

APPLYING THE CODE OF ETHICS ON A DAILY BASIS

PSA Peugeot Citroën's Code of Ethics defines rules of conduct that all employees are expected to follow.

The operating rule "compliance with the Code of Ethics" describes the process implemented to ensure awareness of this policy and compliance of practices and behaviours.

*To help all team members understand how the **rules of ethical conduct** apply in their everyday work on a practical basis, we have decided to present a number of typical situations that require an ethical response.*

These situations illustrate the 16 rules in the Code of Ethics and provide some added explanation. This document is neither an exhaustive list of recommended behaviours nor a rulebook. Rather, it is designed to guide employees in responding to situations they may encounter while working for the Group.

*Because this document is intended **for all employees**, the examples presented here concern recurring or widespread situations. It is designed to be updated and enriched.*

- For all employees, it will incorporate new good practices that emerge from the Code of Ethics' deployment across the Group.

*- For each Division, Department or region, **more specific examples** directly related to their operations may be added in an appendix if necessary.*

What you should do if you are unsure about a rule of ethical conduct

Employees should contact their direct supervisors if they have difficulty interpreting a rule of conduct in a specific situation. If the supervisor is unable to provide a clear answer, he or she should refer the problem to a higher level of management and ensure that the employee receives a definitive response.

What you should do if you witness a serious breach of conduct

Any employee who witnesses a serious breach of conduct may contact his direct supervisors or a member of the Human Resources department. He also could contact a member of the Executive Committee or the Ethics Committee (chaired by the Group's Corporate Secretary, it comprises the Vice President, Human Resources and the Head of Audit and Risk Management (SG/DAMR).)

An ethics hotline is also available to employees in certain host countries and subsidiaries.

RESPECT FOR THE LAW

Rule no. 1: Compliance with laws and regulations

This rule must be applied at all times, with no exceptions. When in doubt, employees are responsible for determining that their actions comply with the law. Support is available from the Corporate Legal Affairs Department.

Example concerning competition rules:

Situation: *I am a regional manager. I recently ran into my counterpart from a competing group in an airport. We started talking about the deteriorating unit margin for the high-volume lower mid-range segment that is affecting both our groups. We concluded that, given the size of our respective market shares, it would be useful to align our selling prices for this segment. We agreed to meet again to discuss this matter further. Should I keep this appointment?*

Explanation: This meeting must not take place. Price fixing is prohibited and strictly monitored in Europe and by national anti-trust authorities. To give you an idea, the European Commission fined the car glass cartel €1.3 billion in 2008, of which nearly €900 million for just one company.

Example concerning corruption:

Situation: *I am an export manager, and in some countries, the only way to speed up the customs clearance process for our vehicles is to give money to local government employees. Since the sums in question are small, can I go along with this practice?*

Explanation:

No. Giving a bribe to a government employee to speed up an administrative procedure is an example of active corruption that is strictly prohibited in the Group. Another example of active corruption is to offer money or a service to a person with decision-making power (for example, someone able to make decisions about the purchase of vehicles for his company) in exchange for an unwarranted advantage (in the case cited, the awarding of the contract without objective reasons for doing so).

Passive corruption, which is also strictly forbidden in the Group, consists, for example, in accepting a bribe, that is, money, gifts or anything of value, in exchange for favourable treatment.

Generally speaking, following the rule "compliance with the Code of Ethics," corruption practices are strictly prohibited in the group, regardless of the amount involved, the advantage or the objectives at stake.

This prohibition includes all forms of corruption: active corruption, passive corruption, granting unwarranted benefits to a public official or private individual, payment facilitations, funds extortion, collusion with a supplier or customer, money laundering, excessive gifts or advantages affecting the impartiality towards a supplier, customer or partner and trading in influence.

These acts of corruption may be direct or indirect and involve France or any other country. "

Rule no. 2: Non-disclosure of inside information

Situation: *In my position, I am continuously informed about the Group's financial results and medium-term outlook. Am I authorised to invest in the PSA fund in the employee savings plan?*

Explanation: All team members are authorised to invest in the employee savings plan, but they may not do so just before a major announcement concerning earnings, the annual outlook, strategic acquisitions, etc., if they are privy to the information to be disclosed. If you are among the "insiders" for whom clear rules have been issued, you must try to determine if your investment decision is based on your confidence in the company's outlook or by specific information that you have obtained in the course of your duties. If this is the case, you must postpone your investment until after the information has been publicly disclosed. The same goes for selling shares held directly or through the employee savings plan.

Rule no. 3: Sincerity of accounting data, information and indicators

Situation: *I have not used up my entire budget for this year and I'm afraid next year's budget won't be large enough. I was thinking of ordering services from one of my regular suppliers ahead of time. We have agreed that he will perform the work next year but invoice it this year. Is this authorised?*

Explanation: No. Each year's expenses must correspond to the real costs borne by the company during the year. In addition, what you are suggesting could be construed as a bogus invoice, since no service will have been provided when the bill is received. This type of arrangement therefore contains legal risks.

Situation: *I manage a plant and I would like to have some work done on the changing rooms. Although the work isn't urgent from a safety standpoint, it would certainly improve our working conditions. The amount involved requires prior approval from the corporate level and I'm not sure that my request will be treated as a priority. At the same time, we've achieved significant savings in other areas as compared to budget. Can we use these "gains" to pay for the work without going through corporate?*

Explanation: No. In your reporting to corporate cash management, you cannot move funds from one item to another to get around the rules of commitment. These rules require prior approval for certain types of spending to ensure that the Group's resources are used on the basis of overall priorities and to make sure that all sites are treated fairly.

Situation: *I'm responsible for calculating a project's profitability and one of my individual performance objectives is linked to the achievement of the profitability target. The calculation is based on numerous assumptions and I have a great deal of leeway in choosing them. This raises a real dilemma. Since I'm only human, won't I be tempted to choose assumptions that will allow me to meet my objective?*

Explanation: You are in a position where you are both judge and jury. It will be extremely difficult for you to be completely neutral. One solution would be to ask someone with no stake in the outcome to assess the assumptions you choose. In any event, you must quickly bring this dilemma to your supervisor's attention to see how this type of situation can be avoided when the time comes to set your future objectives.

RESPECT FOR PEOPLE AND THE ENVIRONMENT

Rule no. 4: Respect for fundamental human rights

Situation: *I am responsible for monitoring data processing that has been outsourced to a service provider in Asia. The quality of the work carried out over the last several months complies with our specifications. However, I happened to read on a blog that the service provider may use child labour. I intend to contact the service provider myself to tell him that the contract will be terminated immediately. Is this the right course of action?*

Explanation: You need to tell the Purchasing Department about your concerns so that an investigation can be carried out. If the Purchasing Department confirms your suspicions, you may immediately terminate the contract. Generally speaking, PSA Peugeot Citroën has set the minimum age for employment at 18. That said, in certain cases the Group authorises the employment of young people from age 16 and up. The Group requires its suppliers to comply fully with this commitment and takes steps in liaison with the Purchasing Department to ensure that this is the case. Although rumours on the Internet are sufficient to launch an investigation, they cannot justify terminating a contract unless they are substantiated. The Purchasing Department, which initially outsourced the service, is responsible for conducting the investigation and confirming the rumours.

Rule no. 5: Compliance with workplace health and safety rules

Situation: *I travel regularly with a co-worker in a company car between the Paris area and eastern France. My co-worker, who prefers to drive, has a radar detector and we frequently exceed the speed limit. I'm afraid I'll look like a spoilsport if I say something. What should I do?*

Explanation: Road risks are the leading cause of serious work accidents. It goes without saying that your co-worker should drive carefully. You should tell him this and remind him that all employees using company cars are required to comply with the vehicle code. His behaviour puts you in danger and if he refuses to change, you should contact his supervisor.

Situation: *We have a defective safety device on my installation. It goes off unexpectedly and regularly blocks the line, which means we can't meet our output objectives. My manager asked me to deactivate the device because it's always a false alarm. What should I do?*

Explanation: Safety systems and monitoring equipment exist to protect us. They should never be deactivated. In the event of a malfunction, certified repairmen should be called in to fix the problem. In any case, the installation cannot operate without its safety system.

Situation: *I work on the unloading dock and was surprised to see that one of the truck drivers had his arm in a cast. How can he drive properly? Can we stop him from getting*

behind the wheel even though he is not a Group employee? What is my role in this anyway?

Explanation: You are right to be concerned about this situation, which could put Group employees and others in danger. It is every employee's role to draw attention to risky behaviours and attitudes. In this situation, you should alert your supervisor. Working with the trucking firm, he or she will be able to keep the truck from leaving and call in a new driver.

Rule no. 6: Respect for the environment

Explanation: This principle applies on a daily basis. In particular, employees are expected to comply with guidelines concerning careful use of natural resources and energy, selective waste sorting to facilitate recycling, and efforts to reduce the environmental footprint of commuting and business travel (for instance, through carpooling).

Rule no. 7: Prohibition of discrimination, harassment and disrespectful behaviour; respect for private life

Situation: *This year, a woman in my team took maternity leave and another team member had to work extra to make up for her absence. What should I do when it comes time for individual pay rises? Should I give more to the person who took on more work or give them the same raise to avoid discrimination?*

Explanation: The individual pay raise for the person who took maternity leave should be based on her performance when she was working. She should not be discriminated against because she took leave. That doesn't necessarily mean that the two individuals should receive the same pay raise. The extra work taken on by the other team member and the commitment he demonstrated during this period are part of his overall performance and should be taken into account in calculating the pay raise. But they should not be the only factors.

Situation: *In the project I'm working on, the manager loses his temper at every milestone meeting. Nothing is ever good enough and he puts everyone down. He is especially derisive of three of my co-workers, who come out of these meetings badly shaken. I know that one of them in particular is having a very hard time dealing with the situation. I spoke to my direct supervisor, but I don't think he wants to do much to change things. What can I do?*

Explanation: The management "method" you describe is unacceptable. The best thing to do is to send the information up the chain of command. If this isn't possible, and if you think the situation warrants it, you should talk to the personnel department. You may also contact a member of senior management or the Ethics Committee.

Situation: *I have managerial level employees at several sites and I would like to keep closer track of their working hours when I'm not there. Could I get a printout of their check-in and check-out times, based on badge scans, from the security department?*

Explanation: Computerised data on employees are collected for a specific purpose and must be used solely for that purpose. Because check-in and check-out procedures are not intended to keep track of working hours, logbook records may not be used for this purpose.

Situation: *I am working on a project and my manager has gotten into the habit of reviewing the files on the weekend. Since he regularly needs more information, he calls me on my cell phone almost every Saturday or Sunday. I'm afraid that I'll be seen as lacking in commitment if I say something about this.*

Explanation: Commitment doesn't mean being available 24/7. The company has published a charter on managing working hours that you can refer to when you bring the matter up with your manager. From a practical standpoint, this situation could be resolved through more effective organisation. It might be preferable to schedule a systematic update at the beginning of the week to go over all outstanding issues rather than answer questions one by one as they arise.

RESPECT FOR CUSTOMERS

Rule no. 8: Compliance with product safety and quality requirements

Situation: *I am in charge of after-sales service at a dealership in the proprietary dealership network. A customer who is very well known locally, and who has a long relationship with the brand and our dealership, brought his car into the workshop just before leaving on holiday. One of the mechanics saw that the tyres were not up to standard and that there was a risk they could roll off the rim. The garage didn't have the right replacement tyres in stock and the customer absolutely had to leave that day to catch a ferry for Corsica booked months in advance. I went to speak to the customer for the head mechanic and informed him of the problem. The customer felt the risk was low and promised he would drive carefully. Since I felt that I had done my duty, and that it wasn't in the dealership's interest to anger the customer, I let him leave with the car. Did I make the right decision?*

Explanation: No. You should have taken the measures recommended by the Group. Customer safety is our top responsibility and we must do everything to ensure customers are safe, even if it results in dissatisfaction. Our guidelines, methods and standards in this area must be followed to the letter. In this case, you should have offered a courtesy car at the very least. If the customer had refused, you may have needed to have him sign a written document releasing you from all responsibility.

Rule no. 9: Sincerity of consumer information

Situation: *I am a marketing manager, and one of my priority objectives during a new model launch is to attract customers into the dealership to check out the new vehicle's advantages. I have decided to organise a drawing to win a car. I need to send out an advertisement to a list of potential buyers. I have chosen a simple catchphrase: "You have won a car. Come claim your prize at your local dealership." On the back, in small characters, I intend to explain that the advertisement is for a drawing. Am I within the letter of the law?*

Explanation: Alongside legal issues, you need to think about respecting customers. This means issuing a clear, reliable message such as: "Come see our new model and participate in a drawing that may make you the happy owner of a new car." Sincerity of consumer information concerns not only the technical features of our vehicles and services, but all of our communication and advertising.

Rule no. 10: Confidentiality of customer data

Situation: *I work at the Group Information System Department and I am updating a customer database for the Group Marketing Department. It just so happens that I have a Peugeot/Citroën vehicle to sell. The vehicle is in very good condition and I need to sell it quickly. At the price I'm asking, the potential buyer would get a good deal. May I use the database to identify customers who will be needing a new car soon and who might be interested in my offer?*

Explanation: Absolutely not. Customer data may only be used for the purpose authorised by the customers themselves. Use of this data for private purposes is completely forbidden.

Situation: *I'm a marketing manager and I'm preparing to send out a commercial e-mail. In drawing up my list of targets, I found that certain customers in the database are tagged as potentially interested but have not clearly expressed a desire to receive commercial information from us. Can I send them the e-mail even so?*

Explanation: No. Customers must give their formal authorisation before we can use their personal data.

RESPECT FOR THE COMPANY

Rule no. 11: Transparent relations with competitors, customers and suppliers

Situation: *I'm working on a vehicle project with a supplier who does excellent quality work. I'm so impressed, I'm thinking of buying shares in the supplier's company. Is this acceptable?*

Explanation: The answer depends on your exact position in the Group and your influence on purchasing decisions. If you are involved in the purchasing process, your decisions could be influenced by the fact that you own shares in this supplier, creating a conflict of interest. In addition, if you have decided to invest because you know some specific information that has not yet been publicly disclosed (for example, that the supplier is about to win a contract from PSA Peugeot Citroën), you could be charged with insider trading. In this situation, you should consult your supervisor.

Situation: *My son is a freelance translator who works with many well-known companies and charges reasonable rates. May I give him translation work that we currently send to a more expensive provider?*

Explanation: You may not be involved in subcontracting work out to members of your family. While there is no reason why your son shouldn't be included in the request for proposals, you must explicitly recuse yourself from the decision-making process to avoid a conflict of interest.

Situation: *At the subsidiary where I work, I have been asked to send out a new request for proposals for watchman services. We are fully satisfied with our current provider and I don't really want to change firms, but the current provider's bid is much higher than the others. Can I show our provider the other bids so he will lower his price?*

Explanation: If you do this, you will be giving your provider confidential information about prices, thereby putting him at an advantage over his competitors, who do not have access to this information. Instead, you should try to get your provider to lower his prices by explaining that you have received more attractive proposals, and negotiate with the other firms at the same time. The basic idea is to make sure all the providers are on an equal footing. In the end, your decision should be based on an analysis of the best service for the money.

Rule no. 12: Limits on gifts and invitations

Situation: My job in the Quality Department is to monitor components from suppliers. As a result, I often conduct audits at supplier sites. During my last audit, one supplier gave me a case of fine wine from the region. What should I do?

Explanation: You are in a position where you can accept or refuse supplier parts. To do your job effectively, you must be totally independent. For this reason, you should not accept this type of gift, which could keep you from making an impartial decision (or at least give that impression). In this type of situation, you should contact your supervisor.

Situation: *I know that I am expected to refuse gifts from suppliers, but must I also refuse an invitation to lunch when I go to their sites?*

Explanation: It's all a question of degree. It's common practice to accept a lunch invitation at a supplier's site to continue your discussions, without this being construed as an advantage that will compromise your independence. Similarly, it is common practice for you to invite a visiting supplier to lunch at your site.

Rule no. 13: Use and protection of corporate assets

Situation: *Sometimes I use the office photocopy machine for personal documents. Is this allowed, and to what extent?*

Explanation: The company tolerates the non-systematic use of computers, printers and other office equipment for personal needs within reasonable limits. This is determined on a case-by-case basis, using common sense (i.e., practical for the employee, minimal cost to the company). That said, the company is not a printing firm. If you need to print your son's thesis or a direct-mail campaign for your charity, go to the local print shop.

Situation: *I'm a mechanic in a dealership and I have some work that needs to be done on my own car. Can I do this work myself in the workshop if it's outside my working hours and I pay for any necessary parts?*

Explanation: It's tolerated exclusively under strict compliance with company rules and regulations and only once your supervisor has provided a signed authorization. You are then, while complying with health and safety standards (wearing of PPE...), permitted to use workshop equipment (vehicle lift, diagnostic tools...) to carry out basic repairs on your own vehicle (registration papers under your own name) at a scheduled date and for a time limited to 1 hr 30 min outside actual working hours, under supervision of a manager, with a duly filled job card (job order, repair schedule) and with all parts purchases duly recorded.

Situation: *I work in sponsoring. We partner major sporting events, and receive free tickets in return. Since I played a key role in setting up these partnerships, which have a very positive impact on the Group's image, shouldn't I be able to use some of these tickets for my family?*

Explanation: The Group receives these tickets in exchange for its partnership, and therefore, its financial commitment. In short, these tickets are not free—the Group has bought them. As a result, they should be used to further the Group's interests by inviting prospects and sales contacts.

Situation: *I am the Financial Director of a marketing subsidiary outside France. The General Manager of the subsidiary is asking me to approve the payment of his personal housecleaner out of company funds. According to him, this is part of his benefit package as an expatriate. However, he has not produced any written confirmation of this benefit. What should I do?*

Explanation: As the Financial Director, you have been entrusted to verify expense commitments in your subsidiary, including those made by your General Manager. You are within bounds to require written justification before any payment is made. If managers or executives in your scope of responsibility are entitled to certain benefits as expatriates, you should receive confirmation from the appropriate corporate HR department. Lastly, it's not up to a subsidiary General Manager to grant personal benefits to employees without validation and approval from Human Resources. You should therefore refuse to pay the General Manager's expenses until you receive written confirmation from corporate HR.

Rule no. 14: Respect for confidentiality

Situation: *People are very interested in cars and my friends often ask me questions about our future model launches or the company's situation. What kind of information can I give them?*

Explanation: Any and all information that you obtain in your capacity as an employee of PSA Peugeot Citroën is considered confidential and must not be disclosed.

Rule no. 15: Representative of the company

Situation : *A group of interns in my unit has set up a forum on a social networking site. Their discussions are very open and include some pretty harsh comments about certain Group employees. This has become general knowledge and has created tension in our department.*

Explanation : In most cases, blogs, Twitter, forums, etc.. are public. Even if conversations have a personal or private character.

Be very careful when you mix professional and personal information: respect copyright, data confidentiality and the others private life (do not disseminate information or quote people linked to the company without their agreement). Think that behind the screen you can find customers, journalists....or colleagues. If you feel that the allegations or comments are serious enough to warrant action, the interns' mentors should be contacted so that they can remind their mentees of the rules prohibiting public disclosure of their observations concerning the Group's organisation, projects, and of course women and men employees.

Situation: *I often come across false allegations about the Group in Internet forums. Given my knowledge of the Group, I could easily present the truth about certain issues and thus prevent the spread of falsehoods. Shouldn't I go ahead and post comments in these forums?*

Explanation: Any information you may have had access to as an employee of the PSA Peugeot Citroën group is considered confidential and may not be communicated in any way. Thus, if you participate in these forums, networks or social media, you can do so as employee of the Group, but in no case pretending to represent the Group, or a job or a specific expertise if you have not been officially mandated to do so. You may state in your response that you are an employee of the Group: it is a generally admitted principle on the Internet, so as to improve transparency.

Remind your readers that the opinions you express are your personal opinions only. If you find the allegations or comments serious enough not to be ignored (they appear on websites with many visitors, the allegations are very damaging, etc.), it is important to bring them to the attention of the Corporate Communications Department.

Rule no. 16: Clear separation between work and political activities

Situation: *I am a candidate in a local election. It is general practice in my party to list the candidate's profession and employer on the ballot. Is this possible under Rule no. 16?*

Explanation: By way of providing additional personal information about you as a candidate (in the same way giving your age would be), you may mention your occupation and the Group's name. However, it must be perfectly clear to anyone receiving documents from you and in media that contain this information (tracts, brochures, bulletins, posters, speeches, interviews, comments, meetings etc.) that the ideas and opinions expressed are not those of the company and that in offering your candidacy, you are in no way representing the company.