

New Social Contract Meeting of 26 June 2013

The fifth meeting in the process to build a new social contract with employee representatives was held on 26 June. The objective of this meeting—the second in the phase on employment—was to formalise proposals that could help the Group anticipate and support change over the next three years while seeking to secure individually the jobs and skills it will be needing.

Following a presentation of the proposals made since the beginning of the negotiation process, suggested ideas concerning internal mobility and outplacement were discussed within the framework of the on-going Human Resources Planning and Development (GPEC) process.

Afterwards, participants addressed the issue of end-of-career transitioning versus youth employment, as expressed by an "intergenerational contract". The goal is to retain and motivate seniors while taking into account a desire among certain employees to benefit from end-of-career schedule adjustments and transition from the workforce to retirement. At the same time, it will be necessary to prepare replacements to ensure that the Group has the talents it needs and to carry out knowledge transfers between generations. To preserve a balanced age pyramid across job categories, a proposal was made to reactivate youth employment contracts ("Emploi Jeunes") to offset end-of-career transitioning arrangements.

1. Overview of proposals made since the beginning of the negotiation process

- Strategy: "Organise social dialogue and share strategic objectives"
 - Align the content and frequency of Joint Union-Management Strategy Committee¹ meetings with the Supervisory Board's agenda (these meetings bring together French labour union delegates and European representatives from the European Works Council). Regularly discuss the pre-projects in the three-year product plan, as well as manufacturing strategy issues, the need to reduce production costs and project profitability.
- Employment: "Anticipate change while seeking to secure jobs and skills"
 - Organise two Skills, Jobs and Capabilities Observatory (ODM²) meetings per year at the national level and three meetings at the local level.

The national and local ODM meetings would be held in the first and second halves of each year, with the first one to be organised in late September 2013. The objective is to provide a forward-looking view of changing jobs and skills—including emerging professions and so-called "sensitive" professions—as close to the front lines as possible. By helping to give all employees a clearer

¹ *Joint Union-Management Strategy Committee: Created in 2007 to share information and exchange viewpoints, this Committee brings together the Group's senior management and labour union representatives from France, Spain, Germany and the United Kingdom. It is responsible for reviewing issues concerning the Company's current situation and future transformation, such as the brands' strategic response to customer expectations, investment policy, the product plan, technological advances and manufacturing strategy.*

² *The Skills, Jobs and Capabilities Observatory (ODM) serves to detect and analyse changes in jobs and skills within the Group. Its findings help to guide training and mobility policies. The Observatory includes representatives of the five trade unions that signed the GPEC agreement (CFDT, CFE-CGC, CFTC, FO and GSEA) and jobs and capabilities representatives from the Human Resources Department. There is one Observatory at national level, which is mirrored by a network of local Observatories at site level.*

picture of the situation and useful information, the ODM can support internal mobility and outplacement.

2. Proposals concerning human resources management

■ Key components of PSA Peugeot Citroën's human resources development policy:

- Give priority to current employees.
- Foster employees' personal development.
- Provide employees with professional training that will give them best-in-class skills, in alignment with the management strategy for job families and professions.
- Support employees in addressing transformations brought about by major changes in the automobile industry.

■ New proposals

- Revitalise internal mobility, notably by:
 - Ensuring greater transparency for mobility offers, with the goal of providing an exhaustive list of available positions on the intranet and gradually adding all positions that may open in the next six months.
 - Offering enhanced training support for assignments involving geographic mobility. Employees could benefit from up to 70 hours of training in the year of the mobility assignment, the opportunity to study towards a diploma or certification and basic skills refresher courses, if necessary.
 - Adapting geographic mobility clauses. Employee contracts now include a section on national mobility (or international mobility for executives). When necessary, it is indicated that geographic mobility should be activated first at the site and then in the job catchment area or region.
- Share the main points outlined for the next three years in the training plan (in connection with profession and job family projections).

3. Proposals concerning outplacement (on-going Human Resources Planning and Development (GPEC) measures, outside of restructuring programmes)

An active employment policy is required to anticipate collective transformations in a highly competitive automobile industry environment.

- Make the Mobility and Career Development Units permanent. These units were set up as part of the Jobs and Capabilities Redeployment Plan (PREC) and the Redundancy Plan (PSE).
- Promote outplacement and develop secure pathways.
 - Outplacement periods would be encouraged for employees in so-called "sensitive" professions. In particular, these periods would give employees the opportunity to work for another employer, with the possibility of returning to the Group if the arrangement were not renewed.
- Develop regional mobility and professional transition platforms.
 - This would involve organising outplacement pathways to developing companies or industries at the regional level (e.g. aerospace, energy and rail). The platforms would make it easier to share information on business sectors, professions, job offers and training needs. Outplacement would be conducted through periods of "secure" mobility.

A majority of the labour union delegations also requested that employees who are currently volunteering for an outplacement project, but who do not "fall within the plan's quotas", could benefit from the same redundancy assistance measures.

4. Proposals concerning the “PSA intergenerational contract”, giving seniors the opportunity to benefit from end-of-career schedule adjustments and reactivating youth employment contracts (“Emploi Jeunes”)

Management proposed a system combining a 12- to 24-month mobility period and a guarantee of PSA Peugeot Citroën remuneration on the basis of a gradual end-of-career transition to part time work (50% plus a 10% top-up payment, with trimesters counted at 100% for retirement). Seniors could use the period of part-time work at PSA Peugeot Citroën to tutor or train younger employees.

The majority of the labour unions were in favour of studying this type of system, which maintains employment, and requested that Management review the assumptions more thoroughly and provide more detailed information on the following aspects: part-time periods of more than 12 months, the level of remuneration, cases in which employees could be excused from working, the impact on youth employment contracts and hardship prevention for workstation operators.

Management indicated that a formal agreement on this type of end-of-career schedule adjustment system could allow the Group to again offer apprenticeships, skills-qualification contracts, internships and VIE co-op placements.

The next meeting will be held on 4 July.