

COMMUNICATION
ON PROGRESS

PROGRESS REPORT 2006

After signing up to the Global Pact in 2004, Renault Trucks dedicated its first progress report (COP) to its environmental policy. This first report emphasised our company's and our group's commitment to a policy that is profoundly influenced by the principles of Sustainable Development.

By dedicating the second COP to its policies on labour relations, Renault Trucks is confirming its commitment to this approach. The presentation of our actions in this crucial area in the life of the company allows us to demonstrate Renault Trucks' commitment to the fundamental values that underscore the ten principles of the Global Pact and in particular those concerning employment rights.

General Principles

Within the Volvo Group, Renault Trucks shares the same fundamental values of Quality, Security, Environment and Ethics. A number of general principles borrowed from these foundation values and designed to help each and every one of us in our day-to-day activities have been defined and broadly communicated on, and include the following elements:

A Code of Conduct formalising the Group's relations with its employees, partners and shareholders has been distributed to every Renault Trucks employee.

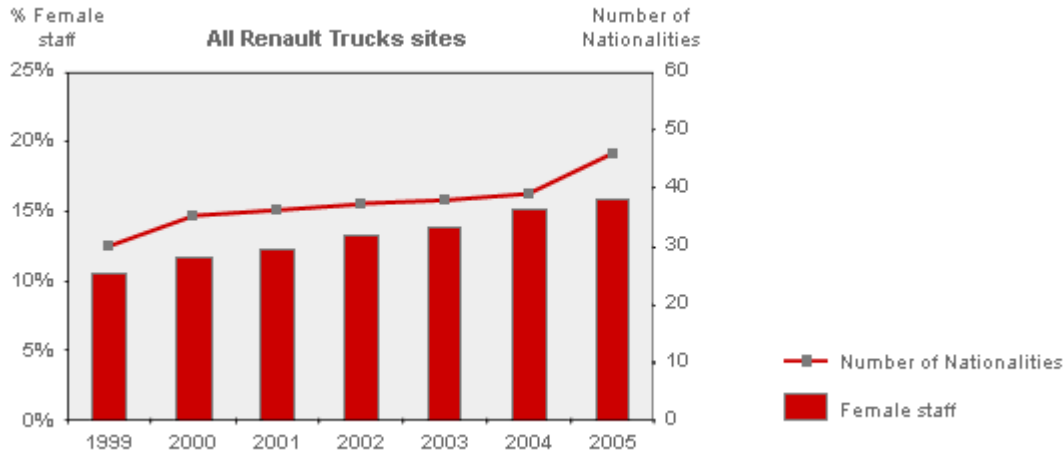
On the subject of financial transparency, Renault Trucks is applying the principles of the American SOX law and has adapted its organisation so that its principles can be monitored and upheld.

Besides these actions led at Group level, Renault Trucks is rolling out a series of measures designed to mark its commitment to a permanent improvement approach in the area of labour relations. We will now present the crucial aspects of that approach.

Renault Trucks and diversity

As a company, Renault Trucks operates internationally. As a result, 48 nationalities are today represented within the company.

Renault Trucks adopted a **Diversity Charter** in 2005. Its first objective is to promote pluralism and social mix in its recruitment methods. It is also about contributing to the fight against all forms of discrimination (family name, origin, handicap, sex, age and sexual orientation, cf: figure above)



Trends in diversity and social mix

With this in mind, Renault Trucks has signed a 6th company agreement for the period 2006 to 2008 in favour of those facing disability. This agreement, referred to as the **Handi'accord** (literally, Handi'deal), defines the conditions governing the reception, guidance, training and monitoring of the disabled. Today, throughout its sites, 9% of Renault Trucks' headcount are disabled.

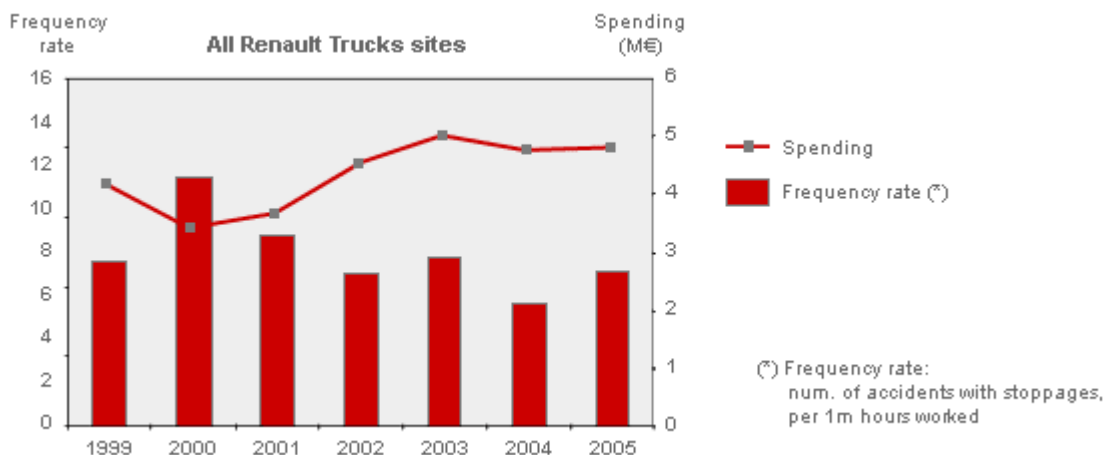
Renault Trucks and working conditions

Renault Trucks regularly initiates actions in favour of improving working conditions, in particular in the areas of Health & Safety.

In 2005 for example, Renault Trucks developed and broadly disseminated its Health and Safety at work policy in the company, to which the CEO has committed personally. The policy's key elements are as follows:

- ▣ health protection for all personnel, including temporary workers;
- ▣ creating pleasant working conditions;
- ▣ integrating health, safety and working conditions criteria into product design and development, manufacturing processes and industrial and testing equipment;
- ▣ co-ordinating preventative measures governing sub-contracting and the presence of outside contractors.

One of Renault Trucks' objectives is to halve the frequency rate of work-related accidents between 2006 and 2008 (cf: figure above).



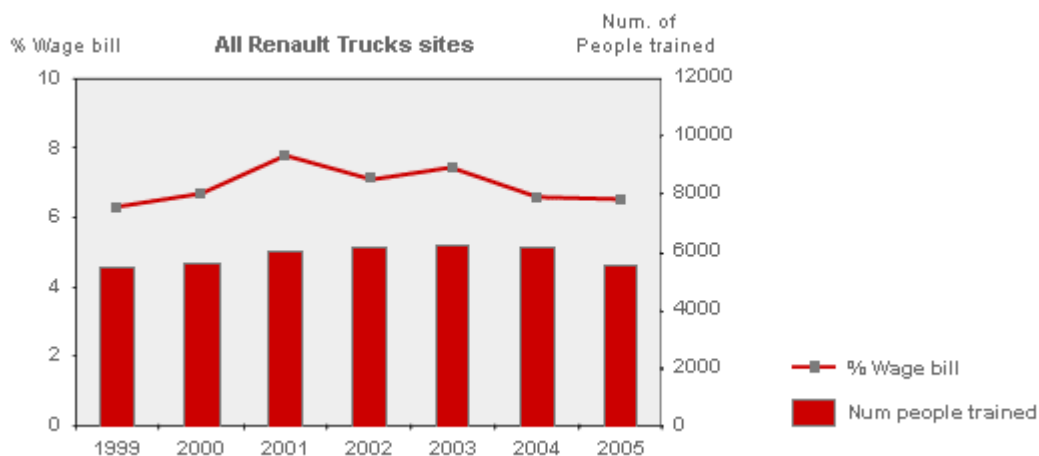
(*) Frequency rate:
num. of accidents with stoppages,
per 1m hours worked

Safety trends

Accordingly, in 2003, the company introduced a plan for internal reclassification and the reorganisation of work stations (**PARI**), and this has progressively been implemented since. This innovatory programme is designed to prevent risks relating to work-related illnesses and to support employees suffering health problems. Work stations are first analysed and then reorganised with the active contribution of the employees concerned.

Renault Trucks and skills development and personal development

Renault Trucks dedicates a substantial portion of its wage bill to training. A series of indicators allows the company to monitor the number of hours set aside for training and the number of people having access to it (cf: figure above).



Training trends

So as to promote mobility, an internal IT tool called **Job Access** gives all employees real-time direct access to all job offers, not only on the company's different sites, but also in the Group as a whole.

To support these actions, two mechanisms have been introduced:

1. Individual training rights (DIF). This allows employees to develop their skills by attending training courses outside working hours for a total of 20 hours per year with the possibility of accumulating these hours over several years up to a ceiling of 120 hours.

2. The careers and skills agreement, **Parcours et Compétences**, has served to introduce a simple, easily understandable and transparent system for all employees who wish to grow within the company. Its main characteristics are as follows:

- ❏ To bring together all professions within the company under a single, 21-position grid;
- ❏ To allow the activities and skills within each family of professions to be analysed;
- ❏ To define cross-over points within families of professions and between the different families.

The purpose of this agreement, then, is to prepare professions and skills for future developments, facilitate professional career management and give each and every employee the means to develop his or her professionalism. It also allows us to assess people's skills and their capacity for mobility.

Finally, Renault Trucks has introduced incentive systems which promote employee involvement in the company's operations and its drive for excellence.

- ▣ **Profit Sharing Agreement** in the results of the company;
- ▣ **Redistribution** of a portion of the Volvo Group's profits through the acquisition of shares in a company mutual fund;
- ▣ Monitor performance through bi-annual employee / supervisor interviews during which objectives are set through the **Personal Business Plan**.

Renault Trucks and social dialogue

Renault Trucks considers the respect of trade union rights as one of the pillars of what is a complex system of labour relations and gives trade union representation a crucial role in its social policy. In order to achieve this, the social partners are involved wherever necessary in the major changes within the company.

This approach was bolstered in 2006 with the signing of a social dialogue agreement (Accord de Dialogue Social). This new document will not only allow the trade union organisations to play their role more effectively using modern means, but also to support social dialogue by adapting it to the challenges currently faced by the company. The following feature amongst the mechanisms in place:

the possibility of using trade union IT sites (Intranet);
specific trade union training courses;
measures designed to facilitate employees' access to union functions.

Finally, each year, Renault Trucks carries out a broad survey called the **Volvo Group Attitude Survey (VGAS)** within all the Group's entities. The purpose of this survey is to obtain a snap-shot of employees' perceptions through direct questioning of all employees on the main themes linked to the effective accomplishment of their missions. This poll gives us a regular update on a number of elements:

it gives each and every one of us the opportunity to express our opinions anonymously;
it allows us to understand our social climate and help it move forward;
it improves the efficiency of our teams.

One of the key phases of VGAS is that each team should meet with its manager to talk about the results of the survey and define vital initiatives to secure the continuous improvement of our teams.

In conclusion

Faced with a world full of major and increasingly rapid change (technological advancement, changes to regulations, the social and political environment, etc...), Renault Trucks must adapt its know-how, its organisation and working methods to deal with these changes to the best of its ability. In this movement, the involvement of the employees is crucial to implement but also to prepare for and support all initiatives and secure everybody's commitment.

This brief overview is designed to explain Renault Trucks' efforts to create a good labour relations climate and provide personnel with the dynamism and enthusiasm needed to move things forward.