

New Social Contract Meeting of 25 September

On 25 September, the twelfth meeting **with employee representatives** was held **to build the new social contract aligning the company's need for competitiveness and employee interests.**

The purpose of the meeting, which was attended by Philippe Varin and Philippe Dorge, was to define **reciprocal commitments concerning competitiveness, with a view to maintaining the Group's strong foundations in France.**

Mr Varin re-affirmed the Group's commitment to maintaining its strong manufacturing presence in Europe, particularly in France, with measures designed to revitalize and enhance the competitiveness of its French production facilities. The target of full capacity utilization in the Group's European plants as of end 2016 was confirmed.

1. Maintaining a strong manufacturing base in France

One million vehicles produced in France in 2016

If the contract is signed, PSA Peugeot Citroën pledges to maintain its production levels in France over the course of the Medium-Term Plan. In 2013, it expects to build around 930,000 Peugeot and Citroën vehicles in France. Based on demand and market share forecasts (i.e. assuming that 15 million vehicles will be sold in Europe in 2016), **PSA Peugeot Citroën's French output should stand at around one million vehicles in 2016.**

Production levels maintained in the Group's French plants

This output provides enough visibility for the Group to make the additional commitment of continuing to maintain production levels in all of its assembly plants, mechanical components plants and foundries in France in 2016.

No plants or facilities will be closed.

Production launch of at least one new model in each assembly plant over the 2014-2016 period

Over the 2014-2016 period, PSA Peugeot Citroën will announce the production launch of least one new model in each assembly plant in France. This will extend the commitment to maintain these plants in operation beyond the 2016 Medium-Term Plan.

The projected level of assembly plant output will also help to maintain the **mechanical component and foundry operations** in France, which manufacture engines, gearboxes and suspension systems, as well as provide logistics and replacement parts services.

As a result, the production levels at the mechanical component plants and foundries will remain stable overall, with increases in certain product runs.

€1.5 billion in capital expenditure committed in the French plants over the 2014-2016 period

These model launches and production output will require extensive investment in France, despite the necessary cutbacks in the Group's overall capital expenditure and R&D spend over the 2014-2016 period.

PSA Peugeot Citroën will commit a total of €1.5 billion to pursue capital projects and launch new products in its French plants over the 2014-2016 period. This exceeds the capital expenditure budgets for the past three years.

A key objective guiding the Production Master Plan: excellence and flexibility, for full utilisation of European production capacity

The commitment to maintaining and increasing production output in France goes hand in hand with a critical need for flexibility in our plants and a target for capacity utilization in Europe. As part of the Master Plans and Medium-Term Plan, all of the plants are therefore actively committed to meeting the "Excellent Factory" objective.

2. Retaining an R&D base in France

More than 75% of the Group's R&D activities based in France in 2016

PSA Peugeot Citroën is pledging to carry out more than 75% of its R&D activities in France in 2016. This represents an important commitment for the future, given the growing percentage of R&D conducted in the Group's priority growth regions, especially China.

It means that France will remain home to PSA Peugeot Citroën's strategic R&D processes, particularly upstream research and engineering, powertrain design and development, platform module design and development and, in a majority of cases, new body style development.

Operations maintained at all of the development facilities in France

PSA Peugeot Citroën is also making a commitment to maintain operations at all of its R&D facilities in France. These include the upstream research and engineering centres in Vélizy and La Garenne that oversee research, innovation, the modular strategy and upstream design and engineering on behalf of the entire Group; the development centres generally located near the plants in La Garenne, Sochaux and Vélizy; and the test centres located near the development facilities in Carrières-sous-Poissy, Belchamp and La Ferté Vidame.