

SLAVERY AND HUMAN TRAFFICKING STATEMENT FOR PEUGEOT MOTOR COMPANY PLC, CITROËN UK LIMITED, PEUGEOT CITROËN AUTOMOBILES UK LIMITED AND THEIR RESPECTIVE SUBSIDIARY COMPANIES FOR THE YEAR ENDING 31 DECEMBER 2017

INTRODUCTION

Peugeot Motor Company PLC, Citroën UK Limited and Peugeot Citroën Automobiles UK Limited are part of the Peugeot SA (Groupe PSA) group of Companies and follow the processes and principles that Groupe PSA adopts globally. Groupe PSA 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

Groupe PSA formalised its commitments to its stakeholders in a detailed and public manner in signing the Global Framework Agreement on PSA Social Responsibility renewed on 7 March 2017 ("the Framework"). This agreement was made between Groupe PSA and IndustriALL Global Union and IndustriALL European Trade Union and has been adopted and applied across all Groupe PSA companies including those in the UK. It sets out a framework for companies within Groupe PSA 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.

The Framework includes a commitment for the elimination of all forms of forced or compulsory labour as follows: "*Groupe PSA 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.)*".

Groupe PSA 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. Groupe PSA restates its commitment to applying the Framework and to continuously monitor, assess its application and process any claims. The Framework requires all Groupe PSA companies to exercise due diligence with respect to the suppliers making up the supply chain.

Code of Ethics

At the same time, Groupe PSA's Code of Ethics (which applies to all Groupe PSA 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.”

Employee 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 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, In 2017, 8,980 Group employees participated in dedicated training in human rights policies and procedures. When activities are outsourced, specialist contractors are selected and must comply with the Global Framework Agreement on social responsibility requirements.

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

Groupe PSA has direct contractual relationships with more than 8000 suppliers (Tier 1) which are required to comply with CSR commitments formalised in its document “Groupe PSA Responsible Purchasing Policy” (“Commitments”) which is available on line on the Groupe PSA website 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 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).” In 2017, 63% of suppliers had specific measures in place to combat forced labour and child labour. By signing the Commitments, our Tier 1 suppliers commit themselves to selecting their subcontractors (Tier 2 suppliers for Groupe PSA) on the same CSR criteria. These CSR criteria therefore apply throughout the Groupe PSA supply chain as part of the direct contractual relationship between Groupe PSA as the purchaser and our suppliers.

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, Groupe PSA 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, Groupe PSA 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.

Supplier adherence to our values and ethics

Groupe PSA 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 four-step supplier evaluation process undertaken by the purchasing department responsible for each supplier:

- **Signature of the document "Groupe PSA responsible purchasing Policy":** 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.
- **IATF audit certification:** all suppliers wishing to take part in a tender process for automotive parts must be compliant with the IATF 16 949 standard as well as the Groupe PSA specific requirements.
- **Assessment by a third party service provider EcoVadis:** their assessment is mandatory to be performed for all suppliers. The result of these assessments are taken into account during the tender process before awarding new business to any supplier.
- **Audits on site conducted by a third party:** for suppliers identified as "at risk", these audits provide a summary of how the supplier is performing in terms of the PSA requirements and the local statutes and regulations.

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 Groupe's annual CSR report.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Peugeot Motor Company PLC, Citroën UK Limited and Peugeot Citroën Automobiles UK Limited's slavery and human trafficking statement for the financial year ending 31 December 2017.

Approved by the Board

Stephane LE GUEVEL
Director General
Peugeot Citroën Automobiles UK Limited,
Peugeot Motor Company plc, Citroën UK Limited
and respective subsidiaries



Date: 28/06/18