

■ Corruption :

A few basics

GIVING

Active corruption: One person offers, gives or promises an advantage* (e.g. money, an invitation on a trip, etc.) to another, in order to obtain from that person an act or decision in contradiction with his/her professional obligations and which constitutes an advantage (financial, commercial, contractual or legal) for the corruptor (e.g. creation or extension of a commercial relationship, signature of a contract, obtaining of a position, etc).

RECEIVING

Passive corruption: one person solicits or accepts an advantage from another person, who will him/herself benefit from an act or a decision, which is in contradiction with the first person's professional obligations.

Corruptor / corrupt: moral or physical person, private or public entity, private employee or public agent.

* An advantage may be financial or otherwise, of any value, and may be conferred directly or indirectly.

Penalties: In most countries, acts of corruption are forbidden and penalized with sentences including **heavy fines** and sometimes **imprisonment**. The corruption of **public agents** is penalized especially severely. These acts can also severely harm the interests of the Group, as they may lead to the degradation of the brand image or to commercial penalties (e.g. exclusion from certain markets, impossibility to practice activity, etc.).

Position of PSA: All acts of corruption, active or passive, are forbidden. PSA has a ZERO tolerance policy, regardless of the identity or position of the person responsible for the act of corruption and of the person benefiting.

The following Departments / functions of PSA are potentially concerned:

- ✓ **Procurement:** Department of Procurement or any relations with suppliers, purchase applicants (DRD, DP, DI or others), consultants, legal counselors...
- ✓ **Commerce:** Regional HQ, B2B, public markets, key accounts, importer relations, Peugeot Citroën Retail, Parts and Services Department, and Department of International Operations.
- Company cars, car loans, and management of external car loans.
- ✓ **Finance and cooperation:** Finance Department; Financing companies, investor and baking relations, customs, etc.
- ✓ **Marketing and Communications:** Marketing Departments, Communications Department, Press relations, sponsoring, advertising, purchase of advertising space, organization of events, Sports Teams, etc.
- ✓ **Institutional Relations:** Public affairs, Real Estate Department, etc...

Corruption may take various and insidious forms. Please be perspicacious!

- **What would my superiors think** if I took the child of a client's Purchasing Manager as an intern, while bypassing internal processes?
- **And if I accept to make a deal with a company belonging to the family of a public agent to whom we have requested a legislative authorization?**
- **How would my colleagues react** if they were to learn that I benefit from free or preferential access to goods or services from a supplier?

Gifts and invitations

■ **Gifts:** in cash or in kind, in the form of goods and/or services that are supplied freely or at a price below that of the market (e.g. vehicle rentals, repairs, etc.), or any other advantage or favor (e.g. rebates, discounts, etc.).

■ **Invitations:** meals, drinks, entertainment or sporting events, trips, housing, seminars, conventions, or any other form of hospitality for which the beneficiary does not pay the usual market value.

What is generally allowed:

- Gifts of a limited value (advertising material...) not exceeding 50€ per annum and per partner.
- Lunches, dinners and drinks justified by the time and length of meetings.

What is not allowed:

- Gifts of cash.
- Gifts and invitations relating to and during purchasing tenders or any other negotiation, with the exception of the aforementioned meals and drinks.
- Gifts or invitations which are illicit or contrary to a country's laws and customs.
- Gifts and invitations which aim to obtain an advantage or favor in return.

What requires preliminary information from superiors:

Invitation to a meal or seminar ≤ 1day, not requiring travel, justified by the employee's function and goals, with a cost not exceeding the commonly admitted value per country.

What requires preliminary approval from superiors and/or Chief Ethics Officer or Ethics Committee:

- Gifts and invitations to public agents, with the exception of the aforementioned meals and drinks.
- invitation to prestigious events (whether or not sponsored by PSA or the inviting company), without direct link to the employee's function, upscale restaurants and hotels, travel in France or abroad, seminars >1 day.

Position of PSA: Giving and receiving gifts and invitations can be a sign of courtesy and can help to establish or maintain a commercial relationship. However, gift giving can be akin to or be **perceived as** an act of active or passive corruption. All gifts or invitations must therefore be limited in value, proportional and not subject to a gesture of return. The golden rule is transparency.

What to do..

...when I am offered a gift of significant value?

- Politely refuse it, while mentioning the PSA Group's Ethics Chart.

.. when I must accept such a gift in order to avoid appearing rude?

- Accept it on behalf of PSA, and inform the other party that you will no longer be able to accept such gifts in the future.
- Declare the gift or invitation to my superiors.
- Avoid participating in PSA's decision-making process with regards to the company having made the gift, while explaining the reasons for this withdrawal.
- Share the gifts with your colleagues.

...before offering a gift or an invitation?

- verify with the recipient that the gift is compatible with his/her own organization's internal rules and policies.



- **When accepting or giving this gift or invitation, do I feel guilty?**
- **Will I feel embarrassed if the gift is made public and my name is mentioned?**
- **What intention is there behind the giving or receiving of this gift or invitation??**
- **Is this gift or invitation legal or acceptable with regards to laws and customs?**

Conflicts of interest

■ **Conflicts of interest:** cases when the employee has a private or personal interest likely to influence the objective practice of his/her professional functions and responsibilities (e.g. when an employee or someone close to him/her obtains personal benefits from a transaction conducted with a client or a supplier in the name of the Group).

Specific attention is to be paid when:

- A relative or close friend of a Group employee holds a position of responsibility within a client, supplier, commercial partner or competitor of PSA.
- An employee of the Group or his/her relative or close friend has a strong relationship with a public agent holding legislative power over PSA, and this relationship can be used to obtain favors or facilitations in breach of the law.

Position of PSA: Conflicts of interest lead to ambiguous relationships between parties, in which their mutual independence can be questioned. They interfere with objective decision-making and actions. All of PSA's employees have a duty of transparency in their actions.

What to do?

- ✓ **Identify cases of conflict of interest to which I may potentially be confronted.**
- ✓ **Declare those cases to my superiors and to HR in order to identify the most appropriate solutions.**
- ✓ **Disallow myself from participating in any direct decision-making relating to the problematic client or supplier.**

In case of a conflict of interest:

- ✓ **Do not handle the case on your own**
- ✓ **Depending on the circumstances, withdraw temporarily from the decision-making process while informing your superiors of the situation.**

- **How would my superiors react were they to learn through third parties that my significant other holds a position of responsibility at a supplier with which I am currently negotiating a tender?**
- **What would my colleagues think if they knew that I was negotiating a vehicle sales deal with a client company in which one of my close relations is a top manager?**



Facilitation payments

Facilitation payment: Small, non-declared amount paid in cash, generally to public agents, in order to ensure, facilitate or speed up the execution of legal and routine administrative tasks or procedures (e.g. customs payments, issuing of visas, administrative licences or any other official document, planning for inspections or any other administrative service).

Position of PSA : Facilitation payments, whether made directly by PSA or through an intermediary agent, are considered as a form of corruption. They are therefore prohibited, except in the case of *force majeure* concerning health or survival.

Intermediaries, agents, consulting firms

Intermediaries, consulting firms, agents : Any physical or moral person which offers its services to facilitate or speed up processes, negotiations or transactions with public or private entities, whether or not compensation is demanded in return.

Position of PSA: Relying on such persons can prove useful in the course of business. Nevertheless, caution is required, and business should be undertaken only after the agent's reputation has been verified and a written contract has been signed which specifies the means and amount of compensation. The authenticity of the services offered should also be verified.

PSA can be incriminated for any bribe, even unknown, given on his behalf .

Grants / donations of political or charitable nature

Position de PSA

Grants and donations made by PSA to political parties or which are political in nature are prohibited. All donations of a charitable, social or educational nature made outside of the PSA Peugeot Citroën Foundation must be reported to the latter.

No grant or donation can be offered or made without prior declaration to the PSA Communications Director and/or to the PSA Foundation (www.fondation.psa-peugeot-citroen.org)

When an organization of the Group decides to grant a donation, it must verify the legal and ethical compliance of this donation with regards to:

- the rules and customs applicable in the country where the gift is made as well as those applicable in France, on one hand;
- the PSA Code of Ethics, on the other hand.

- When I rely on the services of an intermediary to complete administrative tasks, is the amount of commission above legal and customary requirements?
- Why is a payment in cash requested?
- Why is the bank account supplied for the transfer payment unusual, or housed in an exotic location?
- Am I aiming to influence the other party in an inappropriate manner? Or trying to obtain an advantage in an unfair manner?
- Is there a risk that such a grant / donation will be perceived as inappropriate or used as a means of corruption?

Alert Signals

Certain suspicious practices should call your attention: stay on the lookout!



Examples :

- Unusual means of payment: Transfer request to a third party (physical or moral) or to a different country; request for modification of payment means without prior agreement or written confirmation.
- Poor reputation of the physical or moral person with which you are making a deal (e.g. history of corruption charges).
- Lack of transparency of the transactions, expenses, receipts of operations, request for payment of expenses in cash or without sufficient documentation, payments without a clear reference to an invoice or order.
- Request from the person you are dealing with, or from a public agent, to rely on an intermediary, without clear use or explanations.
- Impression that the employee or public agent with whom you are dealing is acting alone, and outside of the entity to which he/she belongs.



■ What if...

An employee of a company or a public agent:

- ✓ Offers an advantage and requests a gift in cash or kind for its materialization;
- ✓ Provides falsified invoices or other fraudulent documentation;
- ✓ Refuses to confirm in writing that he/she is complying with legal anti-corruption practices;
- ✓ Suggests that cash be handed in order to win an offer;
- ✓ Requests that a "side-letter" be used to define the means of compensation or payment, and refuses that they be included in the official contracts and documents concluded between the parties;
- ✓ Requests a commission or fee significantly above market practices without objective justification;
- ✓ Requests that a friend or relative be given employment without undergoing the company's official hiring processes;
- ✓ Requests that a grant or donation be made to a charitable organization in exchange for a contract to be signed;
- ✓ Requests important gifts such as luxury items, access to sporting events or subsidized travel (including for a friend or relative)?

LET'S SPEAK FREELY

- Compliance Officer Anti Bribery & Corruption : Gilles COMES

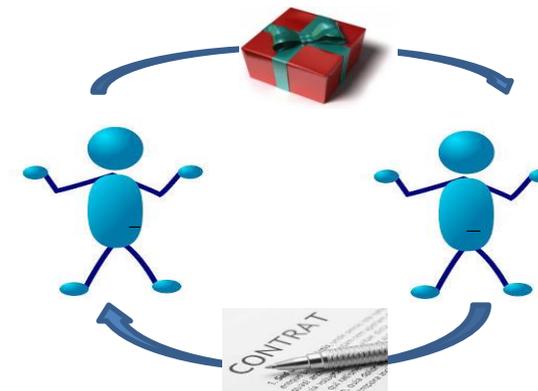
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ANTI-CORRUPTION

Practical Guide



In 2010, PSA renewed its Code of Ethics. This Code applies to all employees of companies belonging to the Group, including yourself.

The Code notably prohibits all acts of **corruption**.

What is corruption? Any practical reference points? What behavior should I pursue?

This Practical Guide will provide you with assistance in the following cases:

- ✓ Active and passive corruption
- ✓ Gifts and invitations
- ✓ Conflicts of interest
- ✓ Facilitation payments
- ✓ Grants and donations
- ✓ Intermediaries
- ✓ Alert signals

