

PSA PEUGEOT CITROËN'S REQUIREMENTS REGARDING SOCIAL AND ENVIRONMENTAL RESPONSIBILITY WITH RESPECT TO ITS SUPPLIERS

Background to PSA Peugeot Citroën's requirements regarding social and environmental responsibility

PSA Peugeot Citroën, a worldwide automotive corporation, is committed to growth founded on socially-responsible actions and behaviours in all countries in which it operates and in all fields in which it does business.

By signing the Global Compact on 9 April 2003, PSA Peugeot Citroën made the commitment to adhere to and promote the ten principles of the Compact, which are based on 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.

These commitments have been reiterated in the corporation's ethics charter, which was drawn up and distributed to all staff in March 2003. The charter puts forward a common set of key references. Each individual, from employees to top executives, must refer to and comply with the charter in all circumstances.

By signing, in March 2006, with the International Metalworkers' Federation (IMF) and the European Metalworkers' Federation (EMF), a global framework agreement relating to its corporate social responsibility, PSA Peugeot Citroën wished to formalise its commitment to fundamental human rights. This agreement also involved some 85 trade unions that belong to these federations.

Furthermore, on a specifically environmental level, PSA Peugeot Citroën has an ambitious policy to deal with the long-term local and worldwide issues posed by the use of the car. PSA Peugeot Citroën expects the Supplier to support it throughout the vehicle life-cycle, from its design, by contributing towards its future recycling, to its conditions of production and use, by actively contributing, through its industrial and research policy, to the reduction of greenhouse gases and polluting emissions and to developments regarding road safety.

PSA Peugeot Citroën intends making the principles of the Global Compact and International Labour Organisation conventions one of the key element of its purchasing policy.

The principles of social and environmental responsibility in the purchasing process

Within the framework of its invitations to tender, PSA Peugeot Citroën will ensure that the human rights and environmental principles constituting its system of reference, as mentioned and explained below, are one of the determining criteria in the selection process of a new supplier. For an existing supplier, its maintenance on PSA Peugeot Citroën's panel of suppliers will also be subject to the respect of these principles.

In the event that the Supplier fails to respect these rights and principles, the Supplier must implement corrective action plans. Moreover, PSA Peugeot Citroën reserves the right to impose penalties up to the exclusion

of the Supplier from the Group's panel of suppliers.

PSA Peugeot Citroën would like to commit to a progressive and Supplier support approach but reserves the right to carry out or to have carried out, at any time, audits at the Supplier in order to verify conformance of the Supplier's practices with the PSA Peugeot Citroën requirements set out below.

Terms of the principles of social and environmental responsibility

■ Compliance with the law

The Supplier complies in all areas with the laws and regulations in force in all of the countries in which it operates.

As required by the PSA Peugeot Citroën global framework agreement, the Supplier is asked to go beyond the mere respect of national standards in the field of fundamental human rights, by making all of the ILO conventions, set out below, its frame of reference.

On an environmental level, the Supplier applies the international conventions applicable to its business activity and products.

■ Support and respect the protection of internationally-proclaimed human rights

The Supplier respects human rights in all of the countries in which it operates, including in geographical areas where human rights are not yet sufficiently protected

The Supplier agrees to work towards preventing situations of complicity or acts of collusion concerning fundamental human rights violations.

■ Uphold freedom of association and the effective recognition of the right to collective bargaining

The Supplier acknowledges the global right of workers to form labour unions and join the labour union of their choice and agrees to ensure that union independence and pluralism are maintained (ILO Convention no. 87).

The Supplier is committed to protecting union members and leaders and to abstaining from all forms of anti-union discrimination (ILO Convention no. 135).

The Supplier is committed to promoting collective bargaining, a key aspect of relations between labour and management (ILO Convention no. 98).

■ Eliminate all forms of forced and compulsory labour

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).

■ Effectively abolish child labour

The Supplier is prohibited from employing children in violation of the stipulations of the International Labour Organisation's conventions (ILO Convention no. 138).

■ Eliminate discrimination in respect of employment and occupation

The Supplier is prohibited from employing any discrimination based on culture, nation-

ality, gender, religion, political or union activities, differing experiences, physical appearance, career paths, age, health or sexual orientation in recruitment and career advancement (ILO Convention no. 111).

■ Fight against corruption and the prevention of conflicts of interest

The Supplier is committed to working against all forms of corruption.

The Supplier is loyal to its customers and suppliers in order to create and maintain long term confident relationships.

The Supplier ensures that its employees avoid any situation where a conflict exists between the interests of their company and their personal interests or those of a close relative.

■ Remuneration

The Supplier is committed to ensuring that remuneration is at least equal to the minimum amount mandated by law and the guaranteed minimum for the profession or as set forth in the relevant collective bargaining agreements.

The Supplier acknowledges the principle of equal pay for equally valued and productive work, in particular between men and women (ILO Convention no. 100).

■ Working hours

The Supplier undertakes to ensure that the total number of hours worked is equal to or less than the totals set forth in the national legislation or the collective-bargaining agreements in the country concerned.

The Supplier is committed to ensuring that break times and periodic days off correspond at the very least to the minimum conditions

set forth in the national legislation or the collective-bargaining agreements concerned.

■ Respect for health and safety at work

For PSA Peugeot Citroën, the only acceptable target is an accident-free workplace. The Supplier is committed to ensuring that effective occupational health and safety policies based on prevention are applied at its various sites in the form of concrete action plans that involve each employee at his level of responsibility in the company, including labour and management representatives (ILO Convention no. 155).

■ System of environmental quality management

The Supplier endeavours to implement a policy of management and of continual improvement of its industrial facilities geared towards protection of the environment. It operates the necessary systems of control using permanent and reliable measures.

To this end, the SUPPLIER must have ISO 14001 certification, or certification of an equivalent standard or must demonstrate that it is taking steps to become certified.

■ Research and environmental policy

PSA Peugeot Citroën is particularly attentive to marketing, in all countries, vehicles with better standards of environmental performance and endeavours to research and promote innovative technical solution contributing toward this.

Consequently, the Supplier is committed to adopting a voluntary policy in the field of research in order to develop its products and bring them up to a still higher standard in terms of respect for the environment.

Prohibited substances and materials

The supplies, products or parts bought from the Supplier by PSA Peugeot Citroën, whether they are standard or specifically developed by the Supplier for the Group, must not contain any product, material or substance prohibited by the legislations or regulations applicable in the Supplier's countries, the European Union and, more generally, in all of the countries in which these supplies, products or parts are marketed and used.

Supplier relationships with its own suppliers

The Supplier is obliged to obtain from its own suppliers an agreement similar to the one it is signing with PSA Peugeot Citroën through this document.

Supplier Agreement

The Supplier acknowledges having read the text above and agrees to apply it throughout its company/group. If necessary, it commits itself and all of its subsidiaries throughout the world.

The Supplier formally accepts the principle that self-assessment questionnaires will be sent out, that they should be completed, and that audits can be carried out at its various sites, or at those of its subsidiaries, by PSA Peugeot Citroën or by a third party appointed by PSA Peugeot Citroën for this purpose.

Company name: _____

Surname, first name: _____

Position: _____

Email: _____

Date: _____

I agree to respect PSA Peugeot Citroën's requirements regarding social and environmental responsibility.

Signature: _____