

SLAVERY AND HUMAN TRAFFICKING STATEMENT FOR PEUGEOT MOTOR COMPANY PLC, CITROEN UK LIMITED, PEUGEOT CITROEN AUTOMOBILES UK LIMITED AND THEIR RESPECTIVE SUBSIDIARY COMPANIES FOR YEAR TO 31 DECEMBER 2016

INTRODUCTION

The PSA Groupe is a worldwide automobile group which bases its development on the principles of socially and environmentally responsible action and conduct in all the countries in which it is established and in its various sectors of activity. We are committed to improving our practices to combat slavery and human trafficking.

SLAVERY AND HUMAN TRAFFICKING RISKS WITHIN OUR ORGANISATION

The PSA Groupe formalised its commitments to its stakeholders in a detailed and public manner in signing the Global Framework Agreement on PSA Social Responsibility on 20 May 2010 (“the Framework”). This agreement was made between the PSA Groupe and IndustriALL Global Union (formerly International Organisation of Metal Workers’ Federation) and IndustriALL European Trade Union (formerly European Metal Workers’ Federation) and has been adopted and applied across all the PSA Groupe companies including those in the UK. This agreement renewed a former agreement first signed in March 2006. It sets out a framework for PSA Groupe companies and subsidiaries all over the world to apply the ten principles of the UN Global Compact Global (“Compact”). It also describes the Groupe’s social requirements with respect to partners and suppliers.

On 7th March 2017 this commitment was renewed when the PSA Groupe and the trade unions IndustriALL Global Union and IndustriALL European Trade Union signed a new global framework agreement relating to PSA Groupe’s social responsibility.

The Framework includes a commitment for the elimination of all forms of forced or compulsory labour as follows: *“the PSA Groupe undertakes to respect free choice of employment and condemns forced labour, considering this to occur every time work is imposed by way of a threat (food deprivation, confiscation of land, non-payment of salary, physical violence, sexual abuse, prison labour etc)”*.

The PSA Groupe is pursuing a process of continuous improvement in its social policy, based on a continuous assessment of its approach and the involvement of Trade Unions and employee representatives. The PSA Groupe restates its commitment to applying the Framework and to continuously monitor, assess its application and process any claims. The Framework requires the PSA Groupe companies to exercise due diligence with respect to the suppliers making up the supply chain.

Code of Ethics

At the same time, the PSA Groupe’s Code of Ethics (which applies to all PSA Groupe employees) formally sets out 16 rules of ethical conduct applicable to all employees, including that -

- *“All Groupe employees must comply with the laws and regulations of the country in which they work. Employees are expected to be familiar with laws and regulations covering their specific area of operation.*
- *All employees contribute to the Groupe’s commitments with regard to fundamental human rights. In particular, they undertake to prohibit child labour and forced labour and to respect freedom of association and the right to representation. Employees are expected to respect these rights in their areas of responsibility and require the same level of respect from their partners and suppliers.*
- *The Groupe prohibits any and all types of discrimination on the basis of age, gender, nationality, marital status, sexual orientation, lifestyle, genetic characteristics, real or supposed belonging to an ethnic group, nation or race, physical appearance, pre-existing health conditions or disability, pregnancy, name, political opinion, religious conviction or union activities.”*

Awareness programs and training

To ensure a high level of understanding of the risks of modern slavery and human trafficking in the Groupe’s business activities and the supply chain, awareness programs and training are provided to the employees. The Framework is translated into 14 languages to ensure that all employees can easily read and understand its requirements. The principles and good practices linked to its application are communicated to all employees to raise awareness.

Evolving approach to the effectiveness of combating slavery and human trafficking

The Groupe’s policies described above to protect human rights are clear and widely implemented. However there is always a possibility that some risks cannot be prevented. To reduce such possibility, we are planning that the next steps of the program will include raising Human Resources managers’ awareness. They will be asked to carry out risk assessments within their areas of responsibility and to reinforce the effectiveness of the Groupe requirements, especially by conducting reviews to guarantee compliance with the law regarding employees from external companies physically working within PSA facilities.

SLAVERY AND HUMAN TRAFFICKING RISKS WITHIN PSA GROUPE’S SUPPLY CHAIN

PSA has direct contractual relationships with more than 7000 suppliers (Tier 1) which are required to comply with CSR commitments formalised in its document “PSA PEUGEOT CITROEN’S REQUIREMENTS REGARDING SOCIAL AND ENVIRONMENTAL RESPONSIBILITY WITH RESPECT TO ITS SUPPLIERS” (“Commitments”) which is available on line on the PSA Groupe web site at <https://www.groupe-psa.com/en/document/charte-rse-fournisseur/>. This includes the statement “The Supplier recognises the principle of the freedom of choice of employment. The Supplier must not, under any circumstances, resort to forced or compulsory labour. Labour is deemed to be forced or compulsory when it is imposed by means of a threat (withholding of food, confiscation of land, non-payment of salary, physical violence, sexual abuse, or non-voluntary prison labour, etc.) (ILO

Conventions nos. 29 and 105).” By signing the Commitments, our Tier 1 suppliers commit themselves to selecting their subcontractors (Tier 2 suppliers for PSA) on the same CSR criteria. These CSR criteria therefore apply down the PSA Groupe supply chain as part of the direct contractual relationship between PSA Groupe as the purchaser and our suppliers.

Each part of the supply chain is responsible for its contractual obligations. However, PSA Groupe carries out targeted audits on site in the event that any supplier is identified as posing a risk.

Due Diligence processes for slavery and human trafficking

In line with its longstanding commitment to the Global Compact and building on the Framework Agreement and the Commitments, the PSA Groupe identifies the regions and areas that are the most likely to present risks of human rights violations and in particular in relation to modern slavery. In the event that any supplier fails to respect these rights and principles, the supplier must implement corrective action plans. Moreover, the PSA Groupe Purchasing department reserves the right to impose penalties leading up to the exclusion of the supplier from the Groupe’s panel of suppliers if it should emerge that it was directly or indirectly involved in these types of practices.

For 2017, the PSA Groupe in addition in the UK is planning to write to all local suppliers requesting further detailed information about their own processes and policies on Modern Slavery issues and will then plan such further steps as are appropriate to ensure compliance both with the Modern Slavery Act 2015, other local laws and also the PSA Groupe requirements.

Supplier adherence to our values and ethics

PSA Groupe has a zero tolerance approach to slavery and human trafficking. To ensure all those in our supply chain and contractors comply with our values we have in place a strong supply chain compliance programme. This consists of a 4 step supplier evaluation process undertaken by the purchasing department responsible for each supplier:

- **Signature of the document:” PSA PEUGEOT CITROEN’S REQUIREMENTS REGARDING SOCIAL AND ENVIRONMENTAL RESPONSIBILITY WITH RESPECT TO ITS SUPPLIERS”:** all suppliers are asked to mark their commitment to these principles by signing this document which requires elimination of any forms of forced or compulsory labor and a commitment to promoting the same principles to their own suppliers and subcontractors.
- **Self- assessment questionnaire:** all suppliers wishing to take part in a tender process for automotive parts must complete a self-assessment questionnaire which covers compliance with social criteria including abolition of any forms of forced or compulsory labor.
- **Assessment by a third party EcoVadis:** this assessment is mandatory for all suppliers and their performance results are taken into account during the tender process before awarding new business to any suppliers. No slavery or human trafficking issues have been reported to us through these assessments since they began in 2006.

- Audits on site conducted by a third party: for suppliers identified as "at risk", these audits provide a snapshot of how the supplier is performing in terms of the PSA requirements and the local statutes and regulations. Again, no slavery or human trafficking issues have been identified since 2006.

Supplier training

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, we provide training to our suppliers through e-learning and information during the supplier meetings, details of which are set out in the in the annual CSR report.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the Groupe's slavery and human trafficking statement for the financial year ending 31 December 2016.



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Stephane Le Guevel
Director General -
Peugeot Citroen Automobiles UK Limited,
Peugeot Motor Company plc, Citroen UK Limited
and respective subsidiaries

20/04/2017
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Date