

INTERNATIONAL FRAMEWORK AGREEMENT ON PSA PEUGEOT CITROËN'S SOCIAL RESPONSIBILITY

"A social and sustainable commitment without borders"

PREAMBLE

PSA PEUGEOT CITROËN, an automotive Group operating worldwide, 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.

By joining the Global Compact on 9 April 2003, PSA PEUGEOT CITROËN made a commitment to respect and promote the ten principles inspired by the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on the Environment, and the United Nations' Convention against Corruption. Furthermore, in September 2009, PSA PEUGEOT CITROËN signed the United Nations "Caring for Climate" initiative and adheres to its guiding principles.

These commitments also form an integral part of the Group's ethical charter, which is distributed to all its employees. The ethical charter is based on principles of action by the Group's companies in respect of their stakeholders and the principles of ethical conduct. Once updated and revised, it will be presented to the Group Committee before it is deployed. This charter constitutes an essential set of reference guidelines to which everyone, managers and employees alike, may refer.

Through this international framework agreement, PSA PEUGEOT CITROËN restates its commitment to fundamental human rights, responsible development and the protection of the environment. It will work in cooperation with the trade unions, as well as the International Metalworkers' Federation (IMF) and the European Metalworkers' Federation (EMF).

This agreement is part of the Group's vision, in particular "the need for responsible development", and applies to the men and women who work for the Group as well as to the company's role in the community.

These commitments express in particular:

- the need for employee development,
- the need for occupational health and safety,
- the need for social cohesion,
- the need for a code of ethics and citizenship, and in particular the respect and promotion of employees' rights.

This agreement is part of the Group's social policy and human resources framework. It is a major asset which contributes to growth and sustainable economic performance. Its implementation relies on a permanent social dialogue with the social partners. For several years, this policy has led to innovative developments in all countries, especially in the fields of fundamental human rights, equal opportunities, diversity, the development of women's employment and the inclusion of disabled people. Progress is achieved on the basis of a clearly defined policy, objectives, actions and measurable results.

This agreement is also part of the Group's environmental approach. For several years, PSA PEUGEOT CITROËN has pursued an ambitious approach in response to environmental challenges linked primarily to car use. Aware that its business operations have an impact on the environment, the Group considers that environmental protection is a key element of its social responsibility.

The signatories to this agreement recognise, moreover, that automotive, financing, transport and logistics activities are evolving within a highly competitive and globalised context which requires them to remain competitive within their respective markets. With regard to the social dialogue, this context involves a permanent quest for solutions which seek to combine human progress, environmental protection and a sustainable economic performance for the Group.

The parties have decided to include commitments on the promotion of environmental protection within the scope of this agreement. Moreover, the provisions relating to occupational health and safety have been strengthened.

This agreement, which gives material expression to the objectives set out therein, provides a reference framework for each manager and for the signatory trade unions. The monitoring process will be integrated into the PSA System of Excellence which constitutes the reference guidelines for the Group's management. It is the embodiment of a common desire to promote the respect of fundamental human rights (chapter 2), the management and development of human resources (chapter 3), shared social responsibility with suppliers (chapter 4), consideration of the impact of the company's activities at the local level (chapter 5), environmental protection (chapter 6), the application of these principles in each country (chapter 7), and the monitoring of the agreement (chapter 8).

This agreement, a vehicle for social progress, must also be the basis for relations with stakeholders – public authorities, industrial partners, suppliers, customers, shareholders and non-governmental organisations. Indeed, the signatories consider that the implementation of these commitments requires the involvement of the national or local players in these fields to bring about long-term social progress.

CHAPTER 1: SCOPE

This international framework agreement applies directly to the entire consolidated automotive division (research and development, manufacturing, sales and support functions), to the finance and transport and logistics divisions, as well as to current and future subsidiaries over which the Group exercises a dominant influence either through a majority financial stake or, where this is limited to 50 %, through its responsibility for industrial relations within this subsidiary.

PSA PEUGEOT CITROËN has sent this international framework agreement to the Faurecia Group which also has its own European dialogue bodies, in order to promote discussions between Faurecia's social partners on these issues.

Furthermore, certain provisions (chapter 4) are directed to suppliers, sub-contractors, industrial partners and distribution networks.

CHAPTER 2: PSA PEUGEOT CITROËN'S COMMITMENT TO FUNDAMENTAL HUMAN RIGHTS

PSA PEUGEOT CITROËN, the trade union federations and the trade union organisations, affirm their adherence and commitment to ensuring that the principles and fundamental rights expressed by the International Labour Organisation (ILO) are respected. For its part, PSA PEUGEOT CITROËN recalls its commitment to respecting the Global Compact initiated by the United Nations Organisation (UN).

Article 2.1 – Promotion and respect of internationally recognised human rights

PSA PEUGEOT CITROËN, in all its fields of activity, respects the laws and regulations in force in the countries in which it conducts its business. By signing the present international framework agreement on social responsibility, PSA PEUGEOT CITROËN wishes to go beyond the mere respect of national standards alone, by providing a frame of reference on fundamental human rights.

PSA PEUGEOT CITROËN promotes the respect of human rights in all the countries in which it operates, including places where the affirmation of human rights is still inadequate.

Article 2.2 – Non-complicity in the violation of human rights

PSA PEUGEOT CITROËN takes care to avert situations or acts of complicity in the violation of fundamental human rights. The Group considers this issue to be part of its responsibility to society at large.

PSA PEUGEOT CITROËN condemns the non-respect and infringement of the rights and dignity of people, as well as verbal or physical abuse and harassment. These actions are punishable by sanctions and are subject to preventive measures in all countries.

Article 2.3 – Freedom of association and effective recognition of the right to collective bargaining

PSA PEUGEOT CITROËN is open to trade union activities and recognises the existence of trade unions throughout the world. It recognises the right of employees to organise and establish trade unions of their own choosing and ensures respect of trade union independence and pluralism (*ILO Convention no. 87*).

PSA PEUGEOT CITROËN undertakes to protect trade union members and shop stewards, and not to engage in any anti-trade union discrimination (*ILO Convention no. 135*).

PSA PEUGEOT CITROËN recognises the right to information and consultation of employees' representatives on all major decisions which affect the life of the company.

PSA PEUGEOT CITROËN undertakes to promote collective bargaining, a key element of the social dialogue (*ILO Convention no. 98*).

Article 2.4 – Elimination of all forms of forced or compulsory labour

PSA PEUGEOT CITROËN 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) (*ILO Conventions nos. 29 and 105*).

Article 2.5 – Effective abolition of child labour

PSA PEUGEOT CITROËN condemns and prohibits child labour.

For the Group, the minimum general age of employment is 18 years. *However, the Group authorises the employment of, or work by, teenagers from the age of sixteen, provided that their health, safety and morality are fully guaranteed and that they have received specific and adequate instruction or vocational training in the corresponding sector of activity (ILO Convention no. 138)*. In this case, the company shall provide specific training for the employees concerned, in order to assist them in achieving a higher level of general purpose and vocational training.

In order to assist young people during their studies and provide employment opportunities within the company, various job integration schemes combining in-house vocational training and the acquisition of skills in training establishments may also be offered from the age of fifteen or from the minimum legal age in the country where this is higher (apprenticeships etc).

Article 2.6 – Elimination of discrimination in employment, the exercise of a profession and the promotion of diversity

PSA PEUGEOT CITROËN pledges that no person will be excluded from recruitment or from career development based on origin, sex, lifestyle, sexual orientation, age, family status, pregnancy or maternity, genetic characteristics, membership or non-membership, real or supposed, of an ethnic group, nation or race, political opinions, trade union or

mutualist activities, religious convictions, physical appearance, family name and health status or disablement (*ILO Convention no. 111*).

PSA PEUGEOT CITROËN intends to apply and promote best practice over and above legal requirements, and to fight racism, sexism, xenophobia and homophobia, and more generally, intolerance in respect of differences, and to guarantee the respect of privacy.

For PSA PEUGEOT CITROËN, diversity means working together and enabling all talents to be developed. PSA PEUGEOT CITROËN chooses to employ people of diverse profiles, thus reflecting society at large and the local environment: the coexistence of employees with different profiles is a source of complementarity and social balance. It promotes both a constructive confrontation of ideas and economic performance. Managing diversity means managing skills, independent of any other criterion.

Article 2.7 – Fighting corruption and the prevention of conflicts of interest

PSA PEUGEOT CITROËN undertakes, in particular, to act against corruption in all its forms. The Group shall take care to make its employees aware of this issue through various communication and/or training measures.

The Group's employees, including its managers, shall avoid any conflict between the Group's interests and their personal interests or those of their close family, in compliance with the provisions of the Group's ethical charter.

Thus, no employee shall acquire an interest in a supplier or customer unless this is done through the purchase of listed securities as part of the management of a securities portfolio, in compliance with the rules banning insider trading.

CHAPTER 3: PSA PEUGEOT CITROËN'S COMMITMENT TO THE MANAGEMENT AND DEVELOPMENT OF HUMAN RESOURCES

Article 3.1 – Responsible management of employment and skills

▪ Recruitment based on diversity and equal opportunities

PSA PEUGEOT CITROËN undertakes to ensure that no stage of the recruitment process is discriminatory. The inclusion of diverse profiles is a source of complementarity, social balance and economic efficiency.

In this context, procedures and resources are used to avoid any discrimination and promote equal opportunities.

▪ Developing future skills through continuous in-service training

PSA PEUGEOT CITROËN undertakes to enable and develop the acquisition of skills through in-service training.

PSA PEUGEOT CITROËN shall ensure that all its employees benefit from training programmes organised by the company, in particular, those intended to improve proficiency in new technologies, equipment, systems and processes.

The signatories consider that vocational training is one of the tools for the promotion of greater employee equality, independent of sex, origin, initial training, health status or working conditions or hours. PSA is therefore adopting a proactive policy in this field.

▪ Promoting career development

PSA PEUGEOT CITROËN undertakes to ensure equal opportunities in the development and occupational mobility of its employees. Employment appraisal practices meet criteria of objectivity and transparency in line with the company agreement on diversity and social cohesion signed by the French social partners in September 2004. Procedures and indicators have been put in place to ensure equal treatment.

PSA PEUGEOT CITROËN encourages each employee to take responsibility for their own professional development.

▪ Opportunities for employee participation

PSA PEUGEOT CITROËN undertakes to provide its employees with regular information about the company's business and the factors likely to affect working and employment

conditions, directly and indirectly, in particular through local workers' representative bodies and trade unions.

PSA PEUGEOT CITROËN undertakes to promote participation in, and consideration of, employees' initiatives.

- **A social approach to changes in business activities**

PSA PEUGEOT CITROËN undertakes, in the event of a change in its business, to inform and consult employees' representatives in a timely manner. Where conditions allow, PSA PEUGEOT CITROËN promotes stable and long-term employment through a socially responsible approach.

- **Advance planning for changes to professional and job profiles**

For PSA PEUGEOT CITROËN, anticipating changes in professional and job profiles, preparing for new technologies and products, better forecasting of skill requirements, and making employees more aware of industrial, organisational and technological developments and changes, constitutes a major challenge.

Anticipating industrial, organisational and technological changes involves a thorough knowledge of the company's strategy, the major issues at stake, and the elements used to define that strategy.

That is why PSA PEUGEOT CITROËN has set up a "Joint Strategic Committee" between management and the trade unions. Its purpose is to permit an in-depth examination of the company's current situation, as well as the short and medium-term policies that have been adopted. This will also allow discussions to take place on the changes likely to impact professional and job profiles. On account of the strategic and international dimension of the issues and the policies involved, the committee has, since 2008, included non-French trade union representatives.

In addition, management in all other countries shall develop advance planning measures for changes to professional and job profiles in the automotive industry by highlighting up-and-coming professions as well as those at risk from technological, organisational and economic changes.

PSA PEUGEOT CITROËN strives to support its employees during all changes to activities and employment. Its intention is to make the required changes part of a continuous process, thereby avoiding sudden disruptions and hasty redeployment.

Article 3.2 – Attractive employment conditions

▪ Remuneration

PSA PEUGEOT CITROËN provides remuneration in line with market practices in each of its business sectors (automotive, financing, transport and logistics) and undertakes to ensure that these payments are higher or at least equal to the conditions set out in national legislation or collective agreements.

Salaries and wages paid for full-time work are at least equal to the legal minimum, to the minimum rates of pay for each occupational category, or to the collectively agreed wage, thus enabling employees to enjoy decent living conditions.

PSA PEUGEOT CITROËN recognises the principle of equal remuneration, in particular between men and women, for work of equal value and equal performance (*ILO Convention no. 100*). This principle is applicable whatever the employee's contractual relationship.

The Group's salary policy aims to ensure objective, fair and transparent rules relating to remuneration.

Furthermore, a corporate profit-sharing scheme based on performance is paid out to all members of staff in recognition of their contribution to company growth and value creation.

▪ Social protection

PSA PEUGEOT CITROËN shall establish a welfare benefits scheme in all countries to cover risks associated with death, invalidity and incapacity.

Similarly, PSA PEUGEOT CITROËN is gradually introducing supplementary defined contribution retirement plans to offset the reduction in benefits from compulsory schemes, as well as additional health insurance plans in line with changes in compulsory health insurance schemes.

Article 3.3 – Employment conditions in accordance with the highest international standards

▪ Negotiated work organisation

PSA PEUGEOT CITROËN undertakes to ensure that working time is always equal to or less than that established by national legislation or collective agreements in the countries concerned.

PSA PEUGEOT CITROËN undertakes to respect rest times and periodic leave at least in accordance with national legislation or collective agreements in the countries concerned.

Fluctuations in demand and the diversity of the automobile market require adjustments to working times and work organisation. These are defined and implemented as part of the social dialogue and in consultation, according to common practice and the rules negotiated in each country.

▪ **Safety, working conditions and health**

For PSA PEUGEOT CITROËN the only acceptable goal is an accident-free workplace. The Group undertakes to ensure that effective preventive occupational health and safety policies are put in place in the various establishments in the form of an occupational safety management system involving everyone, including the social partners, according to their level of responsibility. (*ILO Convention no. 155*).

PSA PEUGEOT CITROËN undertakes to progressively improve workplace ergonomics and to look for a position for each employee which matches his/her abilities, without discrimination. Furthermore, the Group undertakes to work towards reducing physical, postural, cognitive and mental strain and to promote well-being in the workplace.

PSA PEUGEOT CITROËN shall pursue an active health policy primarily directed towards the prevention of occupational diseases which may emerge or develop, including those associated with psycho-social risks, situations of harassment and stress, musculoskeletal problems and chemical and road-related risks.

In addition, the Group encourages health sector stakeholders to publicise information and prevention initiatives to employees on subjects such as tobacco addiction, alcoholism, drug dependency, AIDS or STDs.

Article 3.4 – Transposition of these commitments and negotiations within the subsidiaries

Beyond established negotiations at a national level (e.g. on salaries, working time, work organisation etc.), each subsidiary undertakes to negotiate with the trade unions on the implementation of actions in line with the principles and undertakings of this article, particularly in respect of training, career development and workplace safety.

CHAPTER 4: SHARED SOCIAL RESPONSABILITY WITH SUPPLIERS, SUB-CONTRACTORS, INDUSTRIAL PARTNERS AND DISTRIBUTION NETWORKS

Without superseding the legal responsibility of its suppliers, sub-contractors, industrial partners and distribution networks, PSA PEUGEOT CITROËN undertakes to communicate this agreement to these companies, and requests that they apply the aforementioned international ILO conventions

PSA PEUGEOT CITROËN requests of its suppliers a similar commitment in respect of their own suppliers and sub-contractors.

As part of its tender process, PSA PEUGEOT CITROËN undertakes to ensure that the respect of human rights as set out in chapter 2 is a decisive criterion in selecting suppliers.

Any violation of human rights shall lead to corrective action following a warning from PSA PEUGEOT CITROËN. Further violation of these rights shall lead to sanctions, which may, ultimately, lead to withdrawal from the panel of suppliers.

A specific process shall also be set up for small-scale suppliers and sub-contractors, allowing them to apply the aforementioned ILO standards progressively.

PSA PEUGEOT CITROËN undertakes to participate in structured discussions within the automotive industry in the main countries in which it is located, and to promote social dialogue at a sectoral level, particularly regarding advanced planning for economic, technical, industrial and social change.

CHAPTER 5: CONSIDERATION OF THE IMPACT OF COMPANY ACTIVITY AT THE LOCAL LEVEL

PSA PEUGEOT CITROËN undertakes to foster the employment and training of the local working population, thus contributing to economic and social development in all locations where the Group is established.

In each country in which it is located, PSA PEUGEOT CITROËN thus gives priority to local human resources in filling available jobs, and develops local integration wherever possible.

In the event of changes to its business, PSA PEUGEOT CITROËN undertakes to provide advance information to the national authorities and to cooperate with them in respecting local interests.

CHAPTER 6: PSA PEUGEOT CITROËN'S COMMITMENT TO ENVIRONMENTAL PROTECTION, in particular, the respect of natural resources, reducing the impact of the Group's activity, management of the environment and other conduct-related aspects.

The Group undertakes to respect international, European and national statutory obligations in this field with a view to improving safety, health and environmental protection, and the preservation of natural resources, while minimising the impact of the Group's activities on the environment.

Article 6.1 – Respect of natural resources by controlling their use

PSA PEUGEOT CITROËN undertakes to use natural and energy resources responsibly (water, raw materials, gas and electricity, fuel, etc).

Article 6.2 – Combating climate change and reducing the impact on the natural environment and third parties

PSA PEUGEOT CITROËN contributes to combating climate change by identifying direct and indirect sources of greenhouse gas emissions (GHG), measuring them, and implementing measures for reducing GHGs.

PSA PEUGEOT CITROËN undertakes efforts to develop more environmentally-friendly products in terms of carbon dioxide emissions, pollutants and the use of natural resources.

PSA PEUGEOT CITROËN intends to introduce manufacturing methods that produce an environmental impact which is as low as possible.

Harm done to the natural environment is controlled by managing air-borne pollution, soil contamination, disposal of waste and hazardous substances in water, as well as other factors having an impact on the environment and third parties (noise, odours etc.)

Article 6.3 – Environmental management and other aspects of conduct

▪ **Environmental management**

An environmental management system (EMS), based on the ISO 14001 standard, is implemented at the Group's different production sites, all of which have been certified since the end of 2007. The EMS involves all of management and provides appropriate training for employees.

At most other sites (R&D, sales and service locations etc), measures adapted to local environmental challenges are applied and managed locally.

In addition, the Group undertakes to increase employee awareness and develop skills in respect of environmental challenges on all its sites.

The Group offers solutions enabling employees to avoid environmental pollution, for example by rationalising professional travel and commuting, and encouraging more ecological behaviour.

▪ **Making external stakeholders more aware of environmental challenges**

PSA PEUGEOT CITROËN undertakes to foster environmental protection amongst its customers, suppliers and other stakeholders, and ensures the application of its responsible communication charter.

Article 6.4 – Information to staff representatives and trade unions

PSA PEUGEOT CITROËN undertakes to ensure that each subsidiary informs the trade unions and staff representatives of its environmental actions, good practice and results. Furthermore, a comprehensive review shall be presented during the Global Works Council meeting.

CHAPTER 7: IMPLEMENTATION OF COMMITMENTS

The international framework agreement, signed between PSA PEUGEOT CITROËN, the IMF, the EMF, their affiliated unions in the main countries, as well as non-affiliated trade unions, is applied in each country where the parties to the agreement (chapter 1) are represented.

The signatories undertake to define and implement actions in accordance with, and in application of, the sections of this framework agreement relating to the Group's social policy, human resources and the environment.

PSA PEUGEOT CITROËN undertakes to communicate the content of this agreement widely. The text of the agreement shall thus be disseminated internally to the entire Group and translated into all languages.

Any employee encountering difficulties in interpreting this agreement or doubts as to its correct application may refer to his/her line manager, human resources and/or a trade union representative without such action being prejudicial to him/her.

CHAPTER 8: MONITORING OF THE AGREEMENT

The monitoring of this international framework agreement is carried out on two levels.

In each of the main countries (over 500 employees), local social observatories are set up, consisting of human resources management and the trade unions. Every year, these observatories monitor the application of the international framework agreement on the basis of a document drawn up jointly by the signatories to this agreement. This document allows the trade union in each subsidiary to present its opinion as part of the annual monitoring of the agreement's application.

In all other countries, the same monitoring document is drawn up, based on the opinions of the trade unions, or failing this, the staff representation bodies, as part of the annual monitoring procedure.

Group level monitoring of the Framework Agreement on Corporate Social Responsibility is undertaken by the Enlarged European Works Council constituted as the Global Works Council.

The current European Works Council is thus enlarged to include trade union representatives from countries which meet the workforce criterion set out in the European Works Council agreement (e.g. Argentina, Brazil etc with over 500 employees). These representatives are invited to plenary meetings in order to participate in the monitoring of this international framework agreement. During these sessions, they are also informed about the general situation of the Group and strategies put in place.

The representatives participate in debates, except for discussions specific to the European Works Council's remit (e.g. appointment of the Secretary, appointment of experts, consultations linked to the application of the European Works Council's directives or the company agreement of 23 October 2003).

It is understood that European directives shall automatically apply to European subsidiaries and the European Works Council.

Each plenary meeting of the Global Works Council is preceded by a preparatory meeting of the Works Council representatives in the presence of representatives of the IMF and the EMF.

CHAPTER 9: FINAL PROVISIONS

The signature of this agreement by all the trade unions renders it directly applicable until further notice.

Every three years, the parties agree to meet in order to carry out a comprehensive review of actions undertaken and make adjustments on the basis of amendments to the agreement, in particular in respect of legislative and regulatory changes.

In the event of a discrepancy between the different language versions, the French text is authentic and binding.

The governmental and administrative bodies in each country have been officially notified of this international framework agreement.

CHAPTER 10: REVIEW OF COMPLIANCE WITH THE AGREEMENT FOLLOWING 3 YEARS OF APPLICATION

Three years after the entry into force of the agreement, a new self-assessment, comparable to that of 2006, was carried out in 2009.

In 2006, the self-assessment had provided an overall view of the agreement's application. Subsequently the subsidiaries selected 1,175 action plans. As of 2007, it was then decided to monitor three priority action plans per subsidiary on an annual basis.

This self-assessment enabled progress made by the subsidiaries in applying the undertakings of the agreement to be measured. Following on from this new exercise, the subsidiaries selected three new priority action plans that will be implemented from 2010.

The self-assessment, the choice of action plans and their implementation are submitted to the trade unions or local staff representatives for opinion. Thus, monitoring of the agreement involves both management and the trade unions or local staff representatives.

Every year, the subsidiaries are audited to verify compliance with the agreement. The purpose of the audit is to strengthen the consistency of social practices within the Group and to ban any practice or procedures that run counter to the agreement. Between 2007 and 2009, over 20% of the subsidiaries were audited by certified professionals. PSA PEUGEOT CITROËN undertakes to continue these audits, as the recommendations issued on completion of the process encourage continuous progress. PSA PEUGEOT CITROËN guarantees that these audits are independent and transparent, and carried out in cooperation with the trade unions.

In accordance with commitments made in 2006, the signatories carried out a general review of the monitoring process at the European Works Council meeting of June 2009. This review showed very encouraging results. According to the assessment mechanism established in 2006, the number of subsidiaries applying all commitments contained in the agreement increased significantly between 2006 and 2009, with the result that by 2009 87% of the subsidiaries had implemented the agreement in full. The review also cited the various action plans put into effect during the previous 3 years' implementation of the agreement. Thus, in 2009, 72 % of the action plans were carried out, in other words 845 of the 1,175 defined during the 2006 self-assessment. From 2006 to 2009, most of the trade unions or local staff representatives expressed a favourable opinion on the application of the agreement (self-assessments, choice of action plans, implementation or otherwise of these action plans). During this review, the signatories agreed to renew the agreement.

This review provides encouragement to continue with the agreement monitoring procedure. This monitoring gives a cross-sectional dimension to the Group's social responsibility and is a leverage for further action.