

**New Social Contract  
Summary of Proposals as of 18 July 2013**

**On 29 May 2013, the Group opened a cycle of negotiations to develop a New Social Contract in a meeting attended by Philippe Varin. The process is designed to define solutions with all employee representatives that will help to turn the Company around and enable it to maintain its strong foundations in France.**

**Three main working topics were defined:**

- 1. Organise social dialogue and share strategic objectives.**
- 2. Anticipate change while seeking to secure jobs and skills.**
- 3. Identify levers to help turn the Group around.**

**So far, the first two working topics have been addressed, leading to a number of proposals.**

### **Working topic no. 1: Organise social dialogue and share strategic objectives**

To involve employee representatives in the Group's strategy more deeply and further upstream, the following proposals were made:

#### **1. Broaden the operations of the Joint Union-Management Strategy Committee.**

This Committee, which was created to share information and exchange viewpoints, 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.

- Meeting frequency will be adapted in line with the Supervisory Board's agenda.
- A larger number of strategic issues will be addressed (pre-projects, manufacturing strategy, the need to reduce production costs and project profitability).

#### **2. Share the medium-term plans (2014-2016) for the major units (Departments and Sites).**

Summaries of the medium-term plans are currently being prepared and will be shared with employee representatives, managers and the concerned teams in October.

### **Working topic no. 2: Anticipate change while seeking to secure jobs and skills**

#### **1. To anticipate changes in jobs and skills within the Group, a proposal was made to convene the Skills, Jobs and Capabilities Observatory\* (ODM) twice a year at the national level and three times a year 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 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 picture of the situation and useful information, the ODM can support internal mobility and outplacement.

## 2. Revitalise internal mobility within the framework of the on-going Human Resources Planning and Development (GPEC) process and outside of restructuring programmes, 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.

- Offering services for spouses.

In the case of inter-regional geographic mobility assignments that entail a change of residence, spouses who lose their employment may benefit from support in finding a new job (a partnering job-placement agency would be assigned to provide advice and assistance and two job offers would be provided, in line with the spouse's skills).

- Adapting geographic mobility clauses.

Employee contracts now include a section on national mobility (or international mobility for executives). When necessary, it has been proposed that geographic mobility should be activated first at the site and then in the job catchment area or region.

- Sharing the main points outlined for the next three years in the training plan with employee representatives.

## 3. Promote outplacement and develop secure pathways within the framework of the on-going Human Resources Planning and Development (GPEC) process and outside of restructuring programmes.

- 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).

- Encourage outplacement periods for employees in so-called "sensitive" positions.

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.

## 4. Develop a new PSA intergenerational contract.

The goal is to motivate seniors and keep them working 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 necessary to prepare replacements to ensure the Group has the talents it needs and to carry out knowledge transfers between generations.

- Voluntary end-of-career schedule adjustments to keep older employees in work.

In addition to the existing option of part-time working, two new proposals have been made for end-of-career transitioning:

- "Secure" outplacement.
- Suspension of the work contract to waive presence requirements in the event of a corporate reorganisation.

A proposal was also made to combine these different measures over a maximum period of two years (extended to three years for employees in hardship positions), with:

- The possibility for employees in "sensitive\*" or "adequately staffed\*\*\*" positions to participate on a volunteer basis.
- Waiver of the presence requirement after a period of part-time working, for the same duration.
- The deployment of a simple, straightforward pay system.
- Payment of retirement contributions at full rate and personal protection insurance contributions for the full duration.

- As a supplement, the creation of a pool of possible internal and external assignments available for acceptance on a volunteer basis.

**Three possibilities:**

- 24 months maximum, of which 50% part time and 50% with the presence requirement waived.
- For employees in hardship positions, 36 months maximum, of which 50% part time and 50% with the presence requirement waived.
- 36 months, of which 24 months in "secure" outplacement and 12 months with the presence requirement waived.
  - 70% of the reference salary for the entire period of part-time work and waived presence.
  - A guaranteed minimum income of €1,800 over 12 months is planned.

With this system, more than 50% of older operators would benefit from a guaranteed minimum income and receive more than 70% of their compensation.

→ Supplementary compensation corresponding to 20% of the IDVR voluntary retirement benefit would be paid when the employee first takes part in the scheme.

- Reactivation of youth employment contracts (*Emploi Jeunes*)
  - One new employee on a work-study contract (apprenticeship, skills qualification, VIE co-op placement or CIFRE doctoral student contract) brought into the Company would equal one senior retained.

In the event that business and hiring pick up, priority would be given to young people already enrolled in a work-study program in the Company.

**Working topic no. 3: Identify levers to help turn the Group around**

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**The meetings of 12 and 18 July addressed the third phase of the New Social Contract concerning levers to turn the Group around and maintain strong foundations in France.**

During these meetings presentations were made on:

- Growth in labour costs in France and at PSA Peugeot Citroën.
- Work flexibility and organisation.

**The negotiations will continue on 5 September 2013.**

*\* 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.*

*\*\* Sensitive position: position for which a significant decline in workforce needs is expected in light of probable economic, technological or organisational changes.*

*\*\*\* Adequately staffed position: position for which the existing skills match the Company's medium and long-term needs.*