia is present in China, in Wuhan obviously (auto seats, exhaust systems) and also in other cities, including Changchun (auto seats, exhaust systems, interior systems), Wuxi (seat structures) and Shanghai (exhaust systems), with a workforce of 3,000.

Faurecia has 17 plants in China, five of which are joint ventures. Its customers are the main carmakers present in China. Faurecia also has two research centres in Shanghai.

10. THE GROUP'S SOCIAL COMMITMENT IN CHINA

a) PSA Peugeot Citroën at Shanghai Expo 2010:

PSA Peugeot Citroën is taking part in Shanghai Expo 2010, held from 1 May to 31 October.

A sponsor of the French Pavilion, **the Group is exhibiting its vision of sustainable and environmental mobility, making a perfect fit with the theme of the “Better City, Better Life” show.**

This vision is expressed in several forms. It is manifest first of all in two Peugeot and Citroën concept cars – each one radically different in its spirit and styling – suggesting two complementary pathways to the vehicle of the future. In a first in PSA Peugeot Citroën history, the Citroën concept car was imagined and designed entirely by the China Tech Center, the R&D and design centre opened by the Group in Shanghai two years ago. An exceptional vehicle, it will be displayed in its glass setting for the duration of Expo 2010 at the entrance to the French Pavilion. The Peugeot BB1 concept car, pointing to the urban cars of the near future with its electric drivetrain and innovative architecture (4 seats in 2.5 m), will be on show in July and August in the Focus area in the French pavilion.

While they differ in spirit and styling, both use the most innovative of technologies, an electric drivetrain and a plug-in hybrid petrol unit, to obtain groundbreaking environmental performance. They herald the solutions that PSA Peugeot Citroën is developing to meet its objective of reducing the CO₂ emitted by its range in China by 50% by 2020. Their breakthrough styling also serves to embellish everyday urban life.

The group's vision of sustainable mobility will also be expressed at the Expo 2010 in the shape of a series of forums organised by PSA Peugeot Citroën on major automotive issues such as the environment and energy savings, urban mobility and road safety. The Group has long been very active on these topics in China. The forums will bring together Chinese and international experts in these fields.

b) Meeting the challenges posed by automotive development in China:

Looking beyond its industrial and sales development, **PSA Peugeot Citroën has launched a dialogue in China on the challenges posed by extremely rapid automobile development in the country.** These initiatives are focused on three main themes: energy and the environment, urban mobility and road safety.

Urban mobility

The Cities on the Move Institute (IVM), initiated by PSA Peugeot in 2001, groups 20 French and international personalities from the fields of science, town and country planning, social projects and business.

The aim of the IVM programme in China is to get involved in contemporary thinking on the future of Chinese cities and on urban mobility trends in China. The

programme, focused as a priority on favouring innovative solutions and actions in mobility, has three main objectives:

- **Improve methods and techniques on understanding urban mobility**
- **Devise top-quality development in urban mobility areas**
- **Share and disseminate innovative knowledge and thinking on urban mobility.**

In 2005, IVM opened a university chair at Tongji University in Shanghai dedicated to the city and movement, thus opening up the way to innovative research.

In partnership with Shanghai Expo 2010, **IVM launched a competition in Beijing in June 2009 on innovation in urban mobility solutions.** The objective of the prize is to highlight urban mobility experiments conducted in China. An international jury will choose three projects for “**Better Mobility, Better Life**” prize at Shanghai Expo 2010. The experiments selected by the jury will benefit from major publicity to help them gain public recognition.

Road safety

With some 90,000 deaths on Chinese roads every year, the human, as well as social and economic, cost of road accidents is very high for the country. **A long-standing partner of the development of the Chinese automotive industry, the Group wants China to benefit from the experience it has acquired in this field. Since 2004 it has been organising original actions in road safety,** including conferences, research programme support, prevention campaigns, and training courses on safe driving.

PSA Peugeot Citroën has since 2008 launched three far-reaching road safety initiatives in China:

- o **An advertising campaign** on road safety open to Chinese web users in collaboration with China’s health ministry.
- o **A large, semi-permanent exhibition** of 290 m² on the theme of road safety at the **Chinese Science and Technology Museum in Beijing.**
- o **The “Road Safety Caravan”,** which has been travelling around the country for three years to educate nursery school pupils in road safety, raising the awareness of several thousand children and their families.

Environment and energy

The PSA Peugeot Citroën Group has with three other major international carmakers been invited by the **Chinese authorities to participate in discussions on clean vehicles.**

In 2008 and 2009, in collaboration with the economic channel of China National Radio, **PSA Peugeot Citroën ran a major awareness-raising campaign on Chinese airwaves on the more environmental use of automobiles.** The campaign was very well received by the public.

- ⇒ **One of the ads for this campaign won bronze in the general-public automotive advertising campaign category** at the 16th international advertising festival held on 30 October and 1 November 2009 in Nanning, capital of Guangxi province.

c) Access to education and social responsibility

The Group also supports other social-based initiatives in China:

- by financing the **renovation of a country school** in Shaanxi province
- by financing **computer equipment and new furniture for several schools for migrant workers' children** in Beijing
- by participating significantly in the **national solidarity drive in China after the Sichuan earthquake in 2008**.
- In September 2009, Dongfeng Peugeot launched the **“From the Heart” operation, donating RMB 100 to the One Foundation education charity for every Peugeot 307 sold**.

⇒ **Recognised and award-winning social commitment**

- On 19 September 2009 DPCA won the **2009 “Socially Responsible Company” prize organised by the New China Agency**.
- For its considerable contributions to Chinese society, notably in the fields of road safety, environmental protection and urban mobility, **the PSA Peugeot Citroën Group on 9 December 2009 won the “most socially responsible company in China” prize organised by the 21st Century Business Review and 21st Century Business Herald newspapers**.
- The Group was also described by *Nanfang Weekly* as **one of the four automotive companies that has made the biggest charity contribution in China**.