

## **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 2018**

### **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 PSA Global Framework Agreement on Social Responsibility as renewed on 7 March 2017 ("the Framework"). The Framework 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 UN Global Compact Principles ("Global Compact"). It also describes the Groupe's social requirements with respect to partners and suppliers.

The Framework includes the following commitment to the elimination of all forms of forced or compulsory labour: *"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, including the following -

- *"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 programmes 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 programmes 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 relating to the protection of human rights are clear and widely implemented. However, there is always a possibility that some risks cannot be prevented. To reduce such possibility, in 2018, 69,000 hours of dedicated training in human rights policies and procedures was provided to employees. When activities are outsourced, specialist contractors are selected and must comply with the Framework.

### **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 following 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 2018, Groupe PSA enlarged its pool of suppliers and 62% of these 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's 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.

In 2018, within the Peugeot, Citroën and DS brands, HR managers in all countries were required to check the practices under their control for areas of risks in relation to temporary workers and recruitment consultancies. The mandatory questionnaire required HR teams to make enquiries into practices such as wages paid to temporary workers in accordance with local legislation and contractual

agreements, the transparency of invoices for the provision of services and the absence of wages or financial burdens imposed on workers or applicants.

Groupe PSA has furthered its commitment to identifying and taking action against modern slavery and human trafficking by implementing a whistle-blowing system, Speak4Compliance, whereby employees are encouraged to report under certain conditions unethical or illegal conduct which they observe or become aware of. The whistleblowing system is a voluntary web-based reporting system operated by an independent service provider for all Groupe PSA entities and is intended to deal with, among other issues, human rights. Groupe PSA prohibits retaliation in any form against an employee who reports a problem or concern in a good faith and acting in the public interest.

### **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 that is 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: this assessment is mandatory and is 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 Groupe 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 the slavery and human trafficking statement for the financial year ending 31 December 2018 for Peugeot Motor Company PLC, Citroën UK Limited, Peugeot Citroën Automobiles UK Limited and their subsidiaries.

Approved by the Board



**ALISON JONES**

**Director General**

**Peugeot Citroën Automobiles UK Limited, Peugeot Motor Company PLC, Citroën UK Limited**

Date: 2/4/19