



April 2017

COMMUNICATION ON PROGRESS, 2016

Message from the President

When it joined the United Nations Global Compact in 2004, Renault Trucks demonstrated its commitment to placing values that respect human rights and labour standards, protect the environment and help fight corruption at the core of its corporate responsibility and to promote them within its sphere of influence. This action and commitment is fully in line with the policies of the Volvo Group (also a Global Compact signatory) to which Renault Trucks belongs.

Benefitting from a century of truck expertise in France, Renault Trucks provides the transport industry worldwide with the tools it needs to perform tasks successfully and efficiently. We offer operators and users an extensive range of vehicles and services designed for a wide range of activities.

As a manufacturer, we have considerable responsibilities towards our customers, partners, employees and fellow citizens. We are striving for progress in sustainable mobility by endeavouring to offer vehicles with ever-increased performance that are safer and more respectful of the environment. We ensure we design, produce, distribute and maintain them with utmost integrity, preserving the health of both our employees and our living environment.

Presenting our progress within the framework of the Global Compact helps reinforce this responsibility and share it more effectively with Renault Trucks employees and partners throughout the world. Indeed for us, it is a progress tool in itself.

I therefore re-confirm the commitment of Renault Trucks to comply with, implement and promote the 10 principles of the Global Compact in 2017.

A handwritten signature in blue ink, appearing to be "Bruno Blin", written over a large, stylized blue scribble that extends across the page.

Bruno Blin
President of Renault Trucks SAS

Communication on progress, 2016

Renault Trucks SAS performs its role as a manufacturer of industrial vehicles with integrity, in compliance with international regulations and according to the model of responsibility and sustainable development of the Volvo Group of which it is a subsidiary. Based on the principles of the UN Global Compact, of which the Volvo Group has also been a signatory since 2001, this model also includes the 17 UN Sustainable Development Goals (SDG).

The contribution of Renault Trucks is consolidated at group level and forms part of the Volvo Group Annual and Sustainability Report, as well as a supplementary report, the GRI G4, both available on www.volvogroup.com.

I/ Principles regarding human rights

Renault Trucks contributes to the responsible business conduct of the Volvo Group, the principles of which are set out in a Code of Conduct. This mandatory policy is a reference that applies to all group directors and employees. Based on the principles of the Global Compact initiatives, the Code of Conduct confirms the group's full support for the United Nations Declaration of Human Rights. In addition, the Volvo Group is committed to implementation of the UN guiding principles on business and human rights.

In 2016, Renault Trucks directors and staff, together with all group employees, were invited to train in the Code of Conduct on-line by means of an intranet game called the Game of Conduct. Available in 14 languages, this game replaced on-line training and was completed by in-team discussions on ethical dilemmas.

The Code of Conduct stipulates that, within its sphere of influence, the Volvo Group supports and respects protection of universal human rights and ensures it is not complicit in any breaches of these rights.

Renault Trucks defends human rights both in its business and in the workplace, by respecting individuals and providing good working conditions. The company encourages diversity and does not tolerate any form of discrimination with regard to gender, race, religion, handicap, sexual orientation, nationality, political opinions, union membership or social and ethnic origin. It offers its employees a safe working environment, respecting freedom of assembly and collective negotiations. It does not tolerate either compulsory/forced labour or child labour.

Respect for human rights is included in framework agreements signed with group suppliers. To avoid and minimise the risks of human rights violations, suppliers are evaluated according to their business sector and geographical origin. As part of the programme introduced to defend human rights in the supply chain, supplier performance in terms of corporate responsibility is also evaluated. These assessments are conducted by the centralised structures of the Volvo Group acting on behalf of entities such as Renault Trucks. They are detailed in the Volvo Group Annual and Sustainability Report.

II/ Principles regarding labour standards

Renault Trucks scrupulously complies with labour law wherever it does business and acts in accordance with the Volvo Group Code of Conduct.

- **Non-discrimination**

Renault Trucks recruits and treats its employees without discrimination as regards gender, race, religion, age, handicap, sexual orientation, nationality, political opinions, union membership or social and ethnic origin. Diversity in the workplace is encouraged at all levels.

- **Labour law**

No form of forced labour, compulsory work or work by children is tolerated at Renault Trucks. The minimum age of hiring is the age of the end of compulsory schooling. Freedom of assembly, together with collective bargaining rights and the signing of agreements, is respected in all sites.

- **Working environment**

All Renault Trucks employees are guaranteed an environment that meets all required health and safety conditions.

Renault Trucks undertakes to actively promote health and safety in the workplace for its employees, whether physical, psychological or social.

Social dialogue

In 2006, Renault Trucks drew up an agreement on social dialogue, which was signed by all unions. This offered social partners the resources to effectively perform their role with respect to various organisations and negotiations, thereby developing a quality dialogue with management. Principles set out the rights and obligations of each party.

In this context in 2016, 15 central works council's (CWC) meetings were organised, together with 2 CWC training commissions, 1 CWC commission on gender equality, 2 CWC economic commissions, in addition to a range of meetings on each site. To ensure commitments were followed up, the company and social partners participated in 6 post-agreement commissions. In addition, 2 meetings with the board of management (including the President) and a France group committee meeting were held in 2016. Last but not least, social partners and management held 22 negotiation meetings and 4 joint meetings at group level.

In 2016, these negotiations led to the signing of key agreements, including on employment of the handicapped, a head contract on health costs and the implementation and adaptation of the French Rebsamen Law on labour relations and social dialogue. Negotiations were also initiated on a long-term employment and skills strategy.

Health and safety in the workplace

Over the past several years, Renault Trucks has been establishing a Workplace Health & Safety Management System to optimise management of the health and safety of individual employees. Most manufacturing sites have already adopted this system, with the rest due to follow shortly.

A Safety network, comprising 45 members – correspondents, working conditions/safety coordinators, specialists in ergonomics and doctors – met regularly in 2016 to share good practice, draw up safety audits for each site, standardise behaviour and implement the Volvo Group Health & Safety guidelines.

Managers and safety coordinators at Blainville-sur-Orne assembly site and the Logistics and Technology departments have received training in the management of psychological/social risks within Renault Trucks SAS. The company has acquired tools to assess and analyse these risks at all hierarchical levels. Ergonomic risks have been mapped and awareness has been raised among employees on all sites of risks related to working with screens. A Health & Safety day was organised in the plant. Lastly, 2016 saw the continuation of the experiment involving meditation and mindfulness sessions launched in 2015.

Combating discrimination and promoting equal opportunities

As part of a Volvo Group action, Renault Trucks is committed – principally through the negotiation of various agreements – to implementing a Diversity and Inclusion policy based on 4 focal areas:

- equal treatment (equal opportunities based on competence, without distinction of gender, age, ethnicity or origin, religion, handicap or sexual orientation)
- combating discrimination
- combating harassment
- a recruitment policy that promotes diversity

Renault Trucks SAS and its social partners have decided to pursue and strengthen their commitment to employment of the handicapped by signing a 9th Handi'Accord agreement for 2016-2018. This provides the framework for the company's undertakings as regards the recruitment, integration, training, insertion, continued employment and support of the handicapped. It also includes actions to promote specially adapted and protected work environments (such as the sheltered-employment organisation ESAT and specially adapted companies). The 2016-2018 Handi'Accord also includes measures to help employees with handicapped spouses or children. The agreement, which is managed by the company at Human Resources Center of Expertise level and coordinated by a network of correspondents, is applied throughout the five Renault Trucks SAS sites in France.

The company agreement on gender equality, drawn up in 2011, was renewed in 2015 for a further 3 years and signed by 5 trade unions. This agreement included undertakings on career promotions (guaranteed equality of opportunity for access to managerial positions), the balance between working lives and the exercise of family responsibilities and the development of inclusion within staff teams (training on diversity and inclusion topics, including the creation of a reference group and a managerial guide). The agreement also encourages the expansion of internal networks, such as WIN (Women Inclusive Network), which was created to support the personal and professional development of women and promote diversity. In 2016, WIN had 407 members, 22% of which were men (+ 2%).

On a like-for-like basis, in 2016, women represented 42% (48% in 2015) of total recruitments (including permanent contracts, temporary contracts, sandwich course employees, but excluding agency temps). The proportion of women in the workforce remained stable at 21%, as did their representation in management (19%). Seniors (over the age of 50) accounted for around 27% of the total workforce. A little over 6.5% of recruitment involved those aged over 50.

Specific gender equality action plans were carried out in 2016 in the Purchasing and Manufacturing divisions. Renault Trucks is working alongside its temp agencies to ensure increased diversity in recruitment, as well as acting to promote careers (especially in technical areas) among young women. An example of this can be seen in the high schools in and around Lyon, through the activity of the OPE (*Objectifs pour l'emploi des cadres en Région Rhône-Alpes*) Association.

Renault Trucks, which has been a signatory to the LGBT Charter (created by the association *L'autre Cercle*) since 2013, has undertaken to create an inclusive environment in France for employees concerned, as well as ensuring equal rights and treatment and supporting victims of discriminatory comments or acts. This undertaking is fully in line with Volvo Group policy, which also supports a worldwide internal LGBT network, V-Eagle. In 2016, Renault Trucks managers and directors underwent internal training (Diversity & Inclusive Leadership) and all Renault Trucks sites actively took part in the

third Diversity and Inclusion Week organised within the Volvo Group in September 2016. This involved a wide range of activities on all sites. In addition, a new internal network, the Multi-Professional Network, was founded to promote diversity of cultures within the company.

Under the Intergenerational Contract introduced by French law in 2013, Renault Trucks has continued its initiatives in favour of the long-term insertion of young people aged under 30 and employment of the over-55s, with commitments regarding the transfer of skills and knowledge. A network of student ambassadors has been created to inform potential employees about the company and the careers on offer. Partnerships with schools have been strengthened and the support and follow-up provided for students on sandwich courses has been increased. The company has continued its work on improving working conditions and reducing physical strain. Between October 2015 and September 2016, young people represented 38% of new recruits on permanent contracts. They accounted for 80% of the total workforce (permanent and temporary work contracts) in September 2016. A new programme targeting graduates (Engineering Graduate Programme) led to the recruitment of 6 engineers. End September 2016, senior employees represented 4% of all new recruits on permanent contracts and 13% of the total workforce (permanent and temporary work).

In 2016, Renault Trucks supported a range of initiatives in France to promote equal opportunities in partnership with a number of associations in the Lyon region. These included *Passeport Avenir* to assist students from underprivileged backgrounds, *Social Builder* to encourage women into digital careers, the *Rhône Développement Initiative* to support start-ups in disadvantaged urban areas and *ALPES*, which organizes back-to-work projects for young people in disadvantaged neighbourhoods. In addition, the company has continued to develop relations with the education sector to encourage closer ties between schools and the company.

III/ Principles regarding the environment

Renault Trucks is continuously working to reduce the impact on the environment of both of its manufacturing/tertiary activities and the vehicles it produces. The company contributes to the development of a virtuous system of transporting goods by road, provided sustainably for society as a whole.

Renault Trucks applies the environmental policy of the Volvo Group, which is based on specific commitments and a rigorous management system involving its network, suppliers and partners. The company also plays a role in the group's long-term environmental plan. The industrial facilities in France are organised to limit consumption of energy, water and raw materials, as well as reducing waste and ensuring continued improvement in environmental performance. Vehicles are designed to maximise re-use of materials and all Renault Trucks vehicles are assembled in ISO 14001 certified plants (first certification in 2001).

In light of the challenges created by climate change, Renault Trucks is continuing its efforts to develop practical solutions to effectively reduce CO₂ emissions, including optimised diesel engines, all-electric vehicles, vehicles powered by natural gas, eco-driving training, fleet management tracking tools and embedded data.

Protection of the environment on sites and in the distribution network

Renault Trucks continued the rollout of its plan to reduce emissions and promote energy savings following its carbon footprint audit updated in 2015 and energy audits performed the same year. These initiatives will directly contribute to environmental cooperation on reducing the carbon footprint established in 2010 between the Volvo Group and the WWF. Under its *Climate Savers* programme, the Volvo Group is

committed to lowering its CO₂ emissions by 8% in production, 40 million tons for the use of its products and 20% for its logistics, all by 2020.

In 2016, plants recycled and reprocessed over 99% of non-hazardous waste (95% in 2012), as a result of ongoing actions to reduce the volume of waste, improved sorting and the sourcing of new recycling channels. In addition, sites have introduced a programme aimed at zero landfill waste. Water consumption per unit produced dropped from 14 m³ to 12 m³ between 2012 and 2016, whilst energy consumption per manufactured vehicle dropped 30% over the same period.

On production and logistics sites, training modules in carrying hazardous substances were once again provided for the various departments concerned within the company, including reception, storage and dispatch. In its distribution network, Renault Trucks also conducted a full environmental audit of all its garages in France. Following these audits, action plans were drawn up to prevent the risk of ground pollution and discharges to water.

Sustainable transport of goods

In 2016, Renault Trucks continued market distribution of products and services that render road transport more efficient and help reduce its effects on the environment. A new version of the Renault Truck T model for long-distance driving was launched, with an improved chassis and driveline that reduce fuel consumption by 2%. In addition, the vehicle can be fitted with Optivision – the predictive speed control system with built-in GPS to encourage eco-driving. Furthermore, Renault Trucks has added a feature to its Optifleet embedded computer solution that individually tracks and assesses driving and the efficient use of a truck within a fleet.

Renault Trucks launched a D Wide CNG model onto the market with a horizontal exhaust that extends its range of gas-powered vehicles in response to the expansion of this alternative energy in the distribution sector.

Lastly, the initial testing of the UrbanLab2 laboratory vehicle was conducted as part of the EDIT (Efficient Distribution Truck) project that aims to reduce distribution vehicle consumption by 13%. Based on a Renault Trucks D Wide model, this vehicle is fitted with a low-voltage micro-hybrid system that recovers part of the braking energy to drive auxiliary equipment. It also connects to traffic lights, enabling it to anticipate changes in the lights to set a speed profile that minimises fuel consumption.

As regards electro-mobility, Renault Trucks has continued its research into all-electric medium-tonnage vehicles, as well as into an Electric Maxity incorporating a hydrogen-powered fuel cell that increases vehicle autonomy two-fold. This project will enable Renault Trucks to explore the potential of hydrogen technology in real operating conditions.

IV/Principles regarding corruption

Renault Trucks attaches significant importance to its credibility worldwide and conducts its business ethically and in compliance with the laws and regulations that govern its activity. The fight against corruption is an area in which compliance with laws is of primary importance. It is in the interest of Renault Trucks to combat corruption since such practices distort the normal forces of competition and prevent transactions from being agreed under normal terms of profitability. Corruption is harmful to the governance, reputation and ethics of Renault Trucks, as well as exposing the company and the individuals concerned to prosecution for serious wrongdoing.

To protect its reputation, Renault Trucks belongs to the Volvo Group anti-corruption program, which consists of a range of rules set out in a series of internal documents, including the Code of Conduct and the Anti-corruption Policy. The aim of the Anti-corruption programme is to anticipate attempted corruption and prevent Renault Trucks and its partners from becoming involved.

Renault Trucks is prohibited from offering any awards or benefits to its clients/prospective clients, governments, government agencies or the representatives of these entities, which breach applicable laws or generally accepted commercial practice. This prohibition specifically targets the use of third parties to make unjustified payments, directly or indirectly, to international public sector employees, government officials or to related individuals and institutions.

The Anti-corruption programme applies to all Renault Trucks employees, together with its commercial partners and agents, in all geographic areas in which Renault Trucks has a presence. Training in the content and requirements of the Anti-corruption programme is available to all employees. They can also view Anti-corruption programme documents on the Renault Trucks intranet aCWCssible on computers provided, including those located in specific offices and on production lines for employees that do not use computers in their daily tasks. Training for staff in the sales, financial and legal departments is priority and mandatory.

Any suspected breach of the Anti-corruption programme must be reported to the Volvo Group anti-corruption programme manager, who then reports the acts to the authorities concerned, if appropriate. The manager is also available to answer any questions regarding implementation of the Anti-corruption programme. As stipulated in the Code of Conduct, in the event of a conflict between applicable local laws and the provisions of the Code, local law prevails.

In 2016, the majority of sales contracts between Renault Trucks and its distributors worldwide, whether renewed or newly established, were subjected to an anti-corruption audit and the drafting of the contracts included anti-corruption clauses.
