2019
Universal Registration Document

faurecia
inspiring mobility

Contents

2019
Universal Registration Document

including the annual financial report

PROFILE

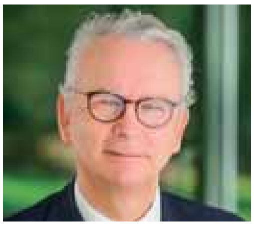
Faurecia is a leading automotive technology company developing solutions for Sustainable Mobility and the Cockpit of the Future.

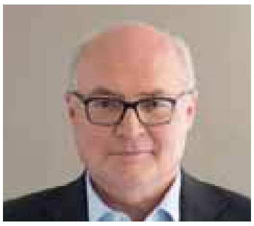
This Universal Registration Document has been filed on April 30th 2020 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation. The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

The English language version of this Universal Registration Document is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions expressed therein the original language version of the document in French takes precedence over this translation.

Contents

Transformation in Action






Faure


TRANSFORMATION STRATEGY


AN ORGANIZATION TO DRIVE PERFORMANCE


A SHARED CULTURE FOR SUSTAINABLE DEVELOPMENT


STRONG GOVERNANCE & RISK MANAGEMENT

Introduction

The automotive industry is undergoing a major technology revolution to adapt to the key megatrends of connectivity, autonomous driving, new mobility solutions and electrification. Faurecia is deploying a strategy aligned with these megatrends and focused on developing solutions for Sustainable Mobility and the Cockpit of the Future. To this end, it has undertaken a number of acquisitions and partnerships to expand its ecosystem and accelerate its transformation.

The company is organized in four Business Groups which are accountable for operational performance and Total Customer Satisfaction. The Group's key initiatives for sustainable development, and in particular its ambition to become CO_2 neutral by 2030, are based on its strong Convictions and Values. Its transformation is embedded in a robust, ethical and efficient corporate governance structure.

This Universal Registration Document enables all stakeholders to better understand the company's vision and strategy for profitable growth. Faurecia's business model is focused on creating value for all its stakeholders, both in terms of financial and non-financial performance, over the short and long term.

For further information please consult the Group's website www.faurecia.com.

A TOP TEN GLOBAL AUTOMOTIVE TECHNOLOGY SUPPLIER

€17.8 BN OF SALES*

4
activities

- Clean Mobility
- Seating
- Interiors
- Clarion Electronics

1 IN 3
vehicles in the world equipped with **Faurecia technology**

A TRUSTED PARTNER
for all **automakers**, **commercial vehicles and high horsepower**

115,500
employees of **102 nationalities** in **37 countries**

248
plants

37
R&D centers

CONVICTIONS & VALUES
for **sustainable development**

All figures at Dec. 31 2019

Message from Michel de Rosen

As the COVID-19 pandemic continues to spread around the world, I would like, on behalf of the board of directors, to express my support to management and employees who are demonstrating a remarkable solidarity and an extraordinary resilience in this very difficult context. The management teams have reacted quickly to put in place all the necessary measures to protect the health and safety of their employees, obtain additional liquidity and prepare for a safe restart of production in the coming weeks. The Board of Directors has been involved during all the stages of this crisis and we are confident in the leadership team's ability to get through this period.

2019 was another strong year for Faurecia, and the management teams once again demonstrated their ability to react quickly and effectively to changes in the automotive environment whilst at the same time deploying the mid- and long-term strategy discussed and defined by the board of directors. We were particularly involved in the acquisition of Clarion, its implications for the company strategy and the roadmap for the newly created Business Group. We also examined the acquisition of SAS and the creation of the fuel cell joint venture with Michelin and participated in the development of Faurecia's new CSR strategy and in particular the initiative to become CO2 neutral by 2030.

The board also worked on its other missions, in particular: reviewing and approving the accounts and financial results; analyzing the risks and policies; proposing the dividend to the shareholders; reviewing the financial guidance and communication; reviewing the executive succession plans; discussing and deciding the executive compensation strategy, policy and execution and adjusting the governance to the evolution of legal requirements.

At the 2019 annual shareholders' meeting we thanked the three members of the board (Eric Bourdais de Charbonnière, Hans-Georg Härter and Bernadette Spinoy) who did not run for re-election after serving the company in a most professional way and welcomed three new board members (Yan Mei, Peter Mertens and Denis Mercier); we have thus continued to increase the diversity and international experience of the board. This will help us to continue to accompany the transformation strategy of the Group and to prepare for the potential consequences of the proposed merger of PSA and FCA, including possible changes in governance. We have improved the functioning of the board through the reorganization of the committees and reallocation of the work amongst them and the average attendance rate for the board and its committee meetings has been over 95%.

The Board of Directors is united in its support of the Chief Executive Officer, its Executive Committee and all of the Faurecia teams both in this difficult period of pandemic and as we move towards a new era for the automotive industry and potentially a more independent governance for Faurecia. I thank the members of the board, our shareholders, the management teams and the employees of Faurecia for their commitment.

Michel de Rosen
Chairman of the Board of Directors

Message from Patrick Koller

In 2019, despite challenging market conditions, Faurecia continued to deploy its transformation strategy for the Cockpit of the Future and Sustainable Mobility, whilst maintaining a strong focus on resilience and Total Customer Satisfaction. This good balance between transformation and execution allowed us to achieve an outstanding financial performance, as well as a record order intake of €68 billion for the three years 2017 to 2019.

Faurecia's transformation strategy is fully aligned with the four major trends disrupting the automotive industry: Connectivity, Autonomy, Ride-sharing and Electrification. Affordability has increasingly become a key driver for the adoption of new technologies in each of these areas. The deployment of our strategy is based on acquisitions and partnerships to accelerate the integration of the necessary competences and technologies and ensure rapid time-to-market.

Last year saw an acceleration in this deployment through the creation of our new Business Group, Faurecia Clarion Electronics, for which we presented a robust roadmap for profitable growth at our Capital Markets Day in November 2019. This activity is a strong enabler for the Cockpit of the Future and contributes to Sustainable Mobility through its ADAS product line. We also announced the acquisition of the remaining 50% of SAS, a leading player in complex interior module assembly and just-in-time delivery. For Sustainable Mobility, we continued our investment in Fuel Cell Electric Vehicles, in particular through the creation of a joint venture with Michelin, to accelerate our Zero Emissions strategy and allow us to benefit from rapid powertrain electrification.

During 2019, we have also put a major focus across the Group on Total Customer Satisfaction. This approach goes beyond the traditional performance measures of quality and delivery and encompasses measures of perception of our customers on all dimensions of our relationship. Our customers rely on suppliers who not only support them in developing technologies for future mobility, but who also provide cost competitiveness and excellence across the product life cycle. Our Total Customer Satisfaction program is a key factor in commercial differentiation, all the more critical during this challenging period for our industry. In 2019, we received 48 recognition awards from our customers as testimony to our operational excellence and customer satisfaction.

The Group's sustainable development strategy is based on Values and Convictions, which create a clear and strong culture, guide our actions and make us attractive to future employees. Aligned with our six Convictions about how we can make a positive contribution to society, the Group is deploying transversal initiatives with defined and measurable improvement indicators. As demographic and societal trends indicate that environmental challenges will drive the next disruption, Faurecia has launched a program to become CO_2 neutral by 2030 for scopes 1 and 2 and part of scope 3.

At the time of writing, the world is going through an unprecedented health crisis and Faurecia is taking all the necessary measures to get through an extremely disrupted period. We have three priorities: the health and safety of our employees and their families, managing our liquidity and preparing the safe restart of production as soon as that becomes possible. To this end, our restart guidelines "Safer Together" are based partly on our experience in China, where we now have restarted production in all our sites and put in place strong measures to protect our employees.

"Faurecia has significantly improved its operational and financial performance in recent years and will be absolutely ready to accompany the recovery in automotive production when it comes and continue with its transformation strategy."

Due to the crisis and the subsequent lack of visibility for the automotive industry, the Group will present its new financial objectives for 2020 as soon as the macro-economic outlook for the rest of the year is sufficiently clear. Faurecia has significantly improved its operational and financial performance in recent years and will be absolutely ready to accompany the recovery in automotive production when it comes and continue with its transformation strategy.

The proposed merger between FCA and PSA would create our largest customer bringing new business opportunities as well as an enhanced market profile based on a larger free float, increased liquidity and higher visibility.

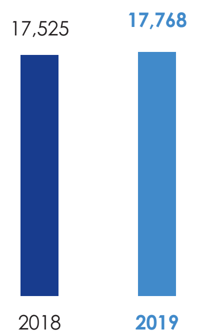
I would like to take this opportunity to thank our shareholders and the Board of Directors for their confidence, and in particular all of the Group's employees for their contribution to our performance in 2019 and for their support during the management of the crisis.

Patrick Koller
Chief Executive Officer

2019 Financial performance

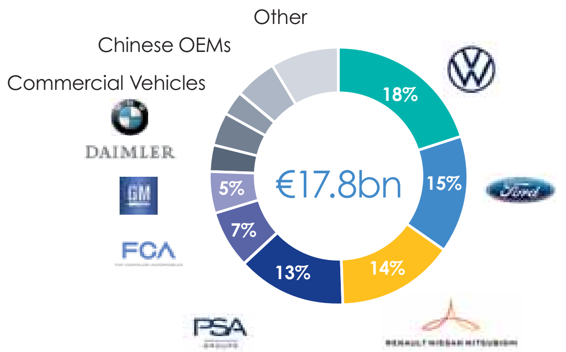
In 2019, Faurecia once again demonstrated its resilience in a very challenging environment whilst continuing to deploy its transformation strategy. The Group achieved all its financial targets thanks to its agility in adapting to market conditions that worsened during the year.

SALES

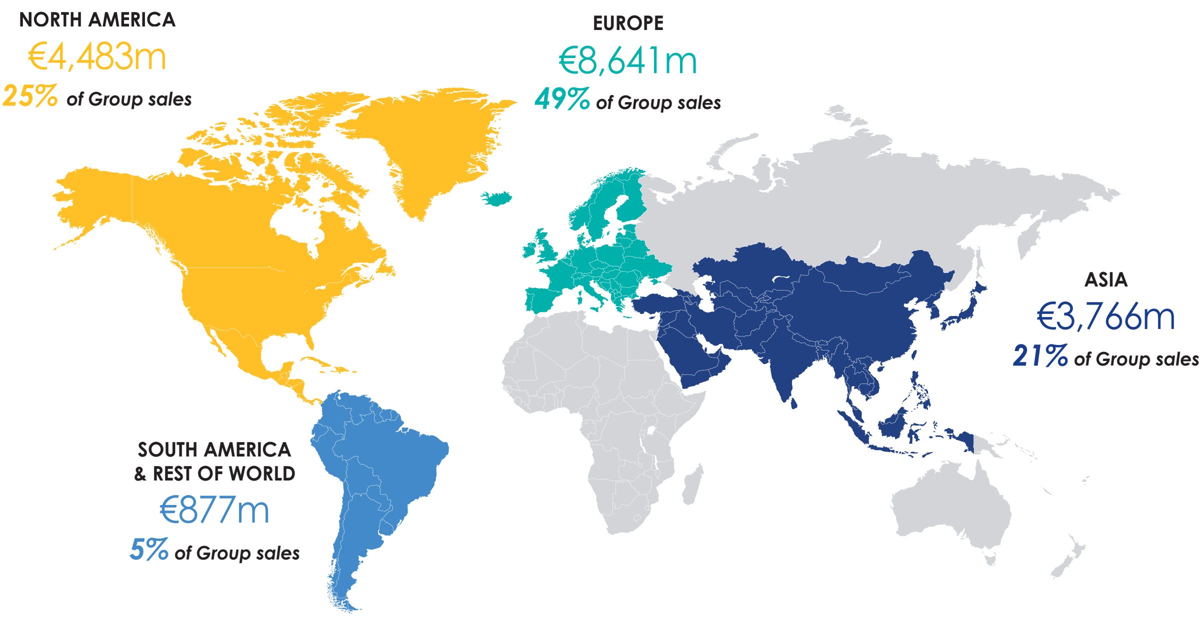


(in millions of euros)
outperformance of 280bps vs. worldwide automotive production growth. Source IHS Markit February 2020

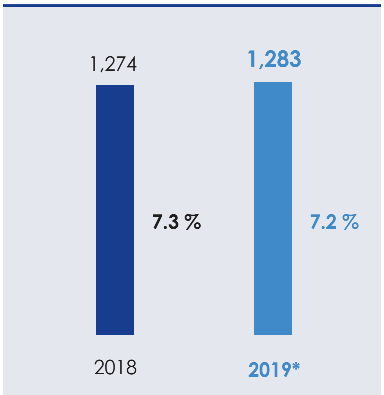
SALES BY CUSTOMER



SALES BY REGION

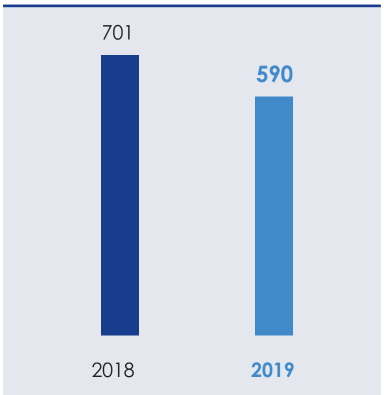


OPERATING INCOME
(in millions of euros & % of sales)

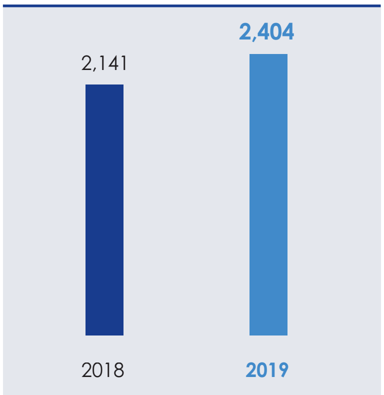


**Excluding Clarion, operating margin stood at 7.4%*

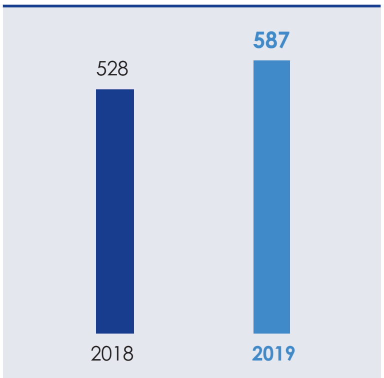
NET INCOME, GROUP SHARE
(in millions of euros)



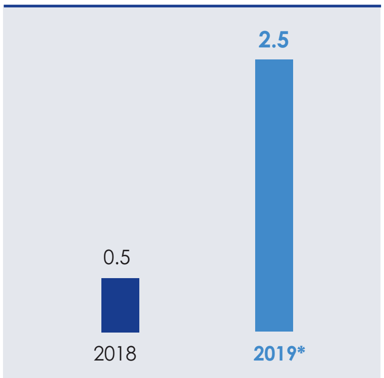
EBITDA
(in millions of euros)



NET CASH FLOW
(in millions of euros)



NET DEBT AT YEAR-END
(in billions of euros)



** Including acquisitions for €1.4 billion & a negative impact of €0.9 billion from IFRS16 adoption*

Record order intake
€68 BILLION OF SALES

ORDER INTAKE (3-YEAR ROLLING)

(In billion of euros)

62	↗	63	↗	68
2015-2017		2016-2018		2017-2019

For more information *See chapter 1 Financial Statements of the 2019 Universal Registration Document,*

2019 Extra-financial indicators

Based on its six Convictions for sustainable development, specific action plans have been developed for the planet, business and people, with initial quantifiable results expected by 2022.

All 2022 targets are progress targets versus 2019.

Ambition to become CO_2 neutral by 2030
(scopes 1&2 and part of scope 3)

GHG EMISSIONS*

42
CO_2 tons equivalent/€m sales (scopes 1& 2)

2022 TARGET: reduction of 20%

ENERGY CONSUMPTION*

117
MWh/€m sales of which 15% renewable energy

2022 TARGET: reduction of 10%

WASTE TREATMENT*

15
tons waste/€m sales of which more than 74% are recycled or valorized

2022 TARGET: reduction of 5%

€10.7m
invested in environmental protection of which 80% for energy efficiency

77%
of sites certified ISO 14001

PLANET

€584m
Invested in innovation over the last three years of which €235m in 2019

610
New patents filed in 2019, including 134 for Faurecia Clarion Electronics, up from 403 in 2018

BUSINESS

80%
Of tier 1 suppliers CSR screened by Ecovadis

Customer satisfaction 4 stars out of 5

48
Customer recognition awards

* *Intensity data*

PEOPLE

DIVERSITY & INCLUSION

24.4%
Female Managers & Professionals in 2019, up from 23.8% in 2018

2022 TARGET: 31%

34%
of Managers & Professionals non-European

2022 TARGET: 39%

SAFETY AT WORK

2.05
FR1t accidents (number of accidents per million hours worked without day lost) in 2019 down by 13% over previous year

2022 TARGET: reduction of 30%

EMPLOYEE SATISFACTION

64
points engagement index in 2019

2022 TARGET: 67 points

77,000
employees connected to e-learning portal, including 32,000 operators connected in 2019

EMPLOYABILITY

21.6
hours training per employee per year up from 21.1 in 2018. 2022 target: 24 hours

FAURECIA FOUNDATION

Creation of Faurecia Foundation to support projects proposed by employees for education, mobility and the environment

LOCAL COMMUNITIES

1,100
Projects to support local communities led by sites

For more information *See chapter 4 CSR of the 2019 Universal Registration Document.*

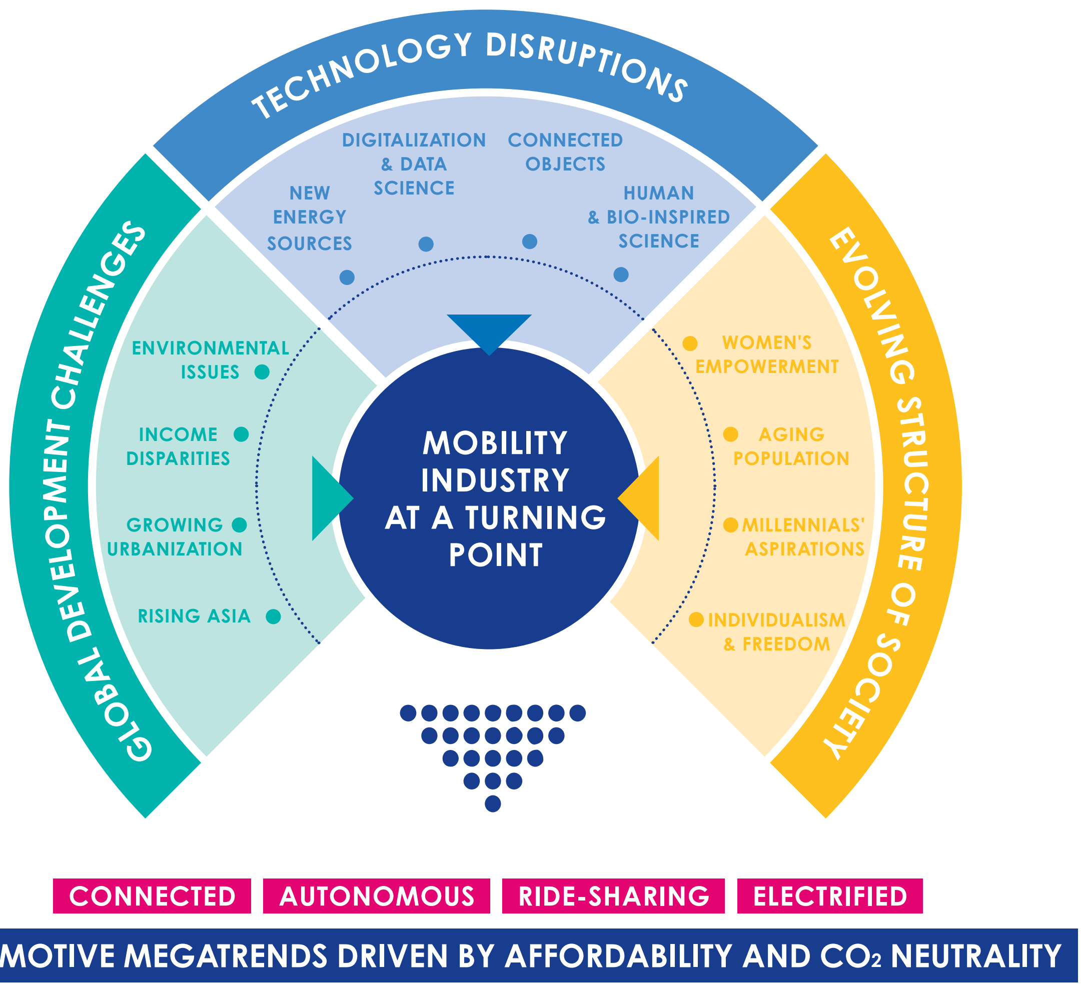
Transformation strategy

Mobility industry
at the heart of major transformations

Today society and business have entered a new age of unprecedented disruption. Major megatrends are shaping the world and its future: climate change, resource scarcity, growing and aging populations, economic power shifting towards Asia, and urbanization are just a few examples. At the same time, the technological revolution keeps accelerating, significantly transforming everyday life and generating new business models. Companies must adapt rapidly and anticipate new demands. Technology disruptions, the evolving structure of society and global development challenges mean that the mobility industry is at a turning point.

The consequence of these trends on the automotive industry is a radical shift in mobility which is becoming connected, autonomous, shared and electrified. Faurecia has anticipated these trends and developed a strategy to benefit from them.

Asia is becoming the economic center of gravity and is the consumer market with the highest growth perspective.



FUTURE MOBILITY WILL BE CONNECTED

Connected cars are already a reality. The trend for connected cars is driven both by legislation for safety (emergency calls), customer expectations for infotainment and technology developments for autonomous cars. Connectivity will allow continuous monitoring and upgrading of the vehicle and will provide access to a wide range of services for car occupants, including for safety and on-board user experiences for comfort, well-being, productivity and entertainment. The vehicle will become an integrated device in users' "connected lifes" and consumers will demand the same level of service and convenience from their cars as from their smartphones or tablets. The move to 5G from 2021 will enhance connectivity through better quality, coverage and bandwidth.

By 2025
there will be an estimated
700 million
actively connected cars
in the world representing
half of all vehicles.
1 in 2 of all new cars sold
will be connected.

Source: Accenture

FUTURE MOBILITY WILL BE AUTONOMOUS

Autonomous driving will progressively allow the car driver to be hands-off the steering wheel, then eyes-off and ultimately mind-off the road in more and more situations. Autonomous technology for level three and level four classes already exists today but is unlikely to see rapid deployment due to high cost and an undefined regulatory framework. Robotaxis are likely to be the first mass application of autonomous vehicles with thousands of vehicles already on the road in pilot programs, while private cars are likely to remain focused on ADAS levels 1 and 2 systems for the foreseeable future.

Car occupants are increasingly wanting to engage in non-driving occupations such as relaxing, working and socializing. This means that the automotive industry will have to extend the value-proposition, delivering new user experiences. In this context, the car interior will be completely reinvented, and the Cockpit of the Future will be connected, versatile and predictive.

By 2030
6 -14%
of cars level 4 autonomy and
15 - 25%
level 2+ autonomy

Source: Accenture

FUTURE MOBILITY WILL BE SHARED

Connectivity is also impacting the way users see mobility as they begin to use new solutions, particularly in urban settings. Ride-sharing and car-sharing services are experiencing significant growth driven in particular by city strategies for improved mobility. The introduction of autonomous vehicles as robotaxis (Mobility as a Service or MaaS) should accelerate the shift by significantly reducing costs per kilometer.

For MaaS operators to differentiate themselves, the quality of the user experience will be key. Users of shared mobility will demand personalization of the interior and digital continuity. Mobility operators will have to work on offering the best and smoothest customer journey integrating services and multimodal mobility. MaaS operators will therefore become strong vehicle, cockpit and interior specifiers, requesting specific capabilities and functionalities to support their services.

10 – 15%
share of mobility fleet production by 2030

Source: Accenture

Over 55%
of all new car sales could be electrified by 2030

Source: Faurecia

2 million
fuel cell electric vehicles by 2030

Source: Faurecia

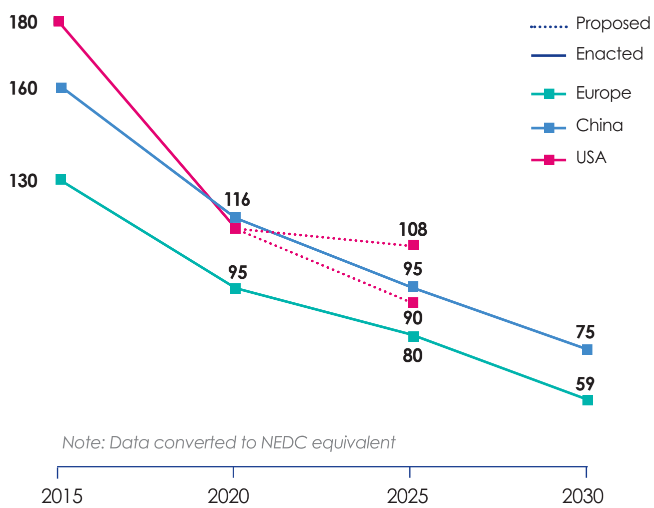
FUTURE MOBILITY WILL BE ELECTRIFIED

The powertrain mix is rapidly evolving towards electrification, due to environmental concerns and pressure from regulators and society. Whilst different regions are moving at different speeds towards zero emissions, we are already seeing an acceleration in the production of hybrid vehicles. As technologies mature there will be a rapid increase in electric vehicles.

Battery Electric Vehicles and Fuel Cell Electric vehicles will co-exist as zero emissions alternatives, depending on use cases with fuel cell being particularly adapted to commercial vehicles with its longer range and faster re-fueling time. This trend towards zero emissions depends on a co-ordinated ecosystem that includes infrastructure and power supply providers.

CO_2 EMISSIONS REGULATION (g/km)

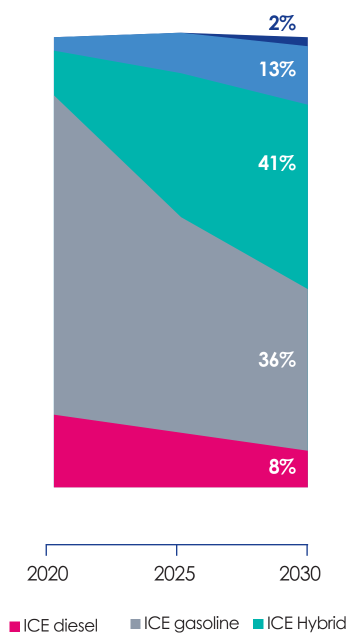
Commercial vehicle following similar trend in Europe: -15% CO_2 in 2025 and -30% in 2030 vs. 2019



Note: Data converted to NEDC equivalent

Strong CO_2 challenges for Europe & China
Still unclear for North America

POWERTRAIN ELECTRIFICATION



Faurecia assumptions

Faurecia strategy aligned with automotive megatrends

Faurecia's strategy is to provide intelligent solutions for Sustainable Mobility and the Cockpit of the Future. The Group is uniquely positioned to do this through its leading position in its three historical activities - Seating, Interiors and Clean Mobility - and the creation of its fourth Business Group Faurecia Clarion Electronics. From energy efficient and zero emissions technologies to connected and predictive cockpits, Faurecia is creating long-term value by providing solutions for Sustainable Mobility and the Cockpit of the Future.

As the trends for electrification, connectivity, autonomous driving and ride sharing accelerate, there are increasing business development opportunities for Faurecia.

NEW PRODUCTS

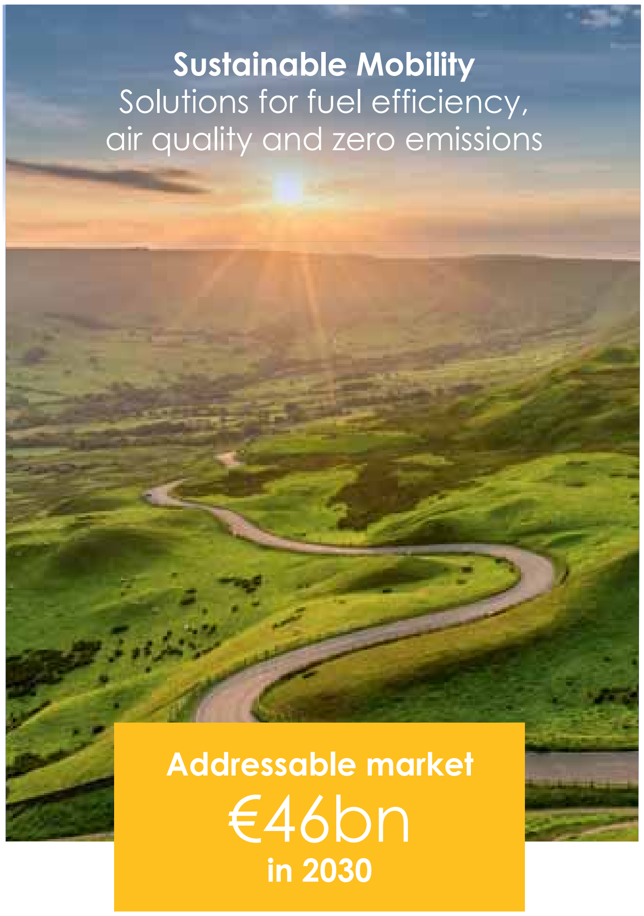
- Accelerating innovation for powertrain electrification and investing in zero emissions solutions
- Focusing on short time-to-market technology bricks for the Cockpit of the Future adaptable to autonomous driving
- Offering new functionalities through integrated electronics

NEW CUSTOMERS

- Rising Asian OEMs developing vehicles adapted to Asian consumers
- Pure Electric Vehicle players
- Mobility operators, fleets and cities
- High Horsepower engine manufacturers

NEW BUSINESS MODELS

- Increased role of personalized user experiences
- Upgradability, retrofit and connected services
- Cybersecurity of connected products



Sustainable Mobility:
accelerating transition to clean mobility solutions

Societal and political pressure on the automotive industry to reduce emissions has never been higher. As stringent new regulations come into force around the world, and with demand for electrified vehicles constantly increasing, Faurecia has made sustainable mobility a strategic priority.

Faurecia is addressing all the major segments for Internal Combustion Engines (ICE) and electric vehicles with solutions for light vehicles, commercial vehicles and high horsepower.

EV SOLUTIONS FOR LIGHT AND COMMERCIAL VEHICLES

Faurecia's strategy for zero emissions vehicles covers both Battery Electric Vehicles (BEV) and Fuel Cell Electric Vehicles (FCEV).

Faurecia's ambition in BEV is to develop solutions for battery housing including thermal management, in particular for dual power BEV and FCEV vehicles. The Group has four program awards in all regions and can capture up to €15/kWh.

Whilst they have not yet reached large scale production, FCEV offer advantages over BEV, in particular for heavy and long-range vehicles in terms of autonomy and charging time. Fuel cell and battery electric vehicles will coexist for different applications with fuel cell being particularly appropriate for light commercial vehicles and commercial vehicles due to their superior Total Cost of Ownership and increased convenience.

A complete H2 fuel cell system comprises the hydrogen storage system and the fuel cell stacks system. Faurecia is developing hydrogen storage systems which have increased autonomy, reduced cost and high reliability. The Group has 350 and 700 bar EC79 homologated tanks and already has two business awards.

Content per vehicle for Fuel Cell Vehicles in 2025 is up to

€40k in Commercial vehicles

€8k for light vehicles

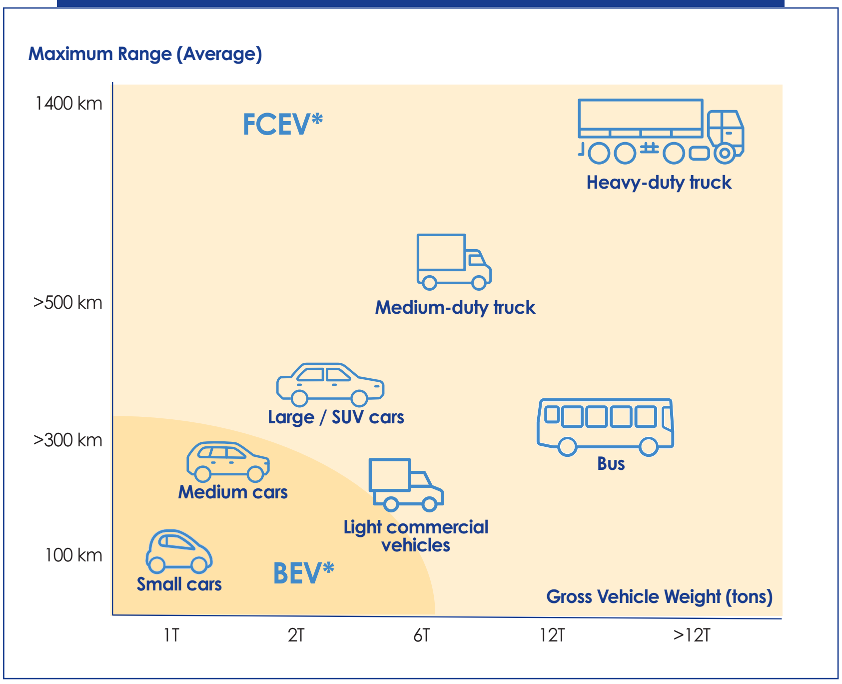
Faurecia's high content per electric vehicle means that an aggressive electrification scenario of 30% electric vehicles in 2030 accelerates Faurecia's growth.

JOINT VENTURE WITH MICHELIN

Through its joint venture with Michelin, concluded in 2019, Faurecia can offer a full cell stack system and vehicle integration. Symbio's stacks have best in class power density and compactness. Symbio was created in 2010 and has already installed fuel cell systems in hundreds of light commercial vehicles.

SYMBIO
A FAURECIA MICHELIN HYDROGEN COMPANY

CO-EXISTENCE OF FUEL CELL & BATTERY ELECTRIC VEHICLES



*FCEV: véhicule électrique à pile à combustible
*BEV: véhicule électrique à batterie

ICE SOLUTIONS FOR LIGHT VEHICLES

The requirement for increasing content in the powertrain to meet emissions control regulations, as well as the need for significant reduction in CO_2 emissions, drive the need for several key Faurecia technologies which will increase the overall value of the exhaust line by 20% by 2030.

The key technologies for fuel economy and emissions reduction that are already in production or will be by 2025 are the Electric Heated Catalyst (EHC) solutions including a pre-heating function that can give a near zero emissions vehicle, and a combined Exhaust Gas Recirculation (EGR)/ Exhaust Heat Recovery Systems (EHRS) which can give over 3% CO_2 savings.

In terms of ultra-quiet vehicles, Faurecia offers an advanced exhaust line architecture, electric valves and resonance free pipes.

>€ 1.5bn
order book
for ICE innovation

ICE will continue
to represent
85%
of the market in 2030

Content per vehicle
to increase by
20%
by 2030

PACE AWARD

The Group's Resonance Free Pipe (RFP) technology won a prestigious PACE award in 2019 for its ability to reduce weight and packaging complexity. Two General Motor models, the Chevrolet Silverado and the GMC Sierra, are currently equipped with this RFP technology. The PACE Awards, in their 25th year, are given to suppliers for game-changing product and process innovations that have succeeded in reaching the market. An independent panel of judges determines winners.

ICE SOLUTIONS FOR COMMERCIAL VEHICLES AND HIGH HORSEPOWER

Faurecia is anticipating the ongoing emissionization of all commercial vehicles (CV), particularly in growth markets like China and India, where regulations are converging towards European and North American standards. Technologies such as Faurecia's heated doser contributes to ultra-low NOx emissions by operating efficiently even at lower temperatures and is compatible with current and future aftertreatment architectures. Faurecia's technologies give an increased content per vehicle of 30% for commercial vehicles.

In 2018 Faurecia acquired Hug Engineering, the European leader in complete exhaust gas purification systems for high horsepower engines (HHP). Post-2020, stringent regulations are being implemented in all regions both for stationary and marine applications and the market is shifting towards more OEM solutions from project-based manufacturing.

Global HHP emissionization rate
increasing from
10% to >60%
in 2019 in 2030

Order book for CV/HHP
€2.4bn

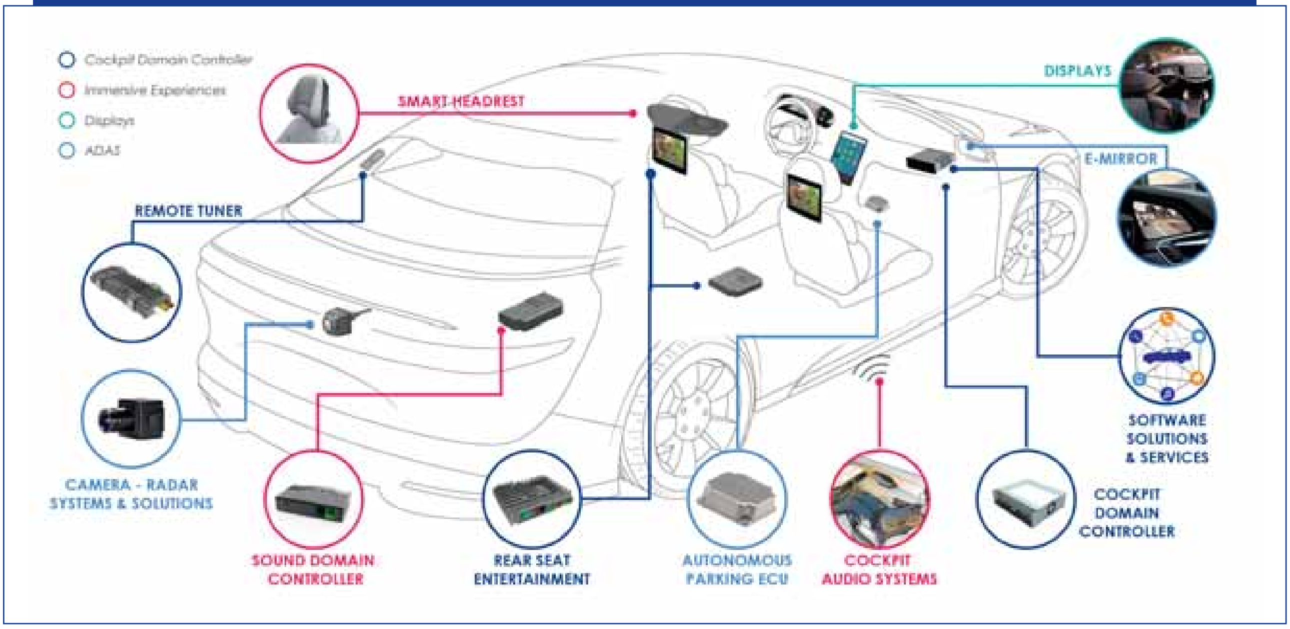
Cockpit of the Future enabled by Faurecia Clarion Electronics

TOWARDS A PERSONALIZED JOURNEY FOR VEHICLE OCCUPANTS

Faurecia's vision for the Cockpit of the Future is to provide a more versatile, predictive and connected environment to enable occupants to make the most of their time on board. The Cockpit of the Future will allow personalized consumer experiences combining functionalities such as infotainment, ambient lighting, postural and thermal comfort and immersive sound.

From its leading position in Seating and Interiors, Faurecia has undertaken a series of acquisitions and partnerships which gives it a unique position in interior modules and systems architecture. The creation of Faurecia Clarion Electronics, regrouping the complementary technologies of Clarion, Parrot Automotive and Coagent Electronics, technology companies Covatech and Creo Dynamics, as well as an ecosystem of start-ups and partners, provides Faurecia with the electronics, software, computer vision and artificial intelligence competences to enable its vision of the Cockpit of the Future.

CLARION ELECTRONICS TECHNOLOGIES ENABLING COCKPIT OF THE FUTURE



ACQUISITION OF SAS

Faurecia completed the acquisition of the remaining 50% of its SAS joint venture with Continental on 30 January 2020, a project that was announced on October 14, 2019. SAS is a key player in complex interior module assembly and logistics with sales of around €740 million (IFRS15) in 2019 and employing around 4,490 people. This acquisition reinforces Faurecia's Cockpit of the Future strategy and its systems integration offer which now covers all interior modules as well as functionalities such as lighting and thermal management. Its also strengthen Faurecia's Just in Time plant network with 20 facilities in Europe, North and South America and China.

ADVANCED SAFETY, COMFORT & WELLNESS, IMMERSIVE EXPERIENCES

Autonomous driving will lead to the emergence of new use cases for the vehicle interior. As occupant positions may no longer need to be fixed facing forward and upright, users will have more freedom to do other tasks during their journey. Faurecia, with its partner ZF, is developing safety systems so that passengers can continue to travel safely in any seated position, whether they are driving, working or relaxing.

The Group's teams are also developing solutions that provide an optimal onboard experience and enhance wellness. Through close monitoring of the thermal and postural comfort of the occupants, the cockpit will learn each occupant's preferences over time and leverage artificial intelligence to make adjustments so that people feel better at the end of their journey.

In terms of personalized sound experiences, Faurecia is combining activated sound surfaces, smart headrests integrating local ANC, IP and telephony, and high-end premium sound such as that provided through the partnership with Devialet.

APTOIDE APP STORE JOINT VENTURE

Aptoide, one of the largest independent Android app stores, and Faurecia have created a 50/50 joint venture to develop and operate Android app store solutions for the global automotive market. This joint venture offers OEMs an affordable and secured automotive apps market, available worldwide with adaptable content per region. The Aptoide app store offers one million Android apps covering a variety of use cases such as gaming, navigation, content streaming services, point of interest recommendations or parking. Aptoide also offers an integrated secure payment mechanism supporting OEM strategies for service monetization, whilst securing the vehicle and occupants' data privacy.

CONNECTED SERVICES

Increased connectivity in vehicles will drive new business models for upgradability, retrofit and services across the vehicle lifetime. Faurecia has developed a number of partnerships for connected services: with Microsoft for cloud connectivity, with Accenture for digital services and with Aptoide for an automotive app store. Faurecia presented at the latest CES some of its connected services including digital continuity for working and gaming, multimedia video and music streaming, upgradeable sound systems and the Aptoide app store.

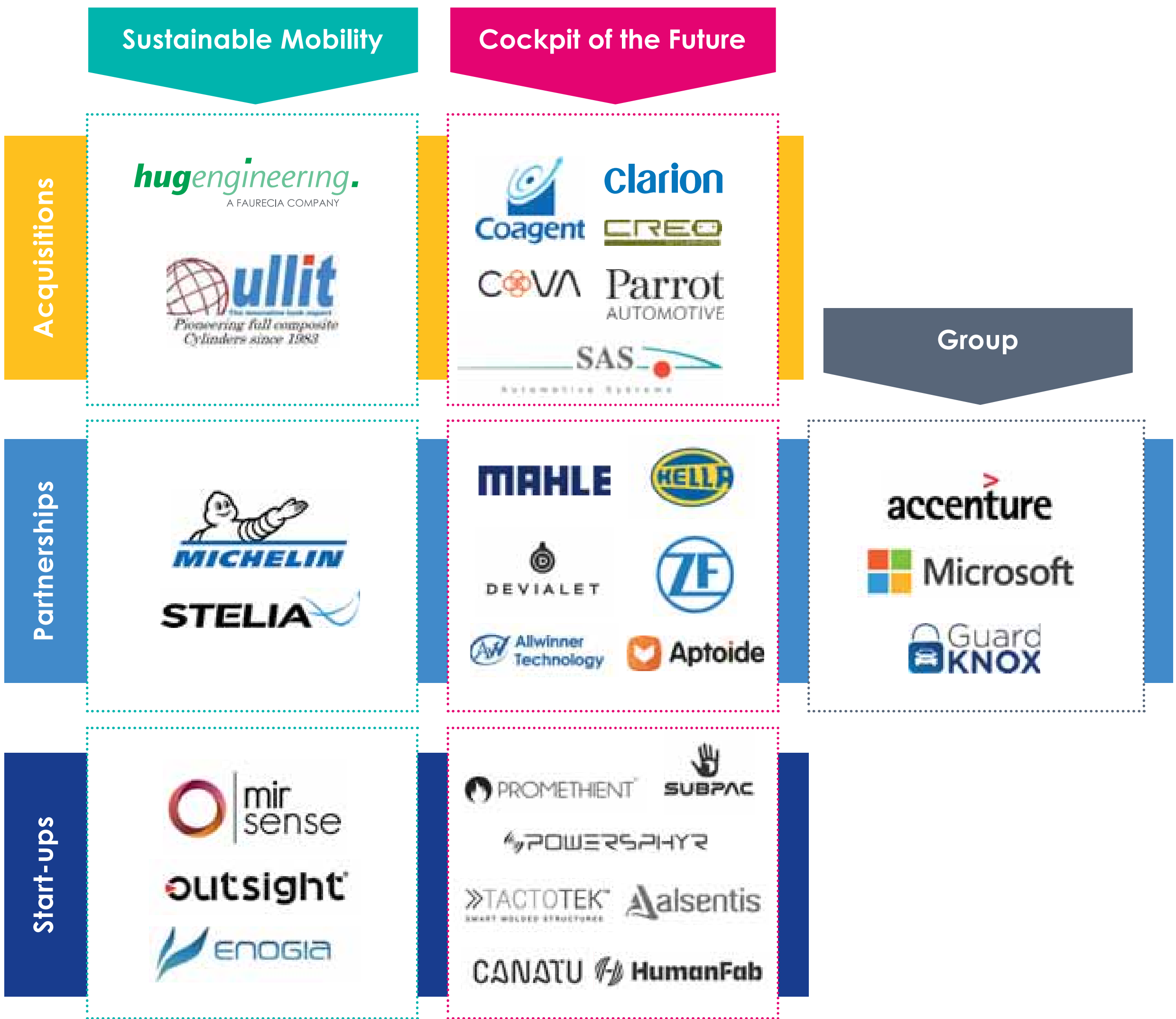
An innovation ecosystem
to accelerate Faurecia's transformation

Faurecia has developed a strong innovation ecosystem to accelerate the integration of new competences and time to market. This innovative and collaborative ecosystem incorporates non-rival alliances with global industry leaders, investment in startups, collaboration with academic institutions and active participation in associations with the mission to drive sustainable mobility.

This ecosystem covers different types of collaboration:

- Strategic and technology partnerships with key players in different industrial and technology sectors
- Investment in start-ups and technology platforms to collaborate with local start-up ecosystems
- Academic partnerships with universities and scientific institutes
- Active participation in key associations/think tanks for sustainable mobility

SUSTAINED INVESTMENT IN INNOVATION & DEVELOPMENT OF A BROAD ECOSYSTEM



STRATEGIC AND TECHNOLOGY PARTNERSHIPS

To rapidly accelerate its development in key areas, Faurecia has developed partnerships with other industrial or technology companies.

The main partnerships in 2019 were with Michelin for fuel cell systems and with Microsoft, Aptoide, Devialet and Allwinner for the Cockpit of the Future.

INVESTMENT IN START-UPS AND TECHNOLOGY PLATFORMS

Faurecia Ventures, the Group's investment fund, advances Faurecia's innovation strategy by identifying, incubating and investing in start-ups with relevant technologies for Sustainable Mobility and the Cockpit of the Future.

In 2019, Faurecia made initial investments in two start-ups: Outsight for sensors and GuardKnox for cybersecurity.

Faurecia also collaborates with local start-up ecosystems via technology platforms. They allow the Group to scout startups, establishing strong connections in major innovation clusters, and to closely follow emerging trends and new technologies. The Group's platforms are located in the Silicon Valley, Toronto, Shenzhen and Tel Aviv. This latter platform was inaugurated in 2019 and is concentrated on cybersecurity.

ACADEMIC PARTNERSHIPS AND COLLABORATIVE INNOVATION

Faurecia works with over 25 academic organizations in open innovation networks, to test, assess and prototype with them in order to provide the relevant information they need to orient their research for the Group. Important partnerships include those with Stanford University, the Collège de France, the French Commission for Atomic Energy and Alternative Energies and the Indian Institute of Science in Bangalore as well as collaboration between Dortmund and Supelec.

COLLABORATIVE APPROACH TO PROMOTING SUSTAINABLE MOBILITY SOLUTIONS

Faurecia is a member of the Corporate Advisory Board of Movin'On, an innovative and collaborative Think Tank aimed at defining mobility trends and setting up pre-competitive studies between the partners. Through its communities of interest Movin'On develops a common vision on specific topics and promotes collaborative intelligence to experiment new mobility solutions.

Faurecia is also part of the Executive Group of the Hydrogen Council.

The Hydrogen Council is a global initiative of leading energy, transport and industry companies with a united vision and long-term ambition for hydrogen to foster the energy transition.

An organization
to drive performance

Four Business Groups to drive profitable growth

Faurecia is organized into four Business Groups: Clean Mobility, Seating, Interiors and the recently created Clarion Electronics. Faurecia is a global leader in its three historical Business Groups and aims to become a leader in cockpit electronics.

CLEAN MOBILITY

PASSENGER VEHICLE	COMMERCIAL VEHICLE & HIGH HORSEPOWER	FUEL CELL ELECTRIC VEHICLE	DUAL POWER ELECTRIC VEHICLE
			

Faurecia Clean Mobility develops and produces innovative solutions to drive mobility and industry toward zero emissions. Its solutions for Internal Combustion Engines for passenger vehicles, commercial vehicles and high horsepower as well as technologies for both battery electric and fuel cell electric vehicles make it a global leader in clean mobility solutions.

€4,654m	26%	23,210	86	7
sales in 2019	of Group sales	employees	plants	R&D centers

Mathias Miedreich
EVP Clean Mobility

"Clean Mobility accelerated its transformation through significant investment in Fuel Cell technologies including launching a center of expertise for Hydrogen Storage Systems and the creation of the joint venture with Michelin for fuel cell stack systems. The Business Group continued its expansion into the Commercial Vehicles and High Horsepower market with strong order intake. ICE engines will continue to represent around 85% of the market in 2030 and Faurecia technologies will enable these to be ultra-clean and quiet, driving increased content per vehicle."

SEATING

COMPLETE SEATS	SEAT STRUCTURE SYSTEMS	COVERS & FOAM SOLUTIONS	COMFORT & WELLNESS SOLUTIONS




Faurecia Seating develops and produces seat systems that optimize the comfort and safety of occupants while offering premium quality to its customers. It develops innovative solutions for thermal and postural comfort, health and wellness and advanced safety for the use cases of today and the Cockpit of the Future.

€6,973m	39%	44,770	76	13
sales in 2019	of Group sales	employees	plants	R&D centers

Eelco Spoelder
EVP Seating

"In 2019, Seating continued its transformation to achieve benchmark performance through operational excellence and digital manufacturing, customer intimacy and innovation. Our New Value Spaces for comfort and wellness technologies and light and versatile seat structures showed a very promising start and a high level of customer interest. Our strong order book will allow us to renew with significant growth from 2021."

INTERIORS

INSTRUMENT PANELS	DOOR PANELS & CENTER CONSOLES	ACOUSTIC SYSTEMS	DECORATION & INTERIOR LIGHTING
			

Faurecia Interiors develops and produces full interior systems including instrument panels, door panels, center consoles and acoustic and soft trim, as well as decoration, interior lighting and smart surfaces. It has strong expertise in seamless integration of interior modules and incorporating functionalities such as haptic surfaces and ambient lighting.

€5,370m sales in 2019	37,370 employees	30% of Group sales	78 plants	14 R&D centers

Patrick Popp
EVP Interiors

" In 2019, Interiors confirmed its leadership by renewing contracts with our major customers for some of their flagship vehicles in the US, in Europe and in China. We accelerated cooperation with Clarion Electronics to develop and promote the integration of displays into the cockpit, taking into account weight, safety and thermal constraints and ensuring optimal perceived quality, and we continued our partnership with Hella for interior lighting. We are now leading a cross Business Group initiative for smart materials with advanced functionalities, eco-design, bio-content and improved life cycle characteristics. "

CLARION ELECTRONICS

Faurecia Clarion Electronics is the most recently created Business Group. Launched in April 2019 and headquartered in Japan, it brings together the software and electronics expertise of Clarion, Parrot Automotive and Coagent Electronics as well as other acquisitions such as CovaTech and Creo Dynamics.

ADAS

COCKPIT DOMAIN CONTROLLER

IMMERSIVE EXPERIENCES

DISPLAY TECHNOLOGIES

With its key competences in electronics & software, sensors and computer vision, Artificial Intelligence and connected solutions as well as display and systems integration, Clarion Electronics strengthens the Group's position as a leading partner for the Cockpit of the Future and Advanced Driving Assistance Systems (ADAS).

€771m*	5%	7,330	8	3
sales in 2019	of Group sales	employees	plants	R&D centers

** Sales included the first consolidation of Clarion (since April 1) and of Parrot Automotive*

Jean-Paul Michel
EVP Clarion Electronics

" Clarion Electronics was launched on 1 April 2019 regrouping principally the three acquired companies of Clarion, Parrot Automotive and Coagent. We have immediately put in place a comprehensive strategy for strong growth based on our four product lines, in parallel with a significant cost reduction plan. CES 2020 showed Clarion Electronics' capabilities as an enabler for the Cockpit of the Future and as a leader in ADAS with all of our technologies receiving strong customer interest beyond our traditional Japanese market. "

ROBUST ROADMAP FOR PROFITABLE GROWTH FOR CLARION ELECTRONICS

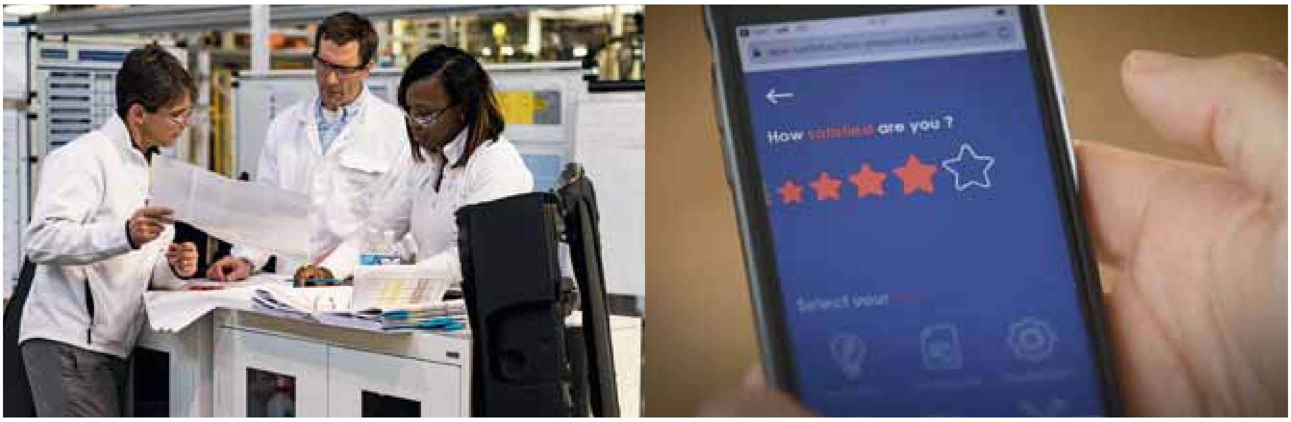
At its Capital Markets Day held on 26 November 2019, Faurecia outlined the robust roadmap of Clarion Electronics to achieve profitable growth. This combines both accelerating growth in its four product lines and an aggressive roadmap for cost competitiveness. Strong sales growth will be generated with selective management of order intake, the expansion of the customer portfolio beyond primarily Japanese OEMs, and increased content per vehicle. The cost competitiveness program includes headcount reduction and engineering offshoring, Bill of Material savings, an optimized footprint for operations and effective shared services and IT systems. This plan should generate at least €80 million annual savings by the end of 2020. These two priorities should enable Clarion Electronics to reach €2.5 billion of sales and 8% profitability in 2025.

A global approach to Total Customer Satisfaction

Faurecia's global approach to Total Customer Satisfaction is an enabler of the Group's transformation and a key driver for operational excellence

Faurecia's Total Customer Satisfaction approach aims at capturing a holistic picture of customer feedback, including both performance and perception across the whole value chain from innovation to after sales. In 2019, this program was intensified and became a solid element in the relationship between Faurecia and its clients as well as an integral part of Faurecia's culture, as was demonstrated by the participation of all sites in Customer Champion week and the recognition of five Customer Champions out of 550 candidates.

Beyond the traditional quality metrics, customer feedback is now being collected immediately and transparently via a dedicated Customer Satisfaction digital application. Based on this, Faurecia systematically implements action plans to improve customer satisfaction through the robustness of its launch performance and operational excellence to give sustained customer loyalty.



TECHNOLOGY EDGE | FLAWLESS LAUNCHES | ZERO DEFECTS | 100% ON-TIME | COMMERCIAL & AFTER SALES

The confidence of Faurecia's customers in its strategy is expressed both through the numerous awards that its customers give to the Group and its record order intake over the past few years.

As a confirmed strategic partner of many of its major customers, Faurecia received 48 customer recognition awards in 2019 for global performance, manufacturing excellence, cost savings and innovation. In particular, and for the second consecutive year, the Group was honored with a supplier award at the 2019 Groupe Renault Supplier event for its operational performance.

By the end of 2019 the Group's three-year rolling order intake represented €68 billion of sales: a new record for the Group. In 2019, New Value Spaces represented 17% of order intake compared with 12% the previous year.

Some examples of business awards won in 2019 demonstrate Faurecia's commercial momentum, such as a first seat frame platform for Volvo and the complete seat for the Volkswagen ID Buzz and the Audi PPE. For premium interiors, Faurecia was awarded the door panel businesses for BMW 7 series and Mercedes S-class.

North America had a strong year of order intake with awards for Clean Mobility and Interiors for GM and the next generation Ford 250/350 complete seats.

Faurecia also performed particularly well with new entrants and won Interiors and Seating business with Tesla. In the field of zero emissions, two awards for fuel cell tanks and systems have been booked.

The newly created Business Group Clarion Electronics achieved an order intake of around €1.9 billion in 2019.

221 PROGRAMS LAUNCHED IN 2019

in
23
countries

Porsche Cayenne Coupé

Vinfast Lux

in
133
plants

Ford Explorer

Peugeot 208 and 2008

representing
€15bn
of lifetime sales

Driving operational performance towards excellence

FAURECIA EXCELLENCE SYSTEM

The Faurecia Excellence System (FES) governs the organization of Faurecia's production and operations. Designed to continuously improve quality, cost, delivery and safety, it makes it possible to secure strong operational performance of Faurecia's production sites all around the world, thanks to common working methods and language. This approach by Faurecia is fundamental to ensure the same level of quality and service throughout the world.

In 2019, a redesigned Faurecia Excellence System was deployed across the Group. Renamed FES X.0, it offers a clearer, more pragmatic and comprehensive system approach ensuring all employees understand their expected role. The focus on fundamentals and updated system content has also allowed the launch of a major global communication and education effort. This consisted of management workshops, multiple new digital learnings and reference documents (FES X.0 Handbook) and a global knowledge-embedding tool for our managers. 2020 will see the focus moving upstream to evolve our program management system (PMS).

This agility and capacity to continuously improve our excellence system is already starting to contribute to the success of the Total Customer Satisfaction program and impacting bottom-line performance.

SAFETY AT WORK

The former "13 HSE Mandatory Rules" launched ten years ago to optimize safety in operations were replaced in 2019 by the "7 Safety Fundamentals". The ambition remains the same: make sure that the work environment is safe for everyone, at all times. These safety rules have been clarified and simplified so that they are easier to understand and to apply. The objective is also to boost the CARE mindset, to make everyone feel responsible for their own safety and that of all people working around them.

Among the 7 Safety Fundamentals, STOP Work is the very first step of the whole system. Inspired by the successful global HSE STOP Work reflex for machines, the aim of STOP Work is to empower all Faurecians with the duty and right to stop all work until a perceived risky situation has been contained and resolved. The STOP Work process ensures that employees can act without fear of being blamed.

Beyond the new framework of guidelines created by the 7 Safety Fundamentals, the idea is to inspire a new safety mindset and to engage everyone in their daily behaviors. The philosophy behind these simple to understand and to apply fundamentals is that safety is no longer a technical matter for HSE experts, but one that everyone can and must contribute to through their daily behaviors.

FAURECIA PLANT RANKING INITIATIVE

Every year, Faurecia recognizes its best plants. Launched in early 2018, the Plant Ranking initiative involves a monthly assessment designed to promote comparative analysis between production sites. Thanks to a specific tool, plant managers can compare their plant performance with any other Faurecia plant. The plant ranking initiative helps promote a healthy spirit of competition between the different sites, encouraging them to share best practices and reduce performance gaps.

In 2019, the criteria used for Plant Ranking evolved slightly with greater weight given to Total Customer Satisfaction KPIs.

Faurecia had a total of 18 best plants in 2019:

- FAS: Guangzhou Frames, Yancheng, Changchun Frames, Nelas, Tianjin Frames, Anting Frames
- FIS: Langfang, Tarazona, Almussafes, Puebla Injection, ROF Changchun
- FCM: Anting, Yantai, Nanjing, Changchun, Beijing, Togliatti

DIGITAL MANUFACTURING

Initiated in 2015 using the Industry 4.0 or "Internet of Things" approach, the digital transformation of operations at Faurecia entered a mass deployment phase in 2017. Throughout our production processes and supply chain, the emergence of new solutions, such as smart robots (including collaborative robots, visual guided robots, etc.) or self-guided handling devices (AGVs or "Automated Guided Vehicles"), has led to a breakthrough in the automation of assembly and handling of our products. At the end of 2019, 680 cobots (collaborative robots) and 920 AGVs had been installed at Faurecia production sites. Tools such as Digital Management Control (DMC) are making our shop floors paperless in 115 of our plants and allow an easier collection and assessment of production data than before. Thus, the reaction of operational teams is immediate in case of quality drift or production line stoppage. Digitalization of the manufacturing system is moving a step further with the launch of pull system digitalization (automatic production launch signal) that will strengthen monitoring of plant operational performance.

920
AGVs

680
Collaborative Robots

115
Sites using digital management control

113
Lines connected on sites using digital management control

10
Sites using artificial intelligence for non-quality inspection

The implementation of these digital management tools, combined with "big data" for an ever-greater control of manufacturing processes, opens up new prospects for optimizing the use of industrial assets. In addition, the connection of programmable controllers in production machinery to computer databases allows real-time analysis of many parameters thus preventing breakdowns and avoiding the production of non-compliant parts. The introduction of artificial intelligence for visual inspection of parts improves quality and reduces process variability.

These new systems require new job profiles and create opportunities for employees to be trained in additional skills. For this reason, a series of training modules are being developed to train hundreds of people on machine connectivity, robot programming, industrial software usage and data analysis.

A shared culture for sustainable development

Strong Values and Convictions

Faurecia has a responsibility as a company to make a positive contribution to society and to all its stakeholders. Faurecia's commitment to sustainable development is an integral part of its corporate culture, Being Faurecia. Within this cultural framework the Group has defined six Convictions and six Values that guide its actions and behaviors. Together, these Convictions and Values are the backbone of Faurecia's transformation, empowering teams to make the Group more agile and efficient, and allowing it to balance short-term execution and sustainable long-term ambition. These robust principles also guide ethics, management and operational excellence.

The six Values are broken down into managerial values (Entrepreneurship, Autonomy and Accountability) and behavioral values (Respect, Exemplarity and Energy). Combined, they mobilize employees to achieve ambitious goals, deliver excellent performance and develop innovative solutions for future mobility.

Faurecia's six Convictions describe the Group's commitment for sustainability

ENVIRONMENTAL ISSUES POSE A SERIOUS CHALLENGE FOR HUMANITY

Faurecia wants to help cap the rise in temperature by reducing the carbon footprint of its activities and offering solutions for sustainable mobility. The Group supports national and international organizations in reducing global warming and by respecting their principles. Air quality poses an increasing threat to health in cities. Through its solutions and partnerships Faurecia works to reduce pollutant emissions and improve air quality.

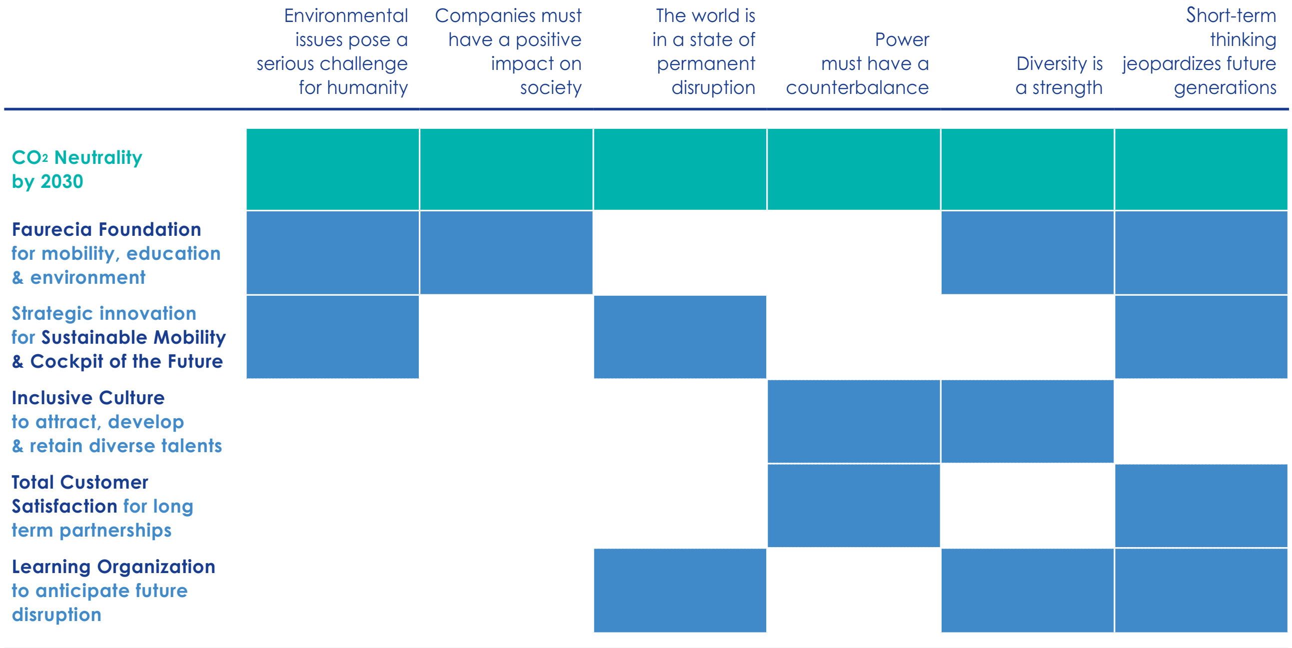
COMPANIES MUST HAVE A POSITIVE IMPACT ON SOCIETY

Faurecia is a member of the community in each region where it operates worldwide. The Group contributes to economic development and the creation of social value by hiring locally, providing career training and advancement for employees and through a commitment to ethics and social responsibility. Above and beyond its legal obligations, Faurecia has a responsibility to maintain a frank and ongoing dialogue with the communities that surround its sites, to ensure that its operations are harmoniously integrated into each region. As appropriate, the Group initiates or contributes to projects and programs that address local needs, by offering its expertise and resources in support.

SHORT TERM THINKING JEOPARDIZES FUTURE GENERATIONS

In an ever-changing world, Faurecia must invest in its future and in particular in technology, new business models and learning. The Group must preserve natural resources and meet environmental challenges for the well-being of future generations. At the same time, in order to maintain the confidence of its customers and shareholders, it must deliver short term financial and operational performance. Faurecia must be able to balance both long-term and short-term objectives and not jeopardize one at the expense of another. Its culture enables it to combine rigor and discipline in short-term execution with a long-term vision.

Six key transversal initiatives with defined and measured improvement indicators for the deployment of its Convictions



and long-term value creation in the face of the main global and social challenges

POWER MUST HAVE A COUNTERBALANCE

Faurecia believes in a system of transparency and dialogue. Each employee and stakeholder can voice an opinion, criticism, or alternative suggestion or report a violation without fear of personal consequences and in complete transparency. The Group believes in open, responsible and balanced dialogue, based on mutual recognition and an acceptance of the legitimacy of each viewpoint. Faurecia's relationship with its suppliers is guided by the principles of respect and partnership to create long term value for both parties. The Group views and respects collective representation of employees and social dialogue in the same proactive and constructive spirit.

DIVERSITY IS A STRENGTH

Diversity in the workforce with regard to gender, place of origin, cultural or educational background, experience or any other difference is a source of strength. Thanks to Faurecia's diversity, the Group has a better understanding of customer expectations and takes better decisions. It encourages the broadest possible diversity through recruitment and career management and by fostering workplace conditions and a flexible organization that are adapted to individual needs.

THE WORLD IS IN A STATE OF PERMANENT DISRUPTION

Technology is rapidly changing Faurecia's business models and working methods. The Group must anticipate the next trends, remain agile and invest in innovation and education. It strives to ensure the employability of its employees throughout their working life through lifelong learning, professional mobility and on the job training. This is the best guarantee for ensuring that everyone can reap the benefits of technological advances and changing work practices. For younger generations Faurecia has extensive programs of apprenticeships, work/study, volunteers for international experience (VIE) and internships that both provide the Group with a talent pool and enable extensive on the job training and cultural integration.

These Convictions have been broken down into various action plans, which focus on three areas - Planet, Business, and People – with initial quantifiable results expected in around 2022.

PLANET

- Our actions consist of starting to reduce the carbon footprint of our sites and activities through energy and transport purchases. We are also addressing the carbon footprint of our products by using more environmentally-friendly materials and processes. Our goal is to become CO_2 neutral by 2030.

CO_2 NEUTRAL 2030

Towards the end of 2019 Faurecia launched its CO_2 Neutral 2030 initiative covering scopes 1, 2 and 3 excluding use of sold products. This represented in 2019 around 7.5 million tonnes CO_2 equiv. Deployment will start in 2020 focusing on three main trajectories through operations, design and compensation.

BUSINESS

- Our actions consist of innovating and developing solutions for increasingly clean mobility. We owe these solutions to our customers whose total satisfaction drives our work every day as well as to our suppliers whom we consider as long-term partners.

With organizations being challenged to be increasingly agile and faster, we are more vigilant than ever and stay compliant with the highest ethical business standards. Our goal is to become the preferred referent partner of sustainable mobility on the market.

PEOPLE

- Our actions consist of introducing uncompromising workplace safety and risk prevention policies. To prepare the teams for future changes, we provide many different types of training to as many employees as possible. To attract and develop talent, we favor a more inclusive culture. And in addition, the Faurecia Foundation lets us act in a way that benefits local communities. As a global company, our goal is to increase our role towards society by contributing to solving social issues.

INCLUSIVE CULTURE FOR DIVERSE TALENTS

After progress made in previous years to increase the percentage of women M&Ps to 24.4% in 2019, Faurecia strengthened its initiative for diversity. From January 2020 the Group will deploy a training program for senior managers on conscious inclusion and put an increased emphasis on female career development.

FAURECIA FOUNDATION

The Group is creating a Foundation which will be focused on supporting projects proposed by the Group's employees for education, mobility and the environment. A first call for projects was made in the second half of 2019 in all of Faurecia's operating countries.

A LEARNING ORGANIZATION

Faurecia University, present on all continents, continues to expand its training offer and drive employee engagement in the transformation both through in-class and digital learning. In 2019 Faurecia University launched a series of workshops to identify the next disruption and initiated a series of CEO conferences with eminent outside speakers. The first series of talks covered the new globalization paradigm.

STRENGTHENED CSR GOVERNANCE

The 2019-2022 roadmap for CSR is reviewed biannually in the Executive Committee and presented to the Board of Directors annually. CSR is also fully integrated into the risk management of the Group and the remuneration of the CEO and the long-term incentives of the top management group are related to the Group's diversity objective.

ALIGNED WITH INTERNATIONAL ORGANIZATIONS

In line with its Convictions, Faurecia adheres to international initiatives for sustainable development. The Group is a signatory of Global Compact and respects the ambitions of the 17 Sustainable Development Goals of the United Nations. Amongst these the Group has identified those that are particularly relevant to its CSR strategy. Faurecia is also a signatory of the French Business Climate pledge and has committed to following the recommendations of the Task Force on Climate Financial Disclosure. The Group has a partnership with Ecovadis to evaluate the performance of our suppliers.

80%
of Tier 1 suppliers evaluated by Ecovadis

ecovadis
Business Sustainability Ratings

For more information — *See chapter 4 CSR of the 2019 Universal Registration Document.*

Faurecia and its Stakeholders

Faurecia's commitment to maintaining an open and constructive relationship with all its stakeholders is embedded in its Values and Convictions. Faurecia's sustainable development approach will contribute to the creation of value, both financial and non-financial, for all of Faurecia's stakeholders with whom the Group creates mutually beneficial relationships.

STUDENTS

In order to attract recent graduates, Faurecia participates in many events in universities and higher education establishments and is a partner of several events such as the Shell eco-marathon and Student Formula Germany and Japan. It is also a member of Elles Bougent in France to attract females into engineering vocations.

INNOVATION PARTNERS

Faurecia continued to expand its innovation ecosystem working with industrial partners, academic and research establishments, and starts-ups in order to accelerate time to market for innovations for the Cockpit of the Future and Sustainable Mobility.

SUPPLIERS

Faurecia is committed to building a mutually beneficial relationship with its suppliers. On October 1st, Faurecia hosted a special Suppliers' Day, inviting over 100 suppliers to exchange and initiate ideas for future strategic alignment and accelerate new ways of working together for innovation, Total Customer Satisfaction and zero emissions.

CUSTOMERS

The permanent development of customer intimacy is a priority for all the teams at Faurecia. This is achieved through regular contacts and strategy meetings, at all levels of the Group's organization, from the top management to site teams, as well as through technology reviews and co-development projects. The Group's recently launched Total Customer Satisfaction initiative, including its digital feedback application allows constant interaction with customers and has over 500 distinct users and has received over 750 comments.

INDUSTRY ASSOCIATIONS

Faurecia participates in all major trade associations and consultative bodies in the automotive industry in France, Europe and internationally.

EMPLOYEES

Faurecia maintains strong dialog with all its employees and is actively pursuing measures to enhance communications and learning. In 2019 Faurecia undertook its bi-annual management survey as well as an operator survey at all sites and established action plans for improvement. The Group also opened its on-line learning lab to all non-connected employees and launched its "All Faurecians on Board" program to help managers understand and explain the transformation.

LOCAL COMMUNITIES

Faurecia is an important economic actor in its local communities and strives to maintain good relationships with local authorities and contribute to local development. Through its FUELS program, all sites are encouraged to participate in organizing charitable contributions for their partner of choice in their community.

FINANCIAL COMMUNITY

Faurecia is committed to the highest standards of transparency in its communications with analysts, investors and individual shareholders. In 2019 the Group held a Capital Markets Day on November 26, organized roadshows and meetings in all the main financial centers as well as in its Headquarters and participated in all major conferences. Altogether over 200 meetings were held with management.

FAURECIA, A "TOP EMPLOYER"

Faurecia received its second **"Top Employer Europe"** certification, a label based on certification in six countries: **France, Germany, Spain, UK, the Czech Republic and Poland.**

The Group is also certified Top Employer **in the USA, Mexico, China and India.**

The Top Employer label is awarded to companies that meet relevant standards with regard to HR management practices in talent attraction and development, compensation and social benefits, as well as training and skills development.

For more information See Chapter 2 Risks of the 2019 Universal Registration Document,

Business model for value creation

INVESTMENT AND RESOURCES

People

115,500 employees:

102 nationalities in **37** countries

4 Faurecia University campuses

77,000 employees connected to e-learning portal, including **32,000** operators

Business

€235m invested in innovation

4 technology platforms

Global innovation ecosystem

221 programs launched in **23** countries and **133** plants

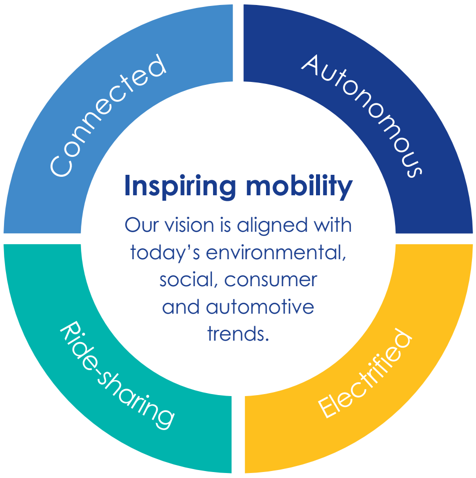
Planet

€10.7m invested in environmental protection

77% ISO 14001 certified sites

45,000 hours of environmental training

OUR STRATEGY AND BUSINESS MODEL



Inspiring mobility

Our vision is aligned with today's environmental, social, consumer and automotive trends.

A STRATEGY DRIVEN BY 2 PRIORITIES

Cockpit of the Future	Sustainable Mobility
Innovation ecosystem	

4 Business Groups for profitable growth

Seating	Interiors	Clarion Electronics	Clean Mobility

Total Customer Satisfaction

Operational excellence

CONVICTIONS & VALUES FOR SUSTAINABLE PERFORMANCE

VALUE CREATED FOR STAKEHOLDERS IN 2019

People

24.4% female M&Ps, up from 23.8% in 2018

21.6 hours training per employee up from 21.1 in 2018

FR1t 2.05 accidents down by **13% vs 2018**

Business

610 new patents filed in 2019

80% of tier 1 suppliers CSR screened by Ecovadis

Customer satisfaction **4 stars out of 5**

48 customer recognition awards

Planet

Energy consumption **-2% vs 2018**

Water consumption **-12% vs 2018**

GHG emissions **740,000 tonnes** (scopes 1&2): stable vs 2018

2019 REVENUES

€17,768m

EMPLOYEES
salaries & social charges
€3,862m
21.7%

SUPPLIERS
Purchases & other external costs
€12,193m
68.6%

STATES / COMMUNITIES
Taxes
€212m
1.2%

BANKS
finance costs
€179m
1.0%

SHAREHOLDERS
dividends
€212m
1.2%

ABILITY TO FINANCE FUTURE GROWTH

€685m	€1,330m	€1,260m
3.9%	7.5%	7.1%
INVESTMENTS IN FIXED ASSETS	GROSS R&D EXPENDITURE	INVESTMENTS IN ACQUISITIONS

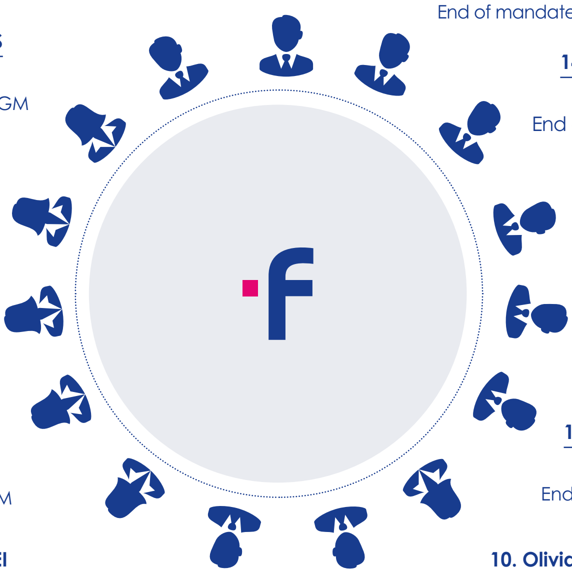
Strong Governance
& Risk Management

Faurecia has two governance bodies, the Board of Directors and the Executive Committee, responsible for deciding and implementing the Group's strategy.

The Board of Directors

The Board of Directors oversees Faurecia's business, financial and economic strategies. This 15-member body, including 8 independent Board members and 2 Board members representing the employees, meets at least four times a year.

Three permanent Committees are tasked with the preparation of discussions on specific topics: the Audit Committee, the Governance and Nominations Committee and the Compensation Committee. They make proposals and recommendations and give advice in their fields of expertise.



1. Michel DE ROSEN
Chairman of the Board
End of mandate - 2020 GM

2. Patrick KOLLER
Chief Executive Officer
End of mandate - 2021 GM

3. Odile DESFORGES
End of mandate - 2020 GM

4. Linda HASENFRATZ
End of mandate - 2020 GM

5. Penelope HERSCHER
End of mandate - 2021 GM

6. Valérie LANDON
End of mandate - 2021 GM

7. Yan MEI
End of mandate - 2023 GM

8. Denis MERCIER
End of mandate - 2023 GM

9. Peter MERTENS
End of mandate - 2023 GM

10. Olivia LARMARAUD
End of mandate - 2020 GM

11. Grégoire OLIVIER
End of mandate - 2023 GM

12. Robert PEUGEOT
End of mandate - 2021 GM

13. Philippe DE ROVIRA
End of mandate - 2021 GM

14. Daniel BERNARDINO
End of mandate - 31 Oct. 2021

15. Emmanuel PIOCHE
End of mandate - 31 Oct. 2021

■ Board members affiliated with the shareholder PSA ■ Independent ■ Board members representing employees
◇ Compensation Committee ◇ Governance & Nominations Committee ◇ Audit Committee ◇ Chairwoman / Chairman of the Committee

15 Board members	61.5% Independent Board members(*)	46% Female Board members(*)

2 Board members representing employees	6 Nationalities	3.6 years Average tenure	59 years Average age

6 BOARD MEETINGS +1 Meeting dedicated to Faurecia spin-off *(without members affiliated with PSA)* +1 Meeting with independent members only	96.55% Attendance rate at Board meetings
15 Committee meetings	95% Attendance rate at Committee meetings

(*) Excluding board members representing employees

Members of the Board of Directors

EXPERTISE AT THE SERVICE OF STRATEGY

With their diverse backgrounds, experience and skills, Faurecia's Board members offer the Group their expertise, support it in defining its strategy and tackling the challenges that it faces, within the context of the Group's transformation and ten new strategic orientations.

- Experience in Faurecia's core businesses
- Automotive technologies
- International experience
- Banking/Finance/Risk management
- Industry
- CSR
- Artificial intelligence/Digital
- Governance/Management of large companies
- Specific knowledge of a geographic market
- Leadership & crisis management

The Executive Committee

Faurecia's executive functions are performed by an Executive Committee that meets monthly to review the Group's results and oversees the Group's operations and deployment of its strategy. It discusses and prepares guidelines on important operational subjects, and its decisions are then deployed throughout the Group.

Under the responsibility of the Chief Executive Officer, the Faurecia Executive Committee is comprised of the CEO and the 13 Executive Vice-Presidents of the Group's international Business Groups and support functions.

1. Patrick Koller
Chief Executive Officer

2. Yann Brillat-Savarin
Executive Vice President,
Group Strategy

3. Nolwenn Delaunay
Executive Vice President,
Group General Counsel
and Board Secretary

4. Michel Favre
Executive Vice President,
Group Chief Financial Officer

5. Jean-Paul Michel
Executive Vice President,
Faurecia Clarion Electronics*

6. Mathias Miedreich
Executive Vice President,
Faurecia Clean Mobility

7. Thorsten Muschal
Executive Vice President,
Sales and Program Management

8. Kate Philipps
Executive Vice President,
Group Communications

9. Patrick Popp
Executive Vice President,
Faurecia Interiors**

10. Christophe Schmitt
Executive Vice President,
Group Operations

11. Jean-Pierre Sounillac
Executive Vice President,
Group Human Resources

12. Eelco Spoelder
Executive Vice President,
Faurecia Seating

13. François Tardif
Executive Vice President,
Faurecia China

14. Hagen Wiesner
Executive Vice President,
Cockpit Modules and SAS

** as of 1 January 2020*
***as of 2 January 2020*

THE CHIEF EXECUTIVE OFFICER'S COMPENSATION

Fixed compensation

Results / performance & transformation of the Group

Short-term variable compensation
Ranging from 0 to 180% of the fixed compensation

Quantifiable objectives
From 0 to 150% of the fixed compensation
Operating income (40%) | Net cash flow (60%)

Qualitative objectives
(for 2019)
Multiplying effect from 0.70 to 1.20
Clarion integration (50%) | Strategy execution (50%)

Long-term variable compensation

Performance shares
Fulfillment of an external performance condition
EPS
(30%)

Fulfillment of two internal performance conditions
Net income (60%) + Gender diversity (10%)

Short-term
Long-term

Members of the Executive Committee

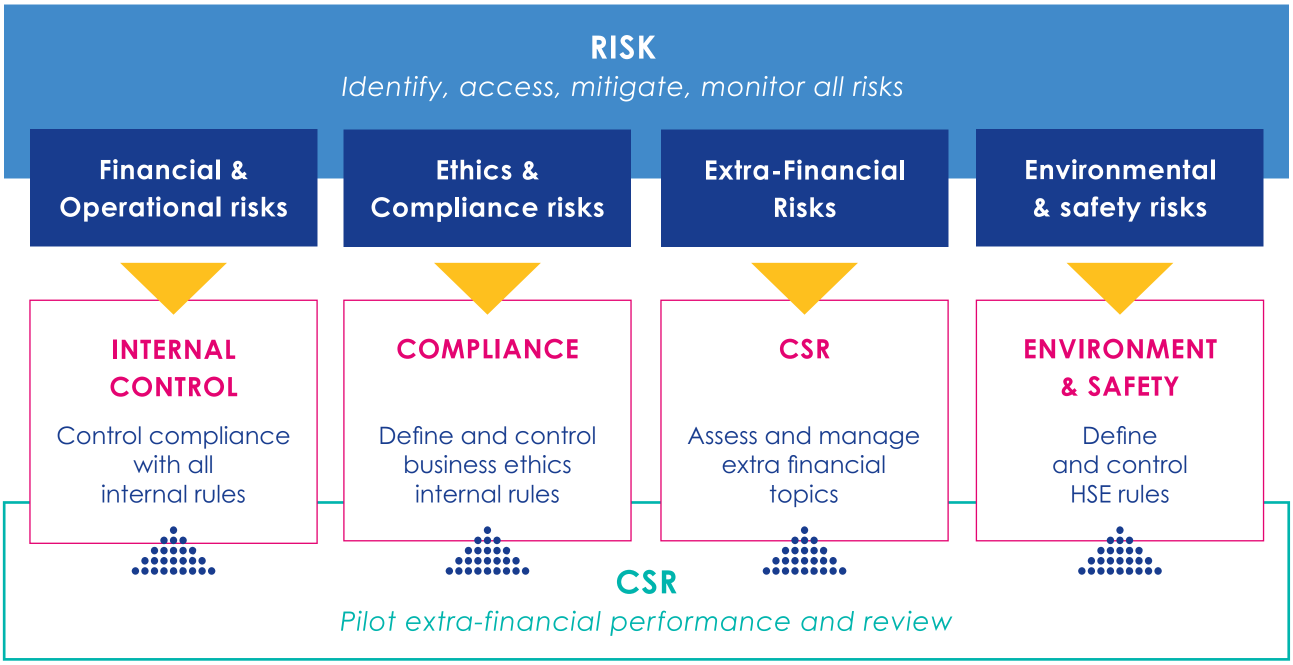
For more information *See Chapter 3 Governance of the 2019 Universal Registration Document.*

An efficient risk management system

The Group has developed a comprehensive risk management system. This allows Faurecia to optimize the operations of its Business Groups through identification and mitigation of major risks.

A SHARED GROUP-WIDE APPROACH TO RISK MANAGEMENT

Most Faurecia functions and governance structures are involved in the support of Faurecia's evolving business model through risk management. The Executive Committee, Group Risk Committee and the Executive Management of each Business Group work together to avoid and contain all potential threats to Faurecia's success, from risk mapping to the monitoring of specific operational risks. In this regard, the Group launched the Faurecia Enterprise Risk Management Program (ERM) in 2017, to define and oversee risk management actively and consistently, for all types of risk.



The Board of Directors and its Audit Committee conduct continuous oversight of the process. The Group's internal control and audit organization, as well as external contributors, provide their specific expertise, from operational processes to auditing.

BOARD OF DIRECTORS

Board of Directors

Yearly review of
Risk Management process and top risks

Audit Committee

Yearly presentation of Risk Management process and Tier-1 risks

Quarterly review of a specific Tier-1 risk

MANAGEMENT

Executive Committee

Monthly Committee with punctual review on specific risks

Risk Committee

Quarterly Committee with review of Tier-1 and Tier-2 risks

Other Committees
(CSR, Internal Control, Compliance)

On a regular basis to review relevant risks

This table presents the main risks identified by Faurecia, broken down according to the Group's different categories. Faurecia has implemented a variety of counter-measures to prevent and contain those risks. They are detailed in Chapter 2 of the Registration Document ("Risks").

CATEGORY	RISKS
Operational and industrial risks	COVID-19 Pandemic
	Continuity and security of information systems
	Risk associated with the automotive supplier business
	External growth
	Program management
	Product safety and Quality CSR
	Fire and explosion
	Supplier failure
	Safety at work CSR
	Sites' environmental impact and climate change CSR
	Talent acquisition and retention CSR
Financial and market risks	Interest rate risk
	Currency risk
	Liquidity risk
	Risk related to raw materials
	Customer credit risk
Legal, regulatory and reputational risks	Regulatory development
	Litigation
	Duty of care and responsible purchasing CSR
	Intellectual property
	Business ethics CSR

CSR *Extra-financial risk.*

For more information *See Chapter 2 Risks and 4 CSR of the 2019 Universal Registration Document.*

Strong values for ethics and strict respect for compliance

BUILDING A HIGH COMPLIANCE STANDARD WITHIN OUR GROUP AND IN RELATIONSHIPS WITH OUR STAKEHOLDERS IS A TOP PRIORITY

Faurecia's ethical culture is embodied in its Code of Ethics allowing the Group to create value for all its stakeholders. The Code of Ethics is structured around four topics: respect of fundamental rights, development of economic and social dialogue, skills development, ethics and rules of conduct. It is part of the Faurecia Core Procedures and aims to develop accountability and employee empowerment.

The Group has an anti-corruption Code of Conduct and a best practices guide concerning anti-competitive practices. These rules cover the following subjects: policy on gifts and hospitality; donations and sponsorships; managing conflicts of interest; the "golden rules" of competition law.

Faurecia communicates regularly on its ethics culture and related rules and will continue to do so to make sure all its business partners know the rules and help Faurecia to continue to adhere to high standards of ethics & compliance.

GOVERNANCE

At Group level, the Chief Executive Officer chairs a quarterly committee, which is steered by the compliance function. The primary activities and strategic decisions of the ethics and compliance program are discussed and approved within this body. The primary compliance risks identified and monitored by the compliance function are presented and discussed in the quarterly Risk Committee.

Regional Compliance officers and BG Compliance leaders facilitate quarterly Compliance Committees to deploy and facilitate compliance programs at each level of the Group's activities aligned with Group priorities.

Faurecia will continue to make sure that all its business partners understand and commit respecting rules and principles of its Code of Ethics with a view to supporting the Group to carry out its business activities across its value chain, in accordance with high standards of ethics and compliance.

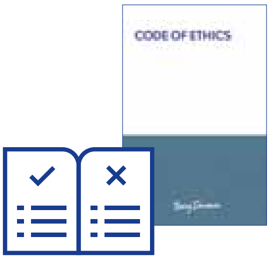
SPEAK UP

If someone feels that these rules are not respected, if someone sees a behavior which is not in compliance with Faurecia's ethical standards or a situation at risk regarding certain regulations, then this person has the responsibility to speak up either through a usual contact (HR, Manager, Compliance Officer) or through Faurecia's whistle-blowing line. Developing the culture of Speak Up is a key element of one of Faurecia's Convictions, "power must have a counter-balance". Faurecia has zero tolerance for non-compliance and encourages everyone, every time, everywhere to feel free to report issues without fear of retaliation.

CULTURE

No compromise with Ethics & Compliance, even in a more challenging market context

- Fundamentals for Total Customer Satisfaction
- Consistent with Faurecia's Convictions



SPEAK UP

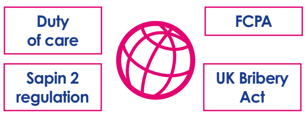
Speak Up link www.faurecia.ethicspoint.com

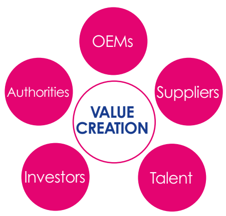
DISCIPLINE

Set of rules to protect the business

- Code of Conduct to prevent corruption
- Managing conflicts of interests
- Gifts & hospitality
- Donations & sponsorship

WORKING IN & FOR A SUSTAINABLE BUSINESS





- Anti-trust prevention
- Corruption prevention
- Intellectual property protection
- Export controls
- Conflict minerals
- Accounting rules protection
- Conflict of interest management
- Fraud prevention
- Human rights protection
- Suppliers selection

1
Financial **statements**

This chapter provides a description of Faurecia's activities and results in 2019. All information concerning market positions is based on estimates made by Faurecia on the basis of information contained in the annual reports of the various actors of the market, industry publications and other market research.

1.1. The Faurecia group – business review and financial statements

1.1.1. Business review

1.1.1.1. Events of the year

1.1.1.1.1. NOTABLE FACTS

- On April 2019, Clarion entered the Group perimeter. It is now consolidated into the fourth Business Group newly created "Faurecia Clarion Electronics".
  - This Business Group mainly regroups the operations of Coagent Electronics (consolidated as from January 1, 2018 and previously classified within "Faurecia Interiors"), Parrot Automotive (consolidated as from December 31, 2018) and Clarion (consolidated as from April 1, 2019).
  - The results of the Coagent Electronics activities, which had been included in the Interiors Business in 2018 have been reallocated on a retroactive basis for 2018 to the Faurecia Clarion Electronics business.
  - Due to time constraints related to the first consolidation of Clarion, it was accounted for only two months (April and May) in the first semester 2019 consolidated statements. The seven months from June til December 2019 have been taken into account in the second semester.
- First application of IFRS 16 on January 1, 2019. Faurecia is using the modified retrospective method, according to which there are no pro-forma for 2018. All lease contracts are accounted for in the balance sheet with a "Right to use the asset" as an asset and a corresponding debt representing the obligation to pay the future leases. Impacts on main indicators are detailed in Financial Statements.

1.1.1.1.2. CHRONOLOGY OF EVENTS

JANUARY/FEBRUARY 2019

- Faurecia signed a partnership with Japan Display Inc. to enhance user experience inside the cockpit.

  Faurecia and JDI will cooperate on the development and integration of large displays into automotive interiors. The two companies will leverage their know-how and expertise so that the functionalities and design of large displays will be a key element of cockpit attractiveness.

  During CES 2019, Faurecia and JDI revealed a first illustration of their capabilities by showcasing a world premiere 32.1 inches 6K display integrated into an instrument panel.

MARCH 2019

- Michelin, world leader in tyres and sustainable mobility, and Faurecia announced the signature of a Memorandum of Understanding to create a joint venture bringing together all of Michelin's fuel cell related activities –including its subsidiary Symbio– with those of Faurecia.

  This French joint venture, built around a unique ecosystem, will develop, produce and market hydrogen fuel cell systems for light vehicles, utility vehicles, trucks and other applications.

  Faurecia and Michelin are convinced of the importance of hydrogen technology in tomorrow's world of zero emissions mobility and of the need to create a strong French and European hydrogen industrial sector. The two companies aim to create a world leader in hydrogen fuel cell systems through combining existing and complementary assets from both partners in the joint-venture. This will enable the joint venture to immediately offer a unique range of hydrogen fuel cell systems for all use cases. This agreement was officialized in November 2019.
- Faurecia announced it has successfully issued €500 million of senior notes due 2026 at 3.125% to complete financing of Clarion acquisition. The issuance of these Notes was intended to refinance the bridge loan of €500 million, which was drawn to finance the acquisition of Clarion Co., Ltd, and related expenses and transaction costs. The strategic acquisition of Clarion, complementary in terms of technology offer, geographic presence and customer portfolio with Faurecia's current business, will allow the Group to become a leading player in cockpit electronics and systems integration.

APRIL 2019

- Faurecia announced the official launch of its fourth Business Group "Faurecia Clarion Electronics", based in Saitama, Japan. This activity has the ambition to become a global leader in cockpit electronics and low-speed ADAS.

The new Business Group, Faurecia Clarion Electronics, combines Clarion with Faurecia's previous acquisitions of Parrot Automotive and Coagent Electronics.

- Faurecia announced it has acquired a majority stake in the Swedish company Creo Dynamics, which provides innovative acoustics and Active Noise Control (ANC) solutions.

  Creo Dynamics technologies are fully complementary to the audio competences of Faurecia Clarion Electronics which include smart headrests, active surfaces, tuning algorithms and digital sound enabling an immersive sound experience and personalized sound bubble.

  Founded in 2010 and based in Linköping, Sweden, Creo Dynamics provides innovative solutions in acoustics, fluid dynamics and smart structures to customers in various industries, primarily automotive and aerospace. Through its unique expertise in automotive acoustics and control algorithms, the company develops state-of-the-art active noise control for vehicle interiors.

- Faurecia announced the establishment of its first Clean Mobility manufacturing plant in Japan, located in Koriyama City, Fukushima Prefecture.

  This new facility will be built on a 9,000 square meter industrial site owned by Faurecia Clarion Electronics. Faurecia will employ 50 people to start its operations in August 2020 and will produce exhaust systems for passenger cars and commercial vehicles.

MAY 2019

- Faurecia announced an investment in GuardKnox, an Israeli automotive cybersecurity provider, to reinforce passenger safety and data security in the connected car and for new user experiences.

  GuardKnox provides comprehensive cyber defense (hardware and software) for connected and autonomous vehicles. GuardKnox technology will enable Faurecia to propose complete end-to-end solutions integrated into the car vehicle, securing the software, data and cloud connectivity.

  This investment in GuardKnox is made by Faurecia Ventures, which advances Faurecia's innovation strategy by identifying, incubating and investing in start-ups with relevant technologies for Sustainable Mobility and the Cockpit of the Future.

JUNE 2019

- Faurecia announced the creation of a global center of expertise for hydrogen storage systems at its R&D center in Bavans, France.

  Faurecia aims to invest in research and development in new-generation high-pressure tanks that are more efficient and lighter, as well as in a test center to characterize these tanks.

  The center, scheduled to start operations in the second-quarter 2020, represents a total investment of approximatively €25 million, including €4.9 million in subsidies from the Bourgogne-Franche-Comté region. In the long term, Faurecia plans to create 50 highly qualified jobs at the Bavans site, which already has nearly 750 employees dedicated to Faurecia's Clean Mobility activity.

JULY 2019

- Faurecia announced a collaboration with Microsoft to create disruptive, connected and personalized services inside the Cockpit of the Future.

  Combining expertise in edge-computing, artificial intelligence, cloud-based services, cockpit systems integration and consumer insights, Faurecia targets to collaborate with Microsoft to develop digital services based on Microsoft Connected Vehicle Platform to reinvent the on-board experience for all occupants. Faurecia has also chosen Microsoft Cloud Azure as its preferred cloud platform.

OCTOBER 2019

- Faurecia signed a Memorandum of Understanding to acquire the remaining 50% of its SAS joint venture from Continental. This joint venture was established in 1996 and has become a key player in complex interior module assembly and logistics. The Company employs 4,490 people in 19 facilities in Europe, North America and South America. Sales showed strong growth in 2019 and reached €739 million (IFRS 15).

  This project would expand Faurecia's systems integration offer to cover all interior modules as well as Faurecia's new product lines such as displays, electronics, sensors and thermal management. The addition of SAS core competences in systems integration and complexity management would also strengthen Faurecia's Just in Time plant network.

  This project would be immediately accretive to Faurecia in operating margin, net income and ROCE. The financial performance would be consolidated into the Interiors Business Group. Synergies could be obtained in manufacturing engineering, logistics and footprint optimization as well as in purchasing and SG&A. With an order book showing strong growth potential, sales should exceed €1 billion by 2024 (representing a CAGR of around 9%). Growth would be accelerated through regional and customer diversification particularly in China.

  This project was finalized in January 2020.

NOVEMBER 2019

- Faurecia and Aptoide, one of the largest independent Android app stores, announced the creation of a 50/50 joint venture to develop and operate Android app Store solutions for the global automotive market.

This joint venture offers OEMs an affordable and secured automotive apps market, available worldwide with adaptable content per region. The Aptoide app store offers one million Android apps covering a variety of use cases such as gaming, navigation, content streaming services, point of interest recommendations or parking. Aptoide also offers an integrated secure payment mechanism supporting OEM strategies for service monetization, whilst securing the vehicle and occupants' data privacy.

Within the joint venture, Aptoide brings a unique ecosystem offering a wide range of android apps and distribution expertise. Faurecia brings a broad customer portfolio, systems integration capabilities in In-Vehicle Infotainment (IVI) and cybersecurity expertise.

- Faurecia announced the success of the above transaction, launched today. Faurecia priced €700 million of senior notes due 2027 at 2.375%. The quality of the investor base and the very favourable conditions achieved demonstrate Faurecia's credit quality. Faurecia will use the proceeds of the issuance of the Notes, and cash on hand, to redeem all its €700 million 3.625% senior notes due June 2023 (the "2023 Notes"), plus accrued and unpaid interest.
- During its Capital Market Day held on November 26, 2019, Faurecia announced the acceleration of transformation strategy for the Cockpit of the Future and Sustainable Mobility boosted by recent acquisitions and partnerships. At that date, Faurecia had announced record performance targeted for 2022, combining growth and resilience, with sales above €20.5 billion, profitability at 8% of sales and cash generation at 4% of sales. These financial targets were based on an assumptionnof global automotive production volumes estimated at 87 million vehicles in 2022.

DECEMBER 2019

- Faurecia and Devialet, the French company behind a host of acclaimed innovations in sound technology, announced a partnership to develop high-quality sound solutions for automakers.

  Devialet brings best-in-class technologies and industry-leading expertise across acoustic architecture, loudspeakers and signal processing, over 160 patents, and a premium consumer brand. Faurecia brings its overall electronic design and system integration capabilities as well as its sound domain controller technology.

1.1.1.1.3. RECENT EVENTS

JANUARY 2020

- During the CES Las Vegas 2020, Faurecia, signed a cooperation framework agreement with Beijing Horizon Robotics, a pioneer in edge computing and Artificial Intelligence. This strategic partnership focuses on co-developing multi-modal perception AI solutions, and accelerating the commercialization of intelligent cockpit systems and Advanced Driver Assistance Systems (ADAS) for the Chinese market.

COVID-19

- The global Covid-19 crisis has impacted the Group starting with China in the first quarter 2020 and then the rest of the world from March. As of April 17, 2020, all plants in China have restarted their production.

  To face this crisis, Faurecia has immediately put in place all necessary action plans, the top priority remaining the protection of the employees and preparing a safe restart of the activity.

  At the same time, the liquidity has been secured and measures to cut costs and protect cash have been implemented. In particular, €600 million from the syndicated credit line out of its total amount of €1.2 billion (maturity June 2024) have been drawn in March 2020 in order to anticipate a drop of factoring of receivables and a €800 million club deal loan has been signed on April 10, 2020 with an 18 months' maturity and 100% drawn upon signature.

  It remains currently difficult to estimate production levels in coming months as they depend on many external parameters, such as government regulations and the pace of resolution of the pandemic in the various geographies, but also on the customers' effective restart of production as well as consumer demand, and therefore the global impact of this crisis cannot be evaluated at this stage.

Q1 2020 SALES

- On April 20, 2020, Faurecia announced its first quarter 2020 sales.

  Sales amounted to €3,739 million, down 13.5% on a reported basis and 19.7% at constant scope and currencies.

  - Currencies had a limited negative impact of €3 million,
  - Scope had a positive effect of €268 million (+6.2%), of which €101 million from 2 months of consolidation of SAS and €167 million from 3 months of consolidation of Clarion,
  - Sales at constant scope and currencies outperformed worldwide automotive production by 390bps (-23.6%, source: IHS Markit dated April 2020).

  Sales were strongly impacted by the Covid-19 disruption, which impacted China throughout the quarter, with a peak in February, and then the rest of the world, as from March.

  In the same announcement, Faurecia also highlighted its three main priorities during the crisis:

  - Priority No.1: protect health and safety of all employees,
  - Priority No.2: secure liquidity, recently enhanced through a €800m club deal loan signed on April 10,

- Priority No.3: be ready for a safe restart of production through a program named "SAFER TOGETHER".

Lastly, Faurecia made public its Board of Directors' decision to postpone the Annual General Meeting, initially planned for Friday, May 29, to Friday, June 26.

All press releases published by the Group are available on the site www.faurecia.com.

1.1.1.2. Automotive production

Worldwide automotive production decreased by 5.8% from 2018 to 2019. It decreased in all regions. Production decreased in Europe (including Russia) by 4.0%, in North America by 3.9%, in South America by 4.5% and in Asia by 6.6% (of which a decrease of 9.3% in China).

All the data related to automotive production and volume evolution is based on IHS Markit Automotive report dated February 2020.

1.1.1.3. Sales

Faurecia's year-on-year sales evolution is made of three components:

- "Currencies effect", calculated by applying average currency rates for the period to the sales of the prior year;
- "Scope effect" (acquisition/divestment);
- and "Growth at constant currencies".

As scope effect, Faurecia presents all acquisitions/divestments, whose sales on an annual basis amount to more than €250 million. Other acquisitions below this threshold are considered as "bolt-on acquisitions" and are included in "Growth at constant currencies".

(in € millions)	H2 2018	Currencies	Clarion Acquisition Effect	At constant currencies*	H2 2019
Product Sales	7,914.2	91.7	426.5	(292.3)	8,140.1
Var. in %		1.2%		-3.7%	2.9%
Tooling, Prototypes and Other Services	619.3	12.6	9.4	14.9	656.2
Var. in %		2.0%		2.4%	6.0%
Sales	8,533.5	104.3	435.9	(277.4)	8,796.3
Var. in %		1.2%		-3.3%	3.1%

* *Including Bolt-Ons representing €26.1 million or 0.3%. Excluding Clarion acquisition effect.*

(in € millions)	FY 2018	Currencies	Clarion Acquisition Effect	At constant currencies*	FY 2019
Product Sales	16,330.4	172.4	563.0	(553.1)	16,512.7
Var. in %		1.1%		-3.4%	1.1%
Tooling, Prototypes and Other Services	1,194.3	14.2	23.3	23.8	1,255.6
Var. in %		1.2%		2.0%	5.1%
Sales	17,524.7	186.6	586.3	(529.3)	17,768.3
Var. in %		1.1%		-3.0%	1.4%

* *Including Bolt-Ons representing €189.8 million or 1.1%. Excluding Clarion acquisition effect.*

Sales of products (parts, components and R&D sold to manufacturers) reached €16,512.7 million in 2019 compared to €16,330.4 million in 2018. The product sales increased by 1.1% on a reported basis and decreased by 3.4% at constant currencies and excluding Clarion acquisition effect.

Sales of tooling, prototypes and other services totaled €1,255.6 million in 2019 versus €1,194.3 million in 2018. This represents an increase of 5.1% on a reported basis and a growth of 2.0% at constant currencies and excluding Clarion acquisition effect.

Sales totaled €17,768.3 million in 2019 compared to €17,524.7 million in 2018, showing an increase of 1.4% on a reported basis and a decrease of 3.0% at constant currencies and excluding Clarion acquisition effect.

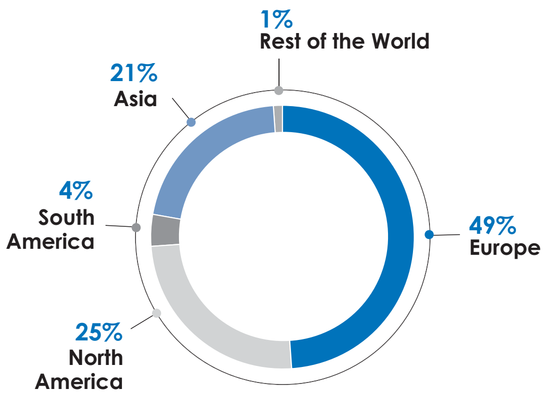
1.1.1.3.1. BY REGION

(in € millions)	H2 2019	Including Clarion Acquisition effect	H2 2018	Reported	At constant currencies*	Automotive Production
Sales						
Europe	4,110.6	36.2	4,128.1	-0.4%	-1.7%	-2.3%
North America	2,194.5	99.4	2,242.2	-2.1%	-10.0%	-4.8%
Asia	2,049.8	296.1	1,714.4	19.6%	0.8%	-4.3%
o/w China	*1,386.6*	*40.2*	*1,325.6*	*4.6%*	*0.3%*	*-2.1%*
South America	351.6	4.2	350.8	0.3%	3.1%	-6.0%
Rest of the World	89.8		98.0	-8.4%	-9.0%	-14.5%
TOTAL	**8,796.3**	**435.9**	**8,533.5**	**3.1%**	**-3.3%**	**-4.3%**

* *Including Bolt-Ons representing €26.1 million or 0.3%: Parrot Automotive with €21.8 million in Europe and €4.3 million in Asia. Excluding Clarion acquisition effect.*

(in € millions)	FY 2019	Including Clarion Acquisition effect	FY 2018	Reported	At constant currencies*	Automotive Production
Sales						
Europe	8,641.4	49.2	8,858.2	-2.4%	-2.8%	-4.0%
North America	4,483.4	146.0	4,474.2	0.2%	-8.1%	-3.9%
Asia	3,766.0	386.1	3,257.2	15.6%	2.5%	-6.6%
o/w China	*2,594.6*	*56.4*	*2,494.6*	*4.0%*	*0.8%*	*-9.3%*
South America	696.4	5.0	714.1	-2.5%	5.2%	-4.5%
Rest of the World	181.1		221.0	-18.1%	-15.1%	-21.6%
TOTAL	**17,768.3**	**586.3**	**17,524.7**	**1.4%**	**-3.0%**	**-5.8%**

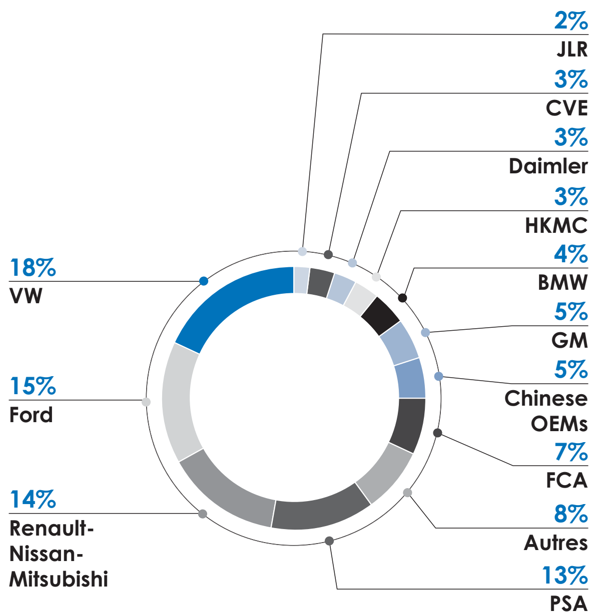
* *Including Bolt-Ons representing €189.8 million or 1.1%: €39.3 million for Parrot Automotive and €13.6 million for Hug in Europe, €106.1 million for BYD, €20.9 million for Wuling and €9.9 million for Parrot Automotive in Asia. Excluding Clarion acquisition effect.*



Sales by region in 2019 were as follows:

- in Europe, sales totaled €8,641.4 million (49% of total sales), compared to €8,858.2 million in 2018. Sales decreased by 2.4% on a reported basis and down 2.8% at constant currencies and excluding Clarion acquisition effect. This is to be compared to a 4.0% downturn in production market in Europe;
- in North America, sales reached €4,483.4 million (25% of total sales), versus €4,474.2 million in 2018. Sales increased by 0.2% on a reported basis whereas they decreased by 8.1% at constant currencies and excluding Clarion acquisition effect. This is to be compared to a 3.9% downturn in production market in North America;
- in Asia, sales reached €3,766.0 million (21% of total sales) and to be compared to €3,257.2 million in 2018. This represents a growth of 15.6% on a reported basis and 2.5% at constant currencies and excluding Clarion acquisition effect. Sales in China went up 4.0% on a reported basis, and up 0.8% at constant currencies. Over the same period, the automotive production decreased by 6.6% in Asia and by 9.3% in China;
- in South America, sales totaled €696.4 million (4% of the total sales), compared to €714.1 million in 2018. Sales decreased by 2.5% on a reported basis. However, they were up 5.2% at constant currencies and excluding Clarion acquisition effect. In 2019, the automotive production in the region decreased by 4.5%;
- in the rest of the world (mainly South Africa), sales amounted to €181.1 million, a 18.1% decrease on a reported basis and a 15.1% decrease at constant currencies and excluding Clarion acquisition effect.

1.1.1.3.2. BY CUSTOMER



In 2019, sales to Faurecia four main customers (VW, Ford, PSA, Renault-Nissan-Mitsubishi) amounted to €10,662.5 million or 60.0% of sales. It represented 61.3% in 2018. They were as follows:

- sales to the VW group totaled €3,286.6 million. They accounted for 18.5% of Faurecia's total sales. Compared to 2018, they increased by 1.0% on a reported basis and by 0.6% at constant currencies and excluding Clarion acquisition effect;
- sales to the Ford group totaled €2,599.6 million, accounting for 14.6% of Faurecia's total sales. Compared to 2018, sales to Ford group decreased by 8.6% on a reported basis and by 11.8% at constant currencies and excluding Clarion acquisition effect;
- sales to the Renault-Nissan-Mistubishi group represented €2,446.7 million or 13.8% of Faurecia's total sales. They were up 10.6% on a reported basis and down 0.9% at constant currencies and excluding Clarion acquisition effect compared to 2018;
- sales to the PSA Group totaled €2,329.6 million. They accounted for 13.1% of Faurecia's total sales. They were down 4.1% on a reported basis and down 4.5% at constant currencies and excluding Clarion acquisition effect compared to 2018;
- sales to the FCA group reached €1,186.0 million or 6.7% of total sales. This represented a growth of 5.7% on a reported basis and of 2.2% at constant currencies and excluding Clarion acquisition effect compared to 2018;
- sales to the General Motors group totaled €943.3 million or 5.3% of total sales. They were up 3.9% on a reported basis and down 1.1% at constant currencies and excluding Clarion acquisition effect;

- sales to Chinese OEMs reached €831.4 million or 4.7% of total sales. This represented a growth of 21.3% on a reported basis and of 17.2% at constant currencies and excluding Clarion acquisition effect compared to 2018;
- sales to BMW represented €700.5 million or 3.9% of total sales. They decreased by 21.2% on a reported basis and by 21.6% at constant currencies and excluding Clarion acquisition effect compared to 2018.

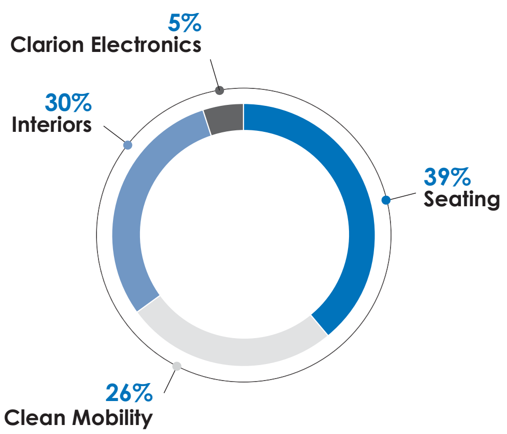
1.1.1.3.3. BY BUSINESS GROUP

(in € millions)	H2 2019	Clarion Acquisition Effect	H2 2018	Reported	At constant currencies*
Sales					
Seating	3,333.3		3,656.5	-8.8%	-9.5%
Interiors	2,624.2		2,567.1	2.2%	0.5%
Clean Mobility	2,302.4		2,254.8	2.1%	0.5%
Clarion Electronics	536.4	435.9	55.1		80.5%
TOTAL	**8,796.3**	**435.9**	**8,533.5**	**3.1%**	**-3.3%**

* *Including Bolt-Ons representing €26.1 million or 0.3%: exclusively for Parrot Automotive on Clarion Electronics. Excluding Clarion acquisition effect.*

(in € millions)	FY 2019	Clarion Acquisition Effect	FY 2018	Reported	At constant currencies*
Sales					
Seating	6,973.2		7,438.0	-6.2%	-6.9%
Interiors	5,370.2		5,362.6	0.1%	-0.9%
Clean Mobility	4,653.5		4,615.0	0.8%	-0.8%
Clarion Electronics	771.4	586.3	109.1		68.2%
TOTAL	**17,768.3**	**586.3**	**17,524.7**	**1.4%**	**-3.0%**

* *Including Bolt-Ons representing €189.8 million or 1.1%: €106.1 million for BYD on Seating, €20.9 million for Wuling on Interiors, €13.6 million for Hug on Clean Mobility and €49.2 million for Parrot Automotive on Clarion Electronics. Excluding Clarion acquisition effect.*



In 2019:

- Seating reached €6,973.2 million sales, down 6.2% on a reported basis and down 6.9% at constant currencies compared to 2018;
- Interiors totaled €5,370.2 million sales. This represented a 0.1% increase on a reported basis and a 0.9% decrease at constant currencies compared to 2018;
- Clean Mobility generated €4,653.5 million sales, up 0.8% on a reported basis and down 0.8% at constant currencies compared to 2018;
- Clarion Electronics totaled €771.4 million sales, up 68.2% compared to 2018 at constant currencies excluding Clarion acquisition effect.

1.1.1.4. Operating Income

In 2019:

- operating income before amortization of acquired intangible assets reached €1,283.3 million (7.2% of sales), compared to €1,273.9 million (7.3% of sales) in 2018;
- gross expenditures for R&D totaled €1,329.7 million, or 7.5% of sales, compared to €1,093.2 million, or 6.2% of sales in 2018. The portion of R&D expenditure capitalised amounted to €909.7 million, compared to €794.3 million in 2018. The R&D capitalization ratio represented 68.4% of total R&D expenditure, whereas it represented 72.7% over the same period in 2018;
- the net R&D expenses reached €420.0 million (2.4% of sales) compared to €298.8 million in 2018. These €420.0 million in 2019 include €63.7 million for Clarion Electronics;
- selling and administrative expenses reached to €778.5 million (4.4% of sales), compared to €703.2 million (4.0% of sales) in 2018. These €778.5 million in 2019 include €115.2 million for Clarion Electronics;
- EBITDA –which represents operating income before depreciation, amortisation and provisions for impairment of property, plant and equip!ment and capitalised R&D expenditures– rose to €2,404.3 million (13.5% of sales), to be compared to €2,140.6 million (12.2% of sales) in 2018.

1.1.1.4.1. BY REGION

	H2 2019			H2 2018		
(in € millions)	Sales	Operating Income	%	Sales	Operating Income	%
Europe	4,110.6	266.2	6.5%	4,128.1	260.7	6.3%
North America	2,194.5	129.7	5.9%	2,242.2	154.3	6.9%
Asia	2,049.8	202.5	9.9%	1,714.4	187.3	10.9%
South America	351.6	29.3	8.3%	350.8	12.7	3.6%
Rest of the World	89.8	10.7	11.9%	98.0	11.7	12.0%
TOTAL	**8,796.3**	**638.4**	**7.3%**	**8,533.5**	**626.7**	**7.3%**

	FY 2019			FY 2018		
(in € millions)	Sales	Operating Income	%	Sales	Operating Income	%
Europe	8,641.4	558.0	6.5%	8,858.2	565.9	6.4%
North America	4,483.4	282.6	6.3%	4,474.2	289.7	6.5%
Asia	3,766.0	373.6	9.9%	3,257.2	367.0	11.3%
South America	696.4	47.9	6.9%	714.1	24.6	3.4%
Rest of the World	181.1	21.2	11.7%	221.0	26.7	12.1%
TOTAL	**17,768.3**	**1,283.3**	**7.2%**	**17,524.7**	**1,273.9**	**7.3%**

The operating income in 2019 compared to 2018 increased by €9.4 million:

- in Europe, the operating income was down by €7.9 million, to reach €558.0 million or 6.5% of sales. This is to be compared to €565.9 million or 6.4% in 2018;
- in North America, the operating income dropped by €7.1 million to €282.6 million. The operating income reached 6.3% of sales, compared to 6.5% in 2018;
- in Asia, the operating income increased by €6.6 million to reach €373.6 million or 9.9% of sales. The operating income represented 9.9% of sales, in decrease compared to 2018 which was 11.3%;
- in South America, the operating income increased by €23.3 million to reach €47.9 million. The operating margin in the region represented 6.9% of sales compared to 3.4% of sales in 2018;
- in the rest of the world (South Africa), the operating margin decreased by €5.5 million to €21.2 million. The operating income represented 11.7% of sales, compared to 12.1% in 2018.

1.1.1.4.2. BY BUSINESS GROUP

	H2 2019			H2 2018		
(in € millions)	Sales	Operating Income	%	Sales	Operating Income	%
Seating	3,333.3	234.1	7.0%	3,656.5	227.0	6.2%
Interiors	2,624.2	122.6	4.7%	2,567.1	157.5	6.1%
Clean Mobility	2,302.4	270.0	11.7%	2,254.8	244.6	10.8%
Clarion Electronics	536.4	11.7	2.2%	55.1	(2.4)	-4.4%
TOTAL	**8,796.3**	**638.4**	**7.3%**	**8,533.5**	**626.7**	**7.3%**

	FY 2019			FY 2018		
(in € millions)	Sales	Operating Income	%	Sales	Operating Income	%
Seating	6,973.2	453.1	6.5%	7,438.0	448.5	6.0%
Interiors	5,370.2	293.7	5.5%	5,362.6	325.3	6.1%
Clean Mobility	4,653.5	524.6	11.3%	4,615.0	499.8	10.8%
Clarion Electronics	771.4	11.9	1.5%	109.1	0.3	0.3%
TOTAL	**17,768.3**	**1,283.3**	**7.2%**	**17,524.7**	**1,273.9**	**7.3%**

In 2019:

- Seating operating income amounted to €453.1 million (6.5% of sales) compared to €448.5 million in 2018 (6.0% of sales);
- Interiors operating income reached €293.7 million (5.5% of sales), affected by operational issues, compared to €325.3 million in 2018 (6.1% of sales);
- Clean Mobility operating income reached €524.6 million (11.3% of sales) compared to €499.8 million in 2018 (10.8% of sales);
- Clarion Electronics operating income reached €11.9 million (1.5% of sales) compared to €0.3 million in 2018 (0.3% of sales).

1.1.1.5. Net income

The net income group share reached €589.7 million, or 3.3% of sales in 2019. This is to be compared to €700.8 million or 4.0% of sales over the same period in 2018. It represented a decrease of €111.1 million, mainly reflecting an increase of restructuring costs to bring costs in line with new market realities and adapt the cost structure of Clarion Electronics.

In 2019:

- the amortization of intangible assets acquired in business combinations related mainly to Clarion and Coagent businesses represented an expense of €56.4 million compared to an expense of €10.9 million in 2018;
- the "other non-recurring operating income and expenses" represented an expense of €213.8 million, compared to an expense of €147.3 million in 2018. This item included €193.9 million in restructuring charges compared to an expense of €100.8 million in 2018;
- financial income amounted to €18.7 million, compared to €9.6 million in 2018. Financial costs totaled €197.7 million, versus €117.7 million in 2018. These €197.7 million include €32.1 million for Clarion Electronics financing and €45.4 million for financial charges related to IFRS 16;
- other financial income and expense represented an expense of €40.4 million compared to €55.7 million in 2018. This expense included €8.3 million from discounting pension benefit liabilities;
- the tax expense reached €166.8 million, compared to €190.0 million in 2018. This represented an average tax rate of 21.0% compared to an average rate of 20.0% over the same period in 2018;
- the share of net income of associates totaled €37.8 million, compared to €31.4 million in 2018;
- net income attributable to minority interests totaled €75.0 million. It consists of net income accruing to investors in companies in which Faurecia is not the sole shareholder, mainly in China, compared to €92.5 million in 2018.

Basic earnings per share on continued operations amounted to €4.31 (diluted net earnings per share on continued operations at €4.29) compared to €5.11 in 2018 (diluted on continued operations at €5.09).

1.1.1.6. Financial structure and net debt

1.1.1.6.1. RECONCILIATION BETWEEN NET CASH FLOW AND CASH PROVIDED BY OPERATING AND INVESTING ACTIVITIES

(in € millions)	Notes	2019	2018
Recurring net cash flow		**587.0**	**528.1**
Other changes		0.0	0.0
Net cash flow		**587.0**	**528.1**
Acquisitions/Sales of investments and business (net of cash and cash equivalents) from continued activities	2.3	(1,130.3)	(174.6)
Proceed from disposal of financial assets from continued activities	2.3	0.0	0.0
Other changes from continued activities	2.3	53.5	(67.0)
Surplus (used) from operating and financing activities	**2.3**	**(489.8)**	**286.5**

1.1.1.6.2. NET CASH FLOW

The net cash inflow was €587.0 million in 2019 compared to a net cash inflow of €528.1 million over the same period in 2018. It can be explained as follows:

- the operating margin before depreciations and amortizations of non-current assets or EBITDA reached €2,404.3 million compared to €2,140.6 million in 2018, due to the increase in operating income for €9.4 million and the increase in depreciation and amortization by €254.3 million;
- restructuring represented cash outflows of €166.3 million compared to €93.4 million in 2018;
- net financial costs represented cash outflows of €197.1 million, versus €107.8 million in 2018;
- the change in working capital requirement, including receivables factoring, represented a positive impact of €109.3 million compared to a positive impact €18.9 million in 2018. This change consisted in part of a increase in inventories of €27.0 million, a net increase in trade receivables of €397.5 million, an increase in trade payables of €538.8 million and a negative variation of other trade receivables and payables for €5.0 million. The evolution of these balance sheet positions was impacted by exchange rate changes;
- capital expenditures on property, plant and equipment and on intangible assets represented cash outflows of €685.2 million, versus €673.3 million in 2018;
- capitalized research and development costs represented cash outflows of €681.2 million, versus €592.7 million in 2018;
- income taxes represented cash outflows of €295.8 million, compared to €260.9 million in 2018;
- finally, other cash flow items represented €98.9 million in inflows, compared to €96.7 million in inflows in 2018.

1.1.1.6.3. NET DEBT

(in € millions)	Dec. 31, 2019	Dec. 31, 2018
Net debt	2,524.0	477.7

At December 31, 2018, the Group's net financial debt stood at €477.7 million.

After a negative impact of €725.8 million related to the first implementation of IFRS 16, the opening net debt at January 1, 2019 was €1,203.5 million.

At December 31, 2019, the Group's net financial debt stood at €2,524.0 million. Most of the increase during the period is related to the acquisition of Clarion.

(in € millions)	Dec. 31, 2019	Dec. 31, 2018
Shareholders' equity	4,461.8	4,071.3

The Group's shareholders' equity rose from €4,071.3 million at year-end 2018 to €4,461.8 million at the end of 2019, an increase of €390.5 million.

The main elements of long-term financial resources are:

- the syndicated credit facility for €1,200 million, renegotiated in June 2018, maturing in June 2024 and which was not drawn in December 31, 2019;
- a total amount of €2,150 million including €700 million of bonds maturing in June 2025, €750 million of bonds maturing in June 2026 and €700 million of bonds maturing in June 2027;
- €700 million of Schuldscheindarlehen (private placement under German law), made of several tranches maturing in December 2022, December 2023 and December 2024.

1.1.1.7. Outlook

In its press release published on March 27, 2020, Faurecia indicated that its 2020 annual financial targets as announced on February 17, 2020 were no longer valid, due to the global crisis related to the Covid-19 pandemic, and the resulting absence of visibility for the automotive industry.

In the same press release, Faurecia indicated that new financial targets for 2020 would be presented as soon as the macro-economic prospects for the rest of the year provided sufficient visibility.

As at the date of publication of this document, given the uncertainties concerning the changing situation, the Group has not yet reformulated new financial targets for 2020.

In addition, on November 26, 2019, during its Capital Markets Day in Paris, Faurecia indicated the following medium-term financial targets:

- Average annual growth in sales which should exceed 5% between 2019 and 2022 to reach over €20.5 billion in 2022;
- Operating income that should reach 8% of sales in 2022;
- Net cash flow that should reach 4% of sales by 2022.

These financial targets were based on an assumption of global automotive production volumes estimated at 87 million vehicles in 2022.

1.1.2. Consolidated financial statements

1.1.2.1. Consolidated statement of comprehensive income

(in € millions)	Notes	2019	2018
SALES	**4**	**17,768.3**	**17,524.7**
Cost of sales	5	(15,286.5)	(15,248.8)
Research and development costs	5	(420.0)	(298.8)
Selling and administrative expenses	5	(778.5)	(703.2)
OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)	**4**	**1,283.3**	**1,273.9**
Amortization of intangible assets acquired in business combinations	11	(56.4)	(10.9)
OPERATING INCOME (AFTER AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)		**1,226.9**	**1,263.0**
Other non-recurring operating income	6	2.5	2.9
Other non-recurring operating expense	6	(216.3)	(150.2)
Income from loans, cash investments and marketable securities		18.7	9.6
Finance costs	7	(197.7)	(117.7)
Other financial income and expense	7	(40.4)	(55.7)
INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES		**793.7**	**951.9**
Taxes	8	(166.8)	(190.0)
of which deferred taxes	*8*	*76.5*	*112.7*
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES		**626.9**	**761.9**
Share of net income of associates	13	37.8	31.4
CONSOLIDATED NET INCOME (LOSS)		**664.7**	**793.3**
Attributable to owners of the parent		**589.7**	**700.8**
Attributable to minority interests	23	75.0	92.5
Basic earnings (loss) per share *(in €)*	9	4.31	5.11
Diluted earnings (loss) per share *(in €)*	9	4.29	5.09

OTHER COMPREHENSIVE INCOME

(in € millions)	Notes	2019	2018
CONSOLIDATED NET INCOME (LOSS)		**664.7**	**793.3**
Amounts to be potentially reclassified to profit or loss		**23.9**	**(18.4)**
Gains (losses) arising on fair value adjustments to cash flow hedges		(22.4)	20.5
of which recognized in equity		*(22.3)*	*16.1*
of which transferred to net income (loss) for the period		*(0.1)*	*4.4*
Exchange differences on translation of foreign operations		38.5	(30.6)
Tax impact		7.8	(8.3)
Amounts not to be reclassified to profit or loss		**(10.8)**	**15.7**
Actuarial gain/(loss) on post-employment benefit obligations	25	(26.7)	18.0
Tax impact		15.9	(2.3)
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		**677.8**	**790.6**
Attributable to owners of the parent		599.5	701.4
Attributable to minority interests		78.3	89.2

1.1.2.2. Consolidated balance sheet

Assets

(in € millions)	Notes	2019	2018
Goodwill	10	2,146.4	1,492.1
Intangible assets	11	2,550.9	1,959.4
Property, plant and equipment	12	2,997.4	2,784.6
Right-of-use assets	1B & 12B	877.0	-
Investments in associates	13	240.3	144.2
Other equity interests	14	60.4	60.7
Other non-current financial assets	15	71.4	91.2
Other non-current assets	16	70.1	46.2
Deferred tax assets	8	468.4	355.5
TOTAL NON-CURRENT ASSETS		**9,482.3**	**6,933.9**
Inventories, net	17	1,552.8	1,431.7
Trade accounts receivables	18	2,608.9	1,947.5
Other operating receivables	19	360.4	313.8
Other receivables	20	839.2	661.5
Other current financial assets	30	1.8	1.0
Cash and cash equivalents	21	2,319.4	2,105.3
TOTAL CURRENT ASSETS		**7,682.5**	**6,460.8**
TOTAL ASSETS		**17,164.8**	**13,394.7**

Liabilities

(in € millions)	Notes	2019	2018
EQUITY			
Capital	22	966.3	966.3
Additional paid-in capital		632.8	632.8
Treasury stock		(44.7)	(51.0)
Retained earnings		1,936.7	1,443.0
Translation adjustments		54.2	17.8
Net income (loss)		589.7	700.8
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS		**4,135.0**	**3,709.7**
Minority interests	23	326.8	361.6
TOTAL SHAREHOLDERS' EQUITY		**4,461.8**	**4,071.3**
Non-current provisions	25	461.6	393.3
Non-current financial liabilities	26	3,093.1	1,870.0
Non-current lease liabilities	1B	732.3	-
Other non-current liabilities		1.8	1.7
Deferred tax liabilities	8	38.7	27.3
TOTAL NON-CURRENT LIABILITIES		**4,327.5**	**2,292.3**
Current provisions	24	260.4	191.4
Current financial liabilities	26	846.1	714.0
Current portion of lease liabilities	1B	173.7	-
Prepayments on customers contracts		665.4	605.0
Trade payables		5,316.2	4,562.6
Accrued taxes and payroll costs	27	752.8	618.0
Sundry payables	28	360.9	340.1
TOTAL CURRENT LIABILITIES		**8,375.5**	**7,031.1**
TOTAL EQUITY AND LIABILITIES		**17,164.8**	**13,394.7**

1.1.2.3. Consolidated cash flow statement

(in € millions)	Notes	2019	2018
I- OPERATING ACTIVITIES			
Operating income (before amortization of acquired intangible assets)		1,283.3	1,273.9
Depreciations and amortizations of assets	5.5	1,121.0	866.7
o/w depreciations and amortizations of R&D assets	*5.4*	*441.9*	*394.8*
o/w other depreciations		*679.2*	*471.9*
EBITDA		**2,404.3**	**2,140.6**
Operating current and non-current provisions		(66.1)	(10.7)
Capital (gains) losses on disposals of operating assets		2.2	(36.0)
Paid restructuring		(166.3)	(93.4)
Paid finance costs net of income		(197.1)	(107.8)
Other non-recurring operating income and expenses paid		(35.6)	(35.4)
Paid taxes		(295.8)	(260.9)
Dividends from associates		27.8	27.3
Change in working capital requirement		**109.3**	**18.9**
Change in inventories		(27.0)	(29.0)
o/w R&D inventories increase	*5.4*	*(228.5)*	*(201.6)*
o/w R&D inventories decrease		*216.3*	*224.7*
Change in trade accounts receivables		(397.5)	(56.6)
Change in trade payables		538.8	293.1
Change in other operating receivables and payables		73.9	28.6
Change in other receivables and payables (excl. Tax)		(78.9)	(217.2)
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		**1,782.8**	**1,642.6**
II- INVESTING ACTIVITIES			
Additional property, plant and equipment	12	(681.8)	(672.7)
Additional intangible assets	11	(3.4)	(0.6)
Capitalized development costs	5.4 & 11	(681.2)	(592.7)
Acquisitions/Sales of investments and business (net of cash and cash equivalents)		(1,130.3)	(174.5)
Proceeds from disposal of property, plant and equipment		205.8	124.8
Proceed from disposal of financial assets		0.0	0.0
Change in investment-related receivables and payables		(35.2)	26.6
Other changes		53.5	(67.0)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		**(2,272.6)**	**(1,356.1)**
CASH PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES (I)+(II)		**(489.8)**	**286.5**
III- FINANCING ACTIVITIES			
Shares issued by Faurecia and fully consolidated companies (net of costs)		2.7	15.5
Dividends paid to owners of the parent company		(170.2)	(150.9)
Dividends paid to minority interests in consolidated subsidiaries		(41.6)	(59.7)
Acquisitions of treasury stocks		(29.4)	(47.8)
Debt securities issued and increase in other financial liabilities		1,213.6	682.4
Repayment of debt and other financial liabilities		(135.9)	(163.3)
Repayments on lease debts		(140.1)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		**699.2**	**276.2**
IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS			
Impact of exchange rate changes on cash and cash equivalents		4.6	(20.5)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**214.1**	**542.2**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		**2,105.3**	**1,563.0**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**2,319.4**	**2,105.3**

The net cash flow amounts to €587 million as of December 31, 2019.

1.1.2.4. Consolidated statement of changes in equity

(in € millions)	Number of shares [(1)]	Capital stock	Additional paid-in capital	Treasury Stock	Retained earnings and net income (loss) for the period	Valuation adjustments: Translation adjustments	Valuation adjustments: Cash flow hedges	Valuation adjustments: Actuarial gain/(loss) on post employment benefit obligations	Equity attributable to owners of the parent	Minority interests	Total
Shareholders' equity as of December 31, 2017 before appropriation of net income (loss)	**138,035,801**	**966.3**	**632.8**	**(34.2)**	**1,671.5**	**44.4**	**3.2**	**(105.4)**	**3,178.6**	**275.3**	**3,453.9**
Net income (loss) restated					700.8				700.8	92.5	793.3
Other comprehensive income						(27.3)	12.2	15.7	0.6	(3.3)	(2.7)
Comprehensive income					***700.8***	***(27.3)***	***12.2***	***15.7***	***701.4***	***89.2***	***790.6***
Capital increase									0.0	24.7	24.7
2017 dividends					(150.9)				(150.9)	(67.6)	(218.5)
Measurement of stock options and shares grant					(11.0)				(11.0)		(11.0)
Purchases and sales of treasury stock				(16.8)					(16.8)		(16.8)
Changes in scope of consolidation and other					7.7	0.7			8.4	40.0	48.4
Shareholders' equity as of December 31, 2018 before appropriation of net income (loss)	**138,035,801**	**966.3**	**632.8**	**(51.0)**	**2,218.1**	**17.8**	**15.4**	**(89.7)**	**3,709.7**	**361.6**	**4,071.3**
IFRS 16 First application									0.0		0.0
Shareholders' equity as of January 1, 2019 before appropriation of net income (loss)	**138,035,801**	**966.3**	**632.8**	**(51.0)**	**2,218.1**	**17.8**	**15.4**	**(89.7)**	**3,709.7**	**361.6**	**4,071.3**
Net income (loss)					589.7				589.7	75.0	664.7
Other comprehensive income						35.2	(14.6)	(10.8)	9.8	3.3	13.1
Comprehensive income					***589.7***	***35.2***	***(14.6)***	***(10.8)***	***599.5***	***78.3***	***677.8***
Capital increase									0.0		0.0
2018 dividends					(170.2)				(170.2)	(40.6)	(210.8)
Measurement of stock options and shares grant					(16.7)				(16.7)		(16.7)
Purchases and sales of treasury stock				6.3					6.3		6.3
Changes in scope of consolidation and other					17.0	1.2		(11.8)	6.4	(72.5)	(66.1)
Shareholders' equity as of 2019 before appropriation of net income (loss)	**138,035,801**	**966.3**	**632.8**	**(44.7)**	**2,637.9**	**54.2**	**0.8**	**(112.3)**	**4,135.0**	**326.8**	**4,461.8**

(1) Of which 1,149,994 as of 12/31/2019 and 917,160 treasury stock as of 12/31/2018 – See Note 9.

1.1.2.5. Notes to the consolidated financial statements

Contents

Faurecia S.E. and its subsidiaries ("Faurecia") form one of the world's leading automotive equipment suppliers in four key businesses: Seating, Interiors, Clean Mobility and Clarion Electronics.

Faurecia's registered office is located in Nanterre, in the Hauts-de-Seine department of France. The Company is listed on Euronext Paris.

The consolidated financial statements were approved by Faurecia's Board of Directors on February 14, 2020.

The accounts were prepared on a going concern basis.

Note 1 Summary of significant accounting policies

1.A Accounting principles

The consolidated financial statements of the Faurecia group have been prepared in accordance with International Financial Reporting Standards (IFRS) published by the IASB, as adopted by the European Union and available on the European Commission website.

These standards include International Financial Reporting Standards and International Accounting Standards (IAS), as well as the related International Financial Reporting Interpretations Committee (IFRIC) interpretations.

The standards used to prepare the 2019 consolidated financial statements and comparative data for 2018 are those published in the Official Journal of the European Union (OJEU) as of December 31, 2019, whose application was mandatory at that date.

The principal accounting policies applied in the preparation of the consolidated financial statements have been consistently applied to all the years presented.

Faurecia has more specifically applied the new standard IFRS 16 on lease contracts from January 1, 2019 (see Note 1B). All other new standards, amendments and revisions to the existing standards, including IFRIC 23, whose application is mandatory from January 1, 2019, have no significant impact on the Group annual consolidated financial statements.

Moreover, Faurecia has not undertaken any early application of the new standards, amendments or interpretations whose application is mandatory after December 31, 2019, irrespective of whether or not they are adopted by the European Union.

The accounting principles applied are given in each note hereafter.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions when measuring certain assets, liabilities, income, expenses accounted for in the financial statements as well as for the evaluation of commitments given and contingent liabilities. These estimates and assumptions are primarily used when calculating the impairment of property, plant and equipment, right of use, intangible assets and goodwill, for measuring pension and other employee benefit obligations as well as for lease liabilities. They are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions. These estimations are revised on a regular basis.

The results of the sensitivity tests carried out on the carrying amounts of goodwill and provisions for pensions and other employee benefits are provided in Notes 10 and 25.2, respectively. In addition, Note 11 "Intangible Assets" describes the main assumptions used for measuring intangible assets.

1.B First application of IFRS 16

Faurecia has applied the new standard IFRS 16 as of January 1, 2019 relating to leases. This standard replaces IAS 17 and the linked interpretations IFRIC 4, SIC 15 et SIC 27.

For the lessees, the accounting is based on a single model, resulting from the cancellation of the distinction between operating lease and finance lease contracts. Applying IFRS 16 implies to account for all lease contracts in the lessee balance sheet, through an asset (representing the right to use the leased asset along the contract duration) and a liability (representing the lease future payments obligation).

Lease contracts for Faurecia are mainly for buildings and which leases vary in most of the cases only based on yearly local revaluation index depending on the country where the contract is located. The cases in which Faurecia is a lessor directly or by sub lease are minimal and not significant.

The main principles considered are:

- transition measures:
  - using the modified retrospective method (no restatement of 2018 comparative period),
  - as of January 1, 2019, exemption of revaluation of qualification of existing contracts; as identified under IAS 17 and IFRIC 4,
  - exemption of contracts with a remaining duration less than 12 months as of January 1, 2019 or which value is below €5,000,
  - the lease liablility is valued at the discounted value of lease payments due as of January 1, 2019,
  - the asset (right of use asset) at transition date is equal to the lease liability of the lease contract, adjusted with leases paid in advance or due,
  - the discount rate used in the absence of a contract implicit rate is the marginal borrowing rate corresponding to the duration of the lease contract, following the IFRS IC September 2019 decision;
- general principles:
  - exemption of contracts with a duration less than 12 months or which value is below €5,000, (corresponding lease payments are still expensed along the contract lifetime),
  - the duration of a contract is equal to its non cancellable duration, except if the Group is reasonably certain to exercise the renewal or cancellation options contractually agreed. The IFRIS IC has published in December 2019 a decision on the determination of the term of the lease and the useful life of leasehold improvements. The analysis of the impact of this decision on current assumptions considered on commercial leases in France (3/6/9 years) is on going in order to implement this decision as soon as possible,

- as long as the contract implicit rate can't be easily determined, the discount rate used is the marginal borrowing rate corresponding to the duration of the lease contract, determined based on the lessee and duration concerned, following the IFRS IC September 2019 decision,
- as of the effective date (date at which the leased asset is made available by the lessor), lease contracts as defined per IFRS 16 are accounted for:
  - as fixed assets (right of use) for the amount of the lease liability, increased by advanced payments made to lessor, initial costs incurred, as well as estimated dismantling or refurbishment costs that would be paid by Faurecia based on contractual terms if needed, and
  - as lease liability for the amount of discounted lease payment over the contract duration as defined above, using the discount rate defined above,
  - these right of use are depreciated on a linear basis, on the contract duration or by exception on the utility duration, if this one is shorter or if the contract transfers to the lessee the asset property or if a purchase option exists which is reasonably certain to be exercised by Faurecia,
  - cash flows related to the sale and lease back operations are included in the cash flows provided by investing activities.

IMPACT OF THE FIRST APPLICATION OF IFRS 16

The main impacts on the consolidated financial statements of the period are the following:

- consolidated statement of comprehensive income:
  - operating income (before depreciation of acquired intangible assets): €28.5 million,
  - finance costs (finance costs on lease liabilities): €-45.4 million;
- consolidated balance sheet:
  - assets: right of use for €877.0 million,
  - liabilities:
    - non current lease liability for €732.3 million,
    - current lease liability for €173.7 million;
- consolidated cash flow statement:
  - cash flow on operating activities for €+140.1 million,
  - cash flow on financing activities (flow of lease liabilities repayment) for €-140.1 million.

The lease liability amounts to €725.8 million as of January 1, 2019; this amount has been re valued in comparison to the amount published in the 2019 half year financial statements to comply with the IFRS IC September 2019 decision on interest rates; the average discount rate of the lease liability as of January 1, 2019 is at 5.9%; the variance with the off balance sheet commitments for leases as of December 31, 2018 of €870.4 million can be analyzed as follows:

(in € millions)

Off balance sheet commitments for leases as of December 31, 2018	870.4
Finance lease liabilities	11.0
Exempted contracts (duration below 12 months and low value)	(32.6)
Duration and additional contracts	62.0
Discount impact	(185.0)
LEASE LIABILITY AS OF 01/01/2019	**725.8**

1.C Consolidation principles

Companies over which the Group exercises significant influence and which are at least 20%-owned are consolidated when one or more of the following criteria are met: annual sales of over €20 million, total assets of over €20 million, and debt of over €5 million.

Non-consolidated companies are not material, either individually or in the aggregate.

Subsidiaries controlled by the Group are fully consolidated. Control is presumed to exist when the Group holds more than 50% of a company's voting rights, and may also arise as a result of shareholders' agreements.

Subsidiaries are fully consolidated as of the date on which control is transferred to the Group. They are no longer consolidated as of the date that control ceases.

Companies over which the Group exercises significant influence but not control, generally through a shareholding representing between 20% and 50% of the voting rights, are accounted for by the equity method. There is no joint operation in the sense of IFRS 11 within the companies consolidated by equity method.

The Faurecia group's financial statements are presented in euros. Except if specifically specified, amounts are in millions of euros; generally, amounts presented are rounded to the closest unit; consequently, the sum of rounded amounts can present non significant differences to the reported total. Moreover, ratios and variances reported are computed with the detailed amounts and not with the rounded amounts.

The functional currency of foreign subsidiaries is generally their local currency. The assets and liabilities of these companies are translated into euros at the year-end exchange rate and income statement items are translated at the average exchange rate for the year. The resulting foreign exchange gains and losses are recorded in equity.

Balance sheets and net income of Group entities active in hyperinflation economies are restated to take into account the changes in purchasing power of the local currencies using the official indexes at closing date. They are then translated in euros using the exchange rate of the closing date; without restatement of comparative periods in accordance with IAS 21. This is applied in 2018 and 2019 to Group affiliates in Argentina.

However certain companies located outside the euro or the US-dollar zone and which carry out the majority of their transactions in euros or US dollars may, however, use euros or US dollars as their functional currency.

All material inter-company transactions are eliminated in consolidation, including inter-company gains.

The accounting policies of subsidiaries and companies accounted for by the equity method are not significantly different from those applied by the Group.

Note 2 Change in scope of consolidation and recent events

2.1 Change in scope of consolidation in 2019

Clarion has been acquired in March 2019 and integrated in the new Clarion electronics perimeter (see Note 10A). In the same perimeter, the remaining shares of Coagent (49%) has been acquired in June 2019.

Within the Seating consolidation scope, in the United States, the company Total Network Manufacturing has been acquired at 49% and is consolidated by equity method since January 2019. In Mexico, the company Steva Mexico SLP S.A. de CV has been acquired at 49% and is consolidated by equity method since February 2019. In China, the company Chengdu Faurecia Xuyang Automotive Seat Co., Ltd has been created in September 2019, it is held at 60% and fully consolidated.

For Interiors, In China, the company Faurecia (Chongqing) Automotive Parts Company Ltd has been sold fully in July 2019 and following the acquisition of the remaining shares of Zheijiang Faurecia Interior and Exterior Systems Company Ltd, this company, previously consolidated by equity method is now fully consolidated since October 2019 as in the same time the shares of Xiangtan Faurecia Limin Interior and Exterior Systems Company Ltd and of Lanzhou Faurecia Limin Interior & Exterior Systems Company Ltd, consolidated by equity method, have been sold in October 2019.

Within the Clean Mobility perimeter, the company Faurecia (Liuzhou) Emissions Control Technologies Co., Ltd has been created in March 2019, it is held at 50% and consolidated by equity method. The company Amminex, held at 91.5%, is fully consolidated since January 2019. The company Symbio, in France, is held at 50% and consolidated by equity method since December 2019.

The companies Covatech Automotive Technologies, based in Taiwan, acquired at 82% and fully consolidated since March 2019 and Creo acquired in Sweden at 72% and fully consolidated since April 2019, initially allocated to Interiors, are now integrated into the Clarion Electronics perimeter.

2.2 Reminder of change in scope of consolidation introduced in 2018

Within the Seating consolidation scope in China, the company Shenzen Faurecia Automotive Parts Co., Ltd has been acquired at 70% and is fully consolidated since March 2018. Following the United States decision of May 8, 2018 and related restrictions imposed on business with Iran, the 51% interest held by Faurecia in Faurecia Azin Pars have been sold and all related assets have been impaired in 2018 (see Note 6).

Within Interiors, in China, Faurecia consolidates since January 1, 2018, using the full consolidation method, Coagent of which the main company is Faurecia Coagent Electronics S&T Co., Ltd, held at 50.1%. Moreover, in China, the companies Faurecia (Liuzhou) Automotive Interior Systems Co., Ltd and Faurecia (Hangzhou) Automotive Systems Co., Ltd have been created in February 2018, and are held respectively at 50% and 100%. These companies are fully consolidated. The company Chongqing Zhuotong Automotive Interior Systems has been also created in August 2018, and it is held at 50%. This company is fully consolidated. In the United States, Faurecia share in DMS companies, consolidated by equity method, is now at 49%. Finally, Faurecia acquired, in September 2018, the remaining part (80%) of Parrot Faurecia Automotive, previously held at 20% and consolidated by equity method. Parrot Faurecia Automotive is now fully consolidated with its two chinese subsidiaries.

Within the Clean Mobility perimeter, Faurecia has acquired 100% of the company Hug Engineering AG, based in Switzerland, and its commercial subsidiaries. This company is fully consolidated since March 1, 2018. Moreover, Faurecia has created the company Hongtai Faurecia Composite (Wuhan) Co., Ltd, held at 50% and consolidated by equity method since April 1, 2018.

2.3 Recent events

Following approval from the appropriate regulatory bodies in January 2020, Faurecia has completed on January 30, 2020 the acquisition of the remaining 50% of SAS from Continental, a project that was announced on October 14, 2019. SAS is a key player in complex interior module assembly and logistics with sales of around €740 million in 2019 and employing around 4,490 people.

Uncertainly remains in China over the current health concerns. At this stage, the impact on the activity is difficult to assess, the progressive start up of production is done in link with the customers and the Chinese authorities; the Group is taking the appropriate measures for its employees and to cover customers' requirements.

Note 3 Post-balance sheet events

No significant post-balance sheet events have occurred apart from the events described in 2.3.

Note 4 Information by operating segment

Following the acquisition of Clarion in March 2019, (see 2.1), the Group is now structured into four business units based on the nature of the products and services offered:

- Seating (design and manufacture of complete vehicle seats, seating frames and adjustment mechanisms);
- Interiors (design and manufacture of instrument panels, complete cockpits, door panels and modules, and acoustic systems);
- Clean Mobility (design and manufacture of exhaust systems);
- Clarion Electronics (Smart cockpit electronics & software integration), integrating Clarion, Parrot and Coagent activities (the lasts being part of Interiors in 2018). 2018 figures have been restated accordingly.

These business units are managed by the Group on an independent basis in terms of reviewing their individual performance and allocating resources. The tables below show reconciliation between the indicators used to measure the performance of each segment –notably operating income (before amortization of acquired intangible assets)– and the consolidated financial statements. Borrowings, other operating income and expense, financial income and expenses, and taxes are monitored at the Group level and are not allocated to the various segments.

4.1 Accounting principles

Revenue on parts is recognized when the control is transferred to the customer, incidental to ownership of the modules or parts produced. This generally corresponds to when the goods are shipped.

Revenue on tooling is generally recognized at the transfer of control of these toolings to the customer, usually shortly before serial production starts. Development costs are generally recognized as set up costs for the serial parts production and capitalized, they are then not considered as a revenue distinct from product sales, except specific cases depending on the contract with the customer.

Faurecia operates as an agent for monoliths sales, these sales are then recorded at net value in the income.

Operating margin (before amortization of acquired intangible assets) is the Faurecia group's principal performance indicator. It corresponds to net income of the fully consolidated companies before:

- the amortization of intangible assets acquired in business combinations (customer relationship…);
- other non-recurring operating income and expenses, corresponding to material, unusual and non-recurring items including reorganization costs and early retirement costs, the impact of exceptional events such as the discontinuation of a business, the closure of an industrial site, disposals of non-operating buildings, impairment losses and reversals recorded for property, plant and equipment or intangible assets, as well as other material and unusual losses;
- income on loans, cash investments and marketable securities;
- finance costs, including finance costs on lease liabilities;
- other financial income and expenses, which include the impact of discounting the pension benefit obligation and the return on related plan assets, the ineffective portion of interest rate and currency hedges, changes in value of interest rate and currency instruments for which the hedging relationship does not satisfy the criteria set forth in IFRS 9, and gains and losses on sales of shares in subsidiaries;
- taxes.

4.2 Key figures by operating segment

2019

(in € millions)	Seating	Interiors	Clean Mobility	Clarion Electronics	Other	Total
TOTAL SALES	**7,029.1**	**5,389.1**	**4,655.0**	**774.8**	**148.4**	**17,996.3**
Inter-segment eliminations	(55.9)	(18.9)	(1.5)	(3.4)	(148.4)	(228.0)
Consolidated sales	**6,973.3**	**5,370.2**	**4,653.5**	**771.4**	**0.0**	**17,768.3**
Operating income (before amortization of acquired intangible assets)	**453.1**	**293.6**	**524.6**	**11.9**	**0.0**	**1,283.3**
Amortization of intangible assets acquired in business combinations						(56.4)
Operating income (after amortization of acquired intangible assets)						**1,226.9**
Other non recurring operating income						2.5
Other non recurring operating expenses						(216.3)
Finance costs, net						(179.0)
Other financial income and expenses						(40.4)
Corporate income tax						(166.8)
Share of net income of associates						37.8
NET INCOME (LOSS)						**664.7**
Segment assets	**4,041.9**	**3,449.3**	**4,374.5**	**1,647.0**	**243.3**	**13,755.9**
Net property, plant and equipment	824.5	953.6	997.3	168.5	53.6	2,997.4
Right-of-use assets	210.5	314.8	224.4	37.6	89.6	877.0
Other segment assets	3,006.9	2,180.9	3,152.7	1,440.9	100.1	9,881.5
Investments in associates						240.3
Other equity interests						60.4
Short and long-term financial assets						2,441.1
Tax assets (current and deferred)						667.1
TOTAL ASSETS						**17,164.8**
Segment liabilities	**2,142.3**	**2,047.7**	**2,900.5**	**549.6**	**155.5**	**7,795.5**
Borrowings						3,939.2
Lease liabilities						906.0
Tax liabilities (current and deferred)						62.3
Equity and minority interests						4,461.8
TOTAL LIABILITIES						**17,164.8**
Capital expenditure	195.1	222.8	206.1	29.1	27.5	680.6
Depreciation of property, plant and equipment	(138.2)	(165.7)	(153.7)	(28.9)	(5.2)	(491.7)
Depreciation of Right-of-use assets	(47.6)	(39.4)	(54.6)	(3.8)	(11.7)	(157.0)
Impairment of property, plant and equipment	(1.8)	(5.8)	(5.1)	(3.1)	(0.0)	(15.8)
Headcounts	44,742	37,367	23,211	7,325	2,851	115,496

2018

(in € millions)	Seating	Interiors	Clean Mobility	Clarion Electronics	Other	Total
TOTAL SALES	**7,491.5**	**5,380.1**	**4,617.3**	**109.2**	**128.4**	**17,726.5**
Inter-segment eliminations	(53.6)	(17.5)	(2.2)	(0.1)	(128.4)	(201.8)
Consolidated sales	**7,437.9**	**5,362.6**	**4,615.1**	**109.1**	**0.0**	**17,524.7**
Operating income (before amortization of acquired intangible assets)	**448.5**	**325.3**	**499.8**	**0.3**	**0.0**	**1,273.9**
Amortization of intangible assets acquired in business combinations						(10.9)
Operating income (after amortization of acquired intangible assets)						**1,263.0**
Other non recurring operating income						2.9
Other non recurring operating expenses						(150.2)
Finance costs, net						(108.1)
Other financial income and expenses						(55.7)
Corporate income tax						(190.0)
Share of net income of associates						31.4
NET INCOME (LOSS)						**793.3**
Segment assets	**3,730.6**	**2,699.4**	**3,390.9**	**420.8**	**172.9**	**10,414.7**
Net property, plant and equipment	791.6	950.2	951.7	32.2	58.9	2,784.6
Other segment assets	2,939.0	1,749.2	2,439.2	388.7	114.0	7,630.1
Investments in associates						144.2
Other equity interests						60.7
Short and long-term financial assets						2,255.9
Tax assets (current and deferred)						519.2
TOTAL ASSETS						**13,394.7**
Segment liabilities	**2,143.2**	**1,770.6**	**2,419.3**	**90.5**	**228.5**	**6,652.1**
Borrowings						2,584.0
Tax liabilities (current and deferred)						87.3
Equity and minority interests						4,071.3
TOTAL LIABILITIES						**13,394.7**
Capital expenditure	218.5	218.1	204.2	6.6	25.4	672.8
Depreciation of property, plant and equipment	(132.4)	(160.4)	(139.5)	(2.7)	(6.2)	(441.2)
Impairment of property, plant and equipment	(0.1)	(2.6)	(0.4)	0.0	0.0	(3.1)
Headcounts	47,279	38,864	24,278	1,572	2,700	114,693

4.3 Sales by operating segment

Sales by operating segment break down as follows:

(in € millions)	2019 Consolidated Sales	2019 %	2018 Consolidated Sales	2018 %
Seating	6,973.3	39	7,437.9	42
Interiors	5,370.2	30	5,362.6	31
Clean Mobility	4,653.5	26	4,615.1	26
Clarion Electronics	771.4	4	109.1	1
TOTAL	**17,768.3**	**100**	**17,524.7**	**100**

4.4 Sales by major customer

Sales* by major customer break down as follows:

(in € millions)	2019 Consolidated Sales	2019 %	2018 Consolidated Sales	2018 %
VW Group	2,452.0	14	2,531.7	14
Ford Group	2,289.4	13	2,494.8	14
PSA Peugeot Citroën	2,075.8	12	2,182.6	12
Renault-Nissan	1,862.1	10	1,681.6	10
GM	878.8	5	826.8	5
BMW	563.4	3	730.0	4
Daimler	526.8	3	816.3	5
Others	7,120.1	40	6,261.0	36
TOTAL	**17,768.3**	**100**	**17,524.7**	**100**

* *The presentation of sales invoiced may differ from that of sales by end customer when products are transferred to intermediary assembly companies.*

4.5 Key figures by geographic area

Sales are broken down by destination region. Other items are presented by the region where the companies involved operate:

2019

(in € millions)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Consolidated Sales	2,883.2	1,212.1	4,546.1	4,483.4	696.3	3,766.0	181.1	17,768.3
Net property, plant and equipment	372.1	111.1	895.7	734.7	117.4	742.2	24.3	2,997.4
Right-of-us assets	153.5	39.0	257.5	266.7	6.7	145.3	8.3	877.0
Capital expenditure	140.9	19.5	186.1	179.7	15.5	133.2	5.8	680.6
Headcounts as of December 31	13,306	5,787	41,419	20,574	5,187	27,842	1,381	115,496

2018

(in € millions)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Consolidated Sales	2,181.3	2,049.8	4,569.7	4,482.2	738.2	3,240.0	263.5	17,524.7
Net property, plant and equipment	341.3	129.0	845.1	653.4	122.2	671.2	22.4	2,784.6
Capital expenditure	99.7	22.5	211.3	166.8	14.9	154.8	2.8	672.8
Headcounts as of December 31	13,831	6,474	40,489	20,996	5,729	25,753	1,421	114,693

Note 5 Analysis of operating expenses

5.1 Analysis of operating expenses by function

(in € millions)	2019	2018
Cost of sales [1]	(15,286.5)	(15,248.8)
Research and development costs [2]	(420.0)	(298.8)
Selling and administrative expenses	(778.5)	(703.2)
TOTAL	**(16,485.0)**	**(16,250.8)**

(1) Includes in 2019 the gain on sales and lease backs on operational assets for €6.8 million and in 2018 the gain on sales and lease backs on operational assets for €24 million and expenses linked to an industrial reorganization following the sale of Automotive Exterior business and a new organization for painting lines for €28 million.
(2) Includes in 2018 the gain on sales and lease backs on operational assets for €18 million.

5.2 Analysis of operating expenses by nature

(in € millions)	2019	2018
Purchases consumed	(10,277.1)	(10,389.5)
External costs	(1,915.7)	(2,010.0)
Personnel costs	(3,861.6)	(3,705.7)
Taxes other than on income	(53.9)	(48.7)
Other income and expenses	708.9	756.7
Depreciation, amortization and provisions for impairment in value of non-current assets	(1,121.0)	(866.7)
Charges to and reversals of provisions	35.4	13.1
TOTAL	**(16,485.0)**	**(16,250.8)**

The CICE (*Crédit d'Impôt pour la Compétitivité et l'Emploi*) has been replaced in 2019 by social charges reductions; it was allocated to personnel costs for €12.6 million for the full year 2018.

5.3 Personnel costs

(in € millions)	2019	2018
Wages and salaries*	(3,077.5)	(2,942.8)
Payroll taxes	(784.1)	(762.9)
TOTAL	**(3,861.6)**	**(3,705.7)**
* *Of which temporary employee costs.*	*(325.7)*	*(334.4)*

Details of expenses relating to the Group's free shares plans and pension costs are provided in Notes 22.2 and 25, respectively.

5.4 Research and development costs

(in € millions)	2019	2018
Research and development costs, gross	(1,329.7)	(1,093.1)
Capitalized development costs	909.7	794.3
of which in inventory	*228.5*	*201.6*
of which in intangible assets	*681.2*	*592.7*
TOTAL	**(420.0)**	**(298.8)**

Development costs are usually capitalized in intangible assets as they are considered as set up costs for the serial parts production, and then amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances. For some specific contracts where the developments works are a separate performance obligation under IFRS 15 the corresponding costs comply with the definition of work in progress and are capitalized in inventory. These inventories are then expensed (cost of sales) when the corresponding revenue is recognized.

The development costs recognized in the cost of sales (stock decrease and R&D assets depreciation) amount to €658.2 million as of December 31, 2019, vs €619.6 million as of December 31, 2018.

5.5 Depreciation, amortization and provisions for impairment in value of non-current assets

(in € millions)	2019	2018
Amortization of capitalized development costs	(437.8)	(398.6)
Provisions for impairment of capitalized development costs	(4.1)	3.8
Amortization of other intangible assets	(35.9)	(31.5)
Depreciation of specific tooling	(11.0)	(12.8)
Depreciation and impairment of other property, plant and equipment	(475.2)	(427.6)
Depreciation of right-of-use assets	(157.0)	-
TOTAL	**(1,121.0)**	**(866.7)**

This table does not include allowances and reversals of provision for non-recurring items.

Note 6 Other non recurring operating income and expenses

Other non recurring operating income and expenses are analyzed as follows:

OTHER NON RECURRING OPERATING INCOME

(in € millions)	2019	2018
Release of provision for impairment of assets	0.7	0.0
Gain on disposals of assets	0.7	1.8
Others	1.1	1.1
TOTAL	**2.5**	**2.9**

OTHER NON RECURRING OPERATING EXPENSES

(in € millions)	2019	2018
Other provisions for impairment of assets	0.0	(3.4)
Reorganization expenses [1]	(193.9)	(100.8)
Losses on disposal of assets	0.0	0.0
Others [2] [3]	(22.4)	(46.0)
TOTAL	**(216.3)**	**(150.2)**

(1) As of December 31, 2019, this item includes restructuring costs in the amount of €170.4 million and provisions for impairment in value of non-current assets in the amount of €23.5 million and versus respectively, €97.8 million and €3 million as of December 31, 2018.
(2) Of which €16.9 million relating to the end of business with Iran as of December 31, 2018 (see Note 2.2).
(3) Of which €16.2 million relating to the acquisition of Clarion for the first half 2019 (see Note 10A).

RESTRUCTURING

Reorganization costs (€193.9 million) include redundancy and site relocation payments for 5,713 people.

Note 7 Finance costs and Other financial income and expenses

7.1 Finance costs

(in € millions)	2019	2018
Finance costs	(152.2)	(117.7)
Finance costs on leases	(45.5)	N/A
TOTAL	**(197.7)**	**(117.7)**

7.2 Other financial income and expenses

(in € millions)	2019	2018
Impact of discounting pension benefit obligations	(8.3)	(6.6)
Changes in the ineffective portion of currency hedges	(3.4)	(1.9)
Changes in fair value of currency hedged relating to debt	0.6	(5.6)
Foreign exchange gains and losses on borrowings	(1.3)	(6.0)
Hyperinflation impact (Argentina)	0.3	(5.7)
Others*	(28.3)	(29.9)
TOTAL	**(40.4)**	**(55.7)**

* *As of December 31, 2019, this item includes amortization of costs related to bonds and other long-term debts, commissions for non-use of the credit facility and depreciation of loans to non consolidated entities.*

Note 8 Corporate income tax

Deferred taxes are recognized using the liability method for temporary differences arising between the tax bases for assets and liabilities and their carrying amounts on the consolidated financial statements. Temporary differences mainly arise from tax loss carryforwards and consolidation adjustments to subsidiaries' accounts.

Deferred taxes are measured using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available in the short or medium term against which the temporary differences or the loss carry forward can be used based on the Group's strategic plan.

Deferred tax liabilities are accounted for every taxable temporary differences in relation with investment in subsidiaries, joint ventures and associates unless the Group has the capacity to control the timing of the reversal of temporary differences and if it is probable that they will not be reversed in a predictable future.

In compliance with IFRIC 23, accruals for risk on income tax are part of the income tax within the statement of comprehensive income and of income tax payables within the balance sheet (Note 28).

Corporate income tax can be analyzed as follows:

(in € millions)	2019	2018
Current taxes		
■ Current corporate income tax	(243.3)	(302.7)
Deferred taxes		
■ Deferred taxes for the period	76.5	112.7
TOTAL	**(166.8)**	**(190.0)**

8.1 Analysis of the tax charge

The effective corporate income tax charge can be reconciled with the theoretical tax charge as follows:

(in € millions)	2019	2018
Pre-tax income of consolidated companies	793.7	951.9
Theoretical Tax (34.43%)	*(273.3)*	*(327.7)*
Effect of rate changes on deferred taxes recognized on the balance sheet	15.6	(2.8)
Effect of local rate differences*	68.7	80.0
Tax credits	6.7	0.5
Change in unrecognized deferred tax	23.4	93.8
Permanent differences & others**	(7.9)	(33.8)
Corporate tax recognized	**(166.8)**	**(190.0)**

* *The impact of local rate differences mainly relates to Chinese entities.*
** *Mainly due to withholding tax in 2019 and in 2018.*

The 2019 tax expense includes the recognition of a €34.2 million deferred tax assets in Germany, made possible by the continuous improvement of the Group taxable income in this country and based on the Group strategic plan 2020-2022.

8.2 Analysis of tax assets and liabilities

(in € millions)	2019	2018
Current taxes		
■ Assets	198.7	163.7
■ Liabilities	(73.0)	(60.0)
	125.7	**103.7**
Deferred taxes		
■ Assets*	468.4	355.5
■ Liabilities	(38.7)	(27.3)
	429.7	**328.2**
* *Of which tax assets on tax losses.*	*155.9*	*138.6*

The assessment of the ability to recover net deferred tax assets as of December 31, 2019 (€429.7 million) is based on the Group's 2020-2022 strategic plan for the long-term recovery of tax losses.

Changes in deferred taxes recorded on the balance sheet break down as follows:

(in € millions)	2019	2018
Amount as at the beginning of the year	**328.2**	**228.3**
■ Deferred taxes carried to net income for the period	76.5	112.7
■ Deferred taxes recognized directly in equity*	15.9	(2.3)
■ Effect of currency fluctuations and other movements	9.1	(10.5)
Amount at the end of the year	**429.7**	**328.2**

* *Mainly related to actuarial gains and losses directly recognized in equity.*

8.3 Deferred tax assets and liabilities by nature

(in € millions)	2019	2018
Tax asset carryforwards	155.9	138.6
Intangible assets	(463.8)	(367.0)
Other tangible assets and long term assets	338.3	234.3
Pensions	89.6	66.0
Other reserves	29.3	11.5
Stocks	129.3	97.6
Other working capital	151.1	147.2
TOTAL	**429.7**	**328.2**
of which deferred tax assets	*468.4*	*355.5*
of which deferred tax liabilities	*(38.7)*	*(27.3)*

8.4 Impairment of tax asset carryforwards

The ageing of impaired tax asset carryforward is detailed as follows:

(in € millions)	2019	2018
N+1	10.3	11.7
N+2	12.1	11.4
N+3	10.8	15.5
N+4	11.3	5.1
N+5 and above	51.6	21.4
Unlimited	481.8	499.6
TOTAL	**577.9**	**564.7**

These impaired deferred income tax assets on loss carry forwards are mainly located in France.

Note 9 Earnings per share

Basic earnings per share are calculated by dividing net income attributable to owners of the parent by the weighted average number of shares outstanding during the year, excluding treasury stock. For the purpose of calculating diluted earnings per share, the Group adjusts net income attributable to owners of the parent and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares (including stock options, free shares and convertible bonds).

	2019	2018
Number of shares outstanding at year-end [(1)]	**138,035,801**	**138,035,801**
Adjustments:		
■ treasury stock	(1,149,994)	(917,160)
■ weighted impact of share issue prorated	0	0
Weighted average number of shares before dilution	**136,885,807**	**137,118,641**
Weighted impact of dilutive instruments:		
■ stock options [(2)]	0	0
■ free shares attributed	642,747	610,752
■ bonds with conversion option	0	0
Weighted average number of shares after dilution	**137,528,554**	**137,729,393**

(1) Changes in the number of shares outstanding as of December 31, 2019, are analyzed as follows:

As of December 31, 2018: Number of Faurecia shares outstanding	**138,035,801**
Exercise of stock options	0
As of December 31, 2019: Number of Faurecia shares outstanding	**138,035,801**

(2) As of December 31, 2019, no stock options were still outstanding.

The dilutive impact of the bonds was calculated using the treasury stock method.

In relation to stock options, this method consists of comparing the number of shares that would have been issued if all outstanding stock options had been exercised to the number of shares that could have been acquired at fair value.

The potentially dilutive impact of free shares is taken into account considering the number of shares to be distributed for the plans of which the realization of the performance conditions has already been stated by the Board.

Earnings per share

Earnings per share break down as follows:

	2019	2018
Net Income (loss) *(in € millions)*	**589.7**	**700.8**
Basic earnings (loss) per share	4.31	5.11
After dilution	4.29	5.09

Note 10A Business Combination – Clarion

Faurecia, through its subsidiary Hennape Six SAS, has reached on October 26, 2018 binding agreements with Clarion and Hitachi, the controlling shareholder owning 63.8% of Clarion, for a tender offer to acquire 100% of the shares of Clarion, listed on the Tokyo Stock Exchange, for a price of ¥2,500 per Clarion share. The tender offer has been authorized by antitrust authorities. Clarion shareholders have tendered 95.2% of their shares to the offer launched on January 30, 2019. The tender offer, closed on February 28, 2019, has been followed by a squeeze out at the end of which Hennape Six SAS has acquired on March 28, 2019 the remaining Clarion shares (excluding treasury shares) which have been paid in July 2019.

This acquisition has been financed through the issuance by Faurecia S.E. in December 2018 of a €700 million *Schuldscheindarlehen* and a €500 million bridge loan. Faurecia S.E. has successfully issued on March 27, 2019 €500 million of senior notes due 2026 at 3.125% to refinance the bridge loan.

Faurecia thus acquires key competencies in electronics, software, full digital audio systems, human-machine interface and image treatment, which are at the heart of its strategy for Sustainable Mobility and Cockpit of the Future.

This business combination was accounted for provisionally at December 31, 2019 as the fair values assigned to the identifiable assets acquired and liabilities assumed and the related goodwill may be amended within the one-year period following the March 2019 acquisition date. The purchase price allocation is being finalized; as of December 31, 2019, out of the initial purchase price of €1,099.4 million; €495.6 million has been allocated to the net assets acquired, specifically to customer relationships for €185 million and to technologies for €125 million and €603.9 million to the goodwill. A portion of this goodwill has been reallocated for €75 million to the other activities of the Group as synergies linked to this acquisition.

Clarion's accounts have been included in the consolidated financial statements since April 1, 2019. Clarion's total contribution to Faurecia's consolidated revenue and operating income (before depreciation of acquired intangible assets) was respectively €586.3 million and €17.6 million for the year 2019.

The table below shows a breakdown of Clarion's net assets acquired by Faurecia:

(in € millions)	Fair Values
Intangible assets	393.0
Property, plant and equipment	245.8
Right-of-use assets	6.8
Other non current assets	18.4
TOTAL NON CURRENT ASSETS	**664.0**
Inventories, net	84.1
Trade accounts receivable	241.8
Other Current assets	164.9
Cash & cash equivalent	134.4
TOTAL CURRENT ASSETS	**625.2**
TOTAL ASSETS	**1,289.2**
Non controlling interests	0.2
Long term provisions and non current liabilities	51.6
Non current financial liabilities	119.0
Non current lease liabilities	7.0
TOTAL NON CURRENT LIABILITIES	**177.8**
Trade payables	202.0
Current provisions	103.2
Current liabilities	196.4
Current financial liabilities	113.9
Current portion of lease liabilities	0.3
TOTAL CURRENT LIABILITIES	**615.8**
TOTAL LIABILITIES	**793.6**
Net acquired assets	**495.6**
Goodwill	603.9
Acquisition cost	**1,099.4**

Note 10B Goodwill

In case of a business combination, the aggregate value of the acquisition is allocated to the identifiable assets acquired and liabilities assumed based on their fair value determined at their acquisition date.

A goodwill is recognized when the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree exceed the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In accordance with IAS 36, goodwill is not amortized but is tested for impairment at least once a year and more often if there is an indication that it may be impaired. For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGUs). A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The CGU to which goodwill is allocated represents the level within the operating segment at which goodwill is monitored for internal management purposes. The Group has identified the following CGUs:

- Seating;
- Interiors;
- Clean Mobility;
- Clarion Electronics.

The carrying amount of assets and liabilities thus grouped is compared to the higher of its market value and value in use, which is equal to the present value of the net future cash flows expected, and their net market value including costs of disposal.

(in € millions)	Gross	Impairment	Net
Amount as of January 1, 2018	**1,726.9**	**(510.8)**	**1,216.1**
Acquisitions	269.5	0.0	269.5
Translation adjustments and other movements	6.4	0.1	6.5
Amount as of December 31, 2018	**2,002.8**	**(510.7)**	**1,492.1**
Acquisitions	651.8	0.0	651.8
Translation adjustments and other movements	2.5	0.0	2.5
Amount as of December 31, 2019	**2,657.1**	**(510.7)**	**2,146.4**

Breakdown of the net amount of goodwill by operating segment:

(in € millions)	2019	2018
Seating	850.4	842.9
Interiors	295.2	271.8
Clean Mobility	464.9	377.4
Clarion Electronics*	535.9	-
TOTAL	**2,146.4**	**1,492.1**

* *See Note 10.A.*

Cash-generating units and impairment tests

Impairment tests are carried out whenever there is an indication that an asset may be impaired. Impairment testing consists of comparing the carrying amount of an asset, or group of assets, with the higher of its market value and value in use. Value in use is defined as the present value of the net future cash flows expected to be derived from an asset or group of assets.

The assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, or CGUs).

Impairment tests are performed on each group of intangible assets (development costs) and property, plant and equipment attributable to a customer contract. This is done by comparing the aggregate carrying amount of the group of assets concerned with the present value of the expected net future cash flows to be derived from the contract.

An impairment loss is recorded when the assets' carrying amount is higher than the present value of the expected net future cash flows. A provision is then ecorded for losses to completion on loss-making contracts in compliance with IAS 37.

In case of a triggering event, impairment testing is also carried out on general and corporate assets grouped primarily by type of product and geographic area.

The cash inflows generated by the assets allocated to these CGUs are largely interdependent due to the high overlap among various manufacturing flows, optimization of capacity utilization, and centralization of research and development activities.

Manufacturing assets whose closure is planned are tested independently for impairment.

Within the frame of the impairment tests of goodwill and group of CGUs as defined in Note 10B, the cash flow forecasts used to calculate value in use were based on the Group's 2020-2022 strategic plan which was drafted in mid-2019. The volume assumptions used in the strategic plan are based on external information sources. In order to take into account the development plan for Clarion Electronics following the acquisition of Clarion in 2019, having as priorities to accelerate the growth on four product lines and an agressive roadmap for cost competitiveness, the cash flow forecasts used for this activity are based on forecasts for the period 2020-2025.

The main assumption affecting value in use is the level of operating income used to calculate future cash flows and particularly the terminal value. The operating margin assumption for 2022 is the range of 8% of sales for the Group as a whole.

Projected cash flows for the last year of the Strategic Business Plan (2022) have been projected to infinity by applying a growth rate determined based on analysts' trend forecasts for the automotive market. The growth rate applied for the year-end 2019 test was 1.4% (1.4% applied for 2018), except for Clarion Electronics for which 2% has been considered.

Faurecia called on an independent expert to calculate the weighted average cost of capital used to discount future cash flows. The market parameters used in the expert's calculation were based on a sample of 18 companies operating in the automotive supplier sector. Taking into account these parameters and a market risk premium of 7.3% on average, the weighted cost of capital used to discount future cash flows was set at 9% (on the basis of a range of values provided by the independent expert) in 2019 (9% in 2018). This rate was applied for the impairment tests carried out on all of the groups of CGUs. They all bear the same specific risks relating to the automotive supplier sector and the CGUs multinational operation does not justify using geographically different discount rates except for Clarion Electronics, for which a discount rate of 8% has been considered to take into account a slightly different country exposure.

The tests performed at year-end 2019 did not show any indication of further impairment in goodwill.

The table below shows the sensitivity of the impairment test results to changes in the assumptions used at year-end 2019 to determine the value in use of the CGUs groups to which the Group's goodwill is allocated:

Sensitivity *(in € millions)*	Test income (value in use - net carrying value)	Cash flow discount rate +0.5 pt	Growth rate to infinity -0.5 pt	Operating margin rate for terminal value -0.5 pt	Combination of the 3 factors
Seating	3,174	(348)	(312)	(318)	(898)
Interiors	1,522	(225)	(202)	(218)	(591)
Clean Mobility	3,250	(345)	(312)	(201)	(793)
Clarion Electronics	109	(144)	(117)	(103)	(324)

Note 11 Intangible assets

A. Research and development expenditure

The Faurecia group incurs certain development costs in connection with producing and delivering modules for specific customer orders which are considered as set up costs for the serial parts production and capitalized.

In accordance with IAS 38, these development costs are recorded as an intangible asset where the Company concerned can demonstrate:

- its intention to complete the project as well as the availability of adequate technical and financial resources to do so;
- how the customer contract will generate probable future economic benefits and the Company's ability to measure these reliably;
- its ability to reliably measure the expenditure attributable to the contracts concerned (costs to completion).

These capitalized costs are amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances.

Research costs, and development costs that do not meet the above criteria, are expensed as incurred.

B. Other intangible assets

Other intangible assets include development and purchase costs relating to software used within the Group –which are amortized on a straight-line basis over a period of between one and three years– as well as patents and licenses, and the intangible assets acquired in business combinations (customer relationship…); these assets are amortized on the corresponding contracts duration.

Intangible assets break down as follows:

(in € millions)	Development costs	Software and other	Intangible assets acquired	Total
AMOUNT AS OF JANUARY 1, 2018	**1,567.8**	**63.9**	**3.0**	**1,634.7**
Additions	596.0	0.6	0.0	596.6
Depreciation and amortization	(398.6)	(31.5)	(10.9)	(441.0)
Funding of provisions	3.8	0.0	0.0	3.8
Translation adjustments and other	14.4	26.0	124.9	165.3
AMOUNT AS OF DECEMBER 31, 2018	**1,783.4**	**59.0**	**117.0**	**1,959.4**
Additions	683.6	3.4	0.1	687.0
Depreciation and amortization	(437.8)	(35.9)	(56.4)	(530.1)
Funding of provisions	(4.0)	0.0	0.0	(4.0)
Translation adjustments and other	28.4	48.9	361.3	438.6
AMOUNT AS OF DECEMBER 31, 2019	**2,053.7**	**75.3**	**422.0**	**2,550.9**

The book value of development costs allocated to a customer contract as well as the associated specific tooling is compared to the present value of the expected net future cash flows to be derived from the contract based on the best possible estimate of future sales. The volumes taken into account in Faurecia's Business Plans are the best estimates by the Group's Marketing department based on automakers' forecasts when available.

Note 12A Property, plant and equipment

Property, plant and equipment are stated at acquisition cost, or production cost in the case of assets produced by the Group for its own use, less accumulated depreciation.

Maintenance and repair costs are expensed as incurred, except when they increase productivity or prolong the useful life of an asset, in which case they are capitalized.

In accordance with the amended version of IAS 23, borrowing costs on qualifying assets arising subsequent to January 1, 2009 are included in the cost of the assets concerned. The amount is not significant for the period.

Property, plant and equipment are depreciated by the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	20 to 30 years
Leasehold improvements, fixtures and fittings	10 to 20 years
Machinery, tooling and furniture	3 to 10 years

Investment grants are recorded as a deduction from the assets that they were used to finance.

(in € millions)	Land	Buildings	Plant, tooling and equipment	Specific tooling	Other property, plant and equipment and property, plant and equipment in progress	Total
AMOUNT AS OF JANUARY 1, 2018	**80.4**	**403.0**	**1,527.1**	**37.8**	**541.1**	**2,589.4**
Additions (including own work capital) (1)	0.0	3.2	20.7	14.1	634.8	672.8
Disposals	(10.5)	(61.5)	(170.6)	(3.5)	(19.8)	(265.9)
Funding of depreciation, amortization and impairment provisions	(0.4)	(49.2)	(341.0)	(12.8)	(37.8)	(441.2)
Non-recurring impairment losses	0.0	(1.7)	(0.3)	(0.0)	(1.1)	(3.1)
Depreciation written off on disposals	3.1	45.2	112.0	2.0	19.8	182.1
Currency translation adjustments	(0.1)	(6.1)	(0.3)	(0.1)	(0.3)	(6.9)
Entry into scope of consolidation & other movements	17.4	84.9	551.9	(10.0)	(586.8)	57.4
AMOUNT AS OF DECEMBER 31, 2018	**89.9**	**417.8**	**1,699.5**	**27.5**	**549.9**	**2,784.6**
Additions (including own work capital) (1)	0.0	1.6	66.0	15.4	597.6	680.6
Disposals	(71.8)	(130.4)	(186.6)	(8.3)	(57.2)	(454.3)
Funding of depreciation, amortization and impairment provisions	(0.5)	(52.5)	(379.3)	(11.0)	(48.4)	(491.7)
Non-recurring impairment losses	0.0	(4.9)	(9.5)	(0.2)	(1.3)	(15.8)
Depreciation written off on disposals	2.5	58.4	147.0	8.6	55.8	272.4
Currency translation adjustments	3.2	4.9	12.9	0.1	3.3	24.3
Entry into scope of consolidation & other movements	87.5	137.4	473.1	(0.6)	(500.1)	197.3
AMOUNT AS OF DECEMBER 31, 2019	**110.8**	**432.3**	**1,823.1**	**31.4**	**599.9**	**2,997.4**

(1) Including assets held under finance leases:
- *in 2018 0.2;*
- *in 2019 N/A.*

(in € millions)	2019 Gross	2019 Depreciation	2019 Net	2018 Gross	2018 Net
Land	120.2	(9.5)	110.8	100.5	89.9
Buildings	1,153.2	(720.9)	432.3	1,110.3	417.8
Plant, tooling and technical equipment	4,794.6	(2,971.6)	1,823.1	4,337.5	1,699.5
Specific tooling	156.9	(125.5)	31.4	150.3	27.5
Other property, plant and equipment & property, plant and equipment in progress	936.2	(336.3)	599.9	817.6	549.9
TOTAL	**7,161.1**	**(4,163.7)**	**2,997.4**	**6,516.2**	**2,784.6**
Including assets subject to lease financing	N/A	N/A	N/A	65.2	3.8

Property, plant and equipment are often dedicated to client programs.

Note 12B Right-of-use assets

Right of use assets are valued initially up to the discounted lease liability for lease contracts as defined per IFRS 16, increased by advanced payments made to lessor, initial costs incurred, as well as estimated dismantling or refurbishment costs based on contractual terms if needed (see Note 1B).

(in € millions)	Land	Buildings	Plant and equipment	Others	Total
Amount as of January 1, 2019	**0.0**	**608.4**	**51.5**	**65.9**	**725.8**
New contracts	0.2	214.6	39.4	43.9	298.1
Depreciation	0.0	(110.2)	(14.5)	(32.3)	(157.0)
Funding of impairment provisions	0.0	(4.1)	0.0	0.0	(4.1)
Other movements	0.0	2.5	0.5	11.1	14.1
Amount as of December 31, 2019	**0.2**	**711.3**	**77.0**	**88.5**	**877.0**

Note 13 Investments in associates

Investment in associates for continued operations:

(in € millions)	% interest*	Group share of equity**	Dividends received by the Group	Group share of sales	Group share of total assets
Teknik Malzeme	50%	3.9	(2.7)	25.6	12.0
Symbio	50%	79.6	0.0	0.6	104.8
Changchun Xuyang Faurecia Acoustics & Soft Trim Co., Ltd	40%	4.7	0.0	24.7	20.4
Faurecia (Liuzhou) Emissions Control Technologies Co. Ltd	50%	6.7	0.0	27.5	25.8
Detroit Manufacturing Systems LLC	49%	15.5	(3.9)	375.9	87.7
Total Network Manufacturing LLC	49%	0.2	0.0	85.6	42.5
Faurecia Japon NHK Co., Ltd	50%	0.0	0.0	185.8	43.8
Others	-	57.5	(6.3)	369.6	129.9
SUB-TOTAL		**168.1**	**(12.8)**	**1,095.3**	**466.9**
SAS Group	50%	72.1	(15.0)	369.3	372.8
TOTAL		**240.3**	**(27.8)**	**1,464.7**	**839.7**

* *Percent of interest held by the Company that owns the shares.*
** *As the Group share of some company's net equity is negative, it is recorded under liabilities as a provision for contingencies and charges.*

There is no joint operation in the sense of IFRS 11 within the companies consolidated by equity method.

13.1 Change in investments in associates

(in € millions)	2019	2018
Group share of equity at beginning of period	**144.2**	**151.1**
Dividends	(27.8)	(27.3)
Share of net income of associates	37.8	31.4
Change in scope of consolidation	76.3	(12.2)
Capital increase	9.9	1.7
Currency translation adjustments	(0.1)	(0.5)
Group share of equity at end of period	**240.3**	**144.2**

13.2 Information on significant associates

SAS is a joint venture with Continental Automotive GmbH which manufactures full cockpit modules with electronics and circuitry built into the instrument panels. Its headquarters is located in Karlsruhe (Germany), with subsidiaries mainly in France, Slovakia, Spain, Mexico, Turkey, Czech Republic and United States of America.

Additional information on this entity (actual data as of November and December forecasts) is provided below:

(in € millions)	2019	2018
Sales	738.7	633.0
Operating income (loss)	77.1	63.4
Net income (loss)	37.7	47.0

(in € millions)	2019	2018
Fixed assets	232.1	150.8
Current assets	461.6	394.8
Cash	51.8	63.0
TOTAL ASSETS	**745.5**	**608.6**
Equity	144.3	136.5
Borrowings	73.7	0.0
Other non-current liabilities	69.1	82.8
Non-current financial liabilities	458.4	389.3
TOTAL EQUITY AND LIABILITIES	**745.5**	**608.6**

The other associates, in joint control or significant influence, taken individually, are not considered as significant neither for sales nor for total assets.

Note 14 Other equity interests

Equity interests correspond to the Group's interests in the capital of non-consolidated companies. They are subject to impairment testing based on the most appropriate financial analysis criteria. An impairment loss is recognized when appropriate. The criteria generally applied are the Group's equity in the underlying net assets and the earnings outlook of the Company concerned.

		2019		2018
(in € millions)	% of share capital	Gross	Net	Net
Changchun Xuyang Industrial Group	19.0	12.3	12.3	12.3
Amminex Emissions Systems APS*	91.5	-	-	24.0
TactoTek Oy	9.0	5.8	5.8	5.0
Guardknox Cyber Technologies Ltd	7.0	5.4	5.4	-
Canatu Oy	7.9	7.0	7.0	5.0
Other		36.7	29.9	14.4
TOTAL		**67.2**	**60.4**	**60.7**

* *Consolidated from January 1, 2019.*

Note 15 Other non-current financial assets

Loans and other financial assets are initially stated at fair value and then at amortized cost, calculated using the effective interest method.

Provisions are booked on a case-by-case basis where there is a risk of non-recovery.

	2019			2018
(in € millions)	Gross	Provisions	Net	Net
Loans with maturity longer than one year	54.4	(17.0)	37.4	57.1
Others	38.2	(4.2)	34.0	34.1
TOTAL	**92.6**	**(21.2)**	**71.4**	**91.2**

Note 16 Other non-current assets

This item includes:

(in € millions)	2019	2018
Pension plan surpluses	29.0	17.6
Guarantee deposits and other	41.1	28.6
TOTAL	**70.1**	**46.2**

Note 17 Inventories and work-in-progress

Inventories of raw materials and supplies are stated at cost, determined by the FIFO method (First-In, First-Out).

Finished and semi-finished products, as well as work-in-progress, are stated at production cost, determined by the FIFO method. Production cost includes the cost of materials and supplies as well as direct and indirect production costs, excluding overhead not linked to production and borrowing costs.

Work-in-progress includes the costs of specific tooling produced or purchased specifically for the purpose of manufacturing parts or modules for customer orders and which are sold to the customer, ie for which the control is transferred to the customer, usually shortly before serial production starts, and specific development work which is sold to customers and corresponding to the definition of work in progress when the contract enables to consider that these developments are a specific performance obligation under IFRS 15. These costs are expensed (cost of sales) over the period in which the corresponding revenue is recognized, ie at transfer of control of these development works to the customer.

Provisions are booked for inventories for which the probable realizable value is lower than cost and for slow moving items.

	2019			2018
(in € millions)	Gross	Depreciations	Net	Net
Raw materials and supplies	689.1	(124.8)	564.3	546.9
Engineering, tooling and prototypes	512.1	(9.1)	503.0	482.5
Work in progress for production	7.6	(0.5)	7.1	4.9
Semi-finished and finished products	577.9	(99.5)	478.4	397.4
TOTAL	**1,786.7**	**(233.9)**	**1,552.8**	**1,431.7**

Note 18 Trade accounts receivables

Under trade receivables sale programs, the Group can sell a portion of the receivables of a number of its French, German, North America and other subsidiaries to a group of financial institutions, transferring substantially all of the risks and rewards relating to the receivables sold to the financial institutions concerned.

The following table shows the amount of receivables sold with maturities beyond December 31, 2019, for which substantially all the risks and rewards have been transferred, and which have therefore been derecognized, as well as the financing under these programs which corresponds to the cash received as consideration for the receivables sold:

(in € millions)	2019	2018
Financing	1,027.6	1,032.8
Guarantee reserve deducted from borrowings	(10.8)	(33.6)
Cash received as consideration for receivables sold	1,016.8	999.2
Receivables sold and derecognized	(952.7)	(977.3)

Individually impaired trade receivables are as follows:

(in € millions)	2019	2018
Gross total trade receivables	2,626.4	1,968.5
Provision for impairment of receivables	(17.5)	(21.0)
TOTAL	**2,608.9**	**1,947.5**

Given the high quality of Group counterparties, late payments do not represent a material risk. They generally arise from administrative issues.

Late payments as of December 31, 2019 were €178,3 million, breaking down as follows:

- €96,7 million less than one month past due;
- €24,7 million between one and two months past due;
- €9,6 million between two and three months past due;
- €19,7 million between three and six months past due;
- €27,6 million more than six months past due.

Note 19 Other operating receivables

(in € millions)	2019	2018
Down payments	87.5	111.3
Currency derivatives for operations	9.0	29.8
Other receivables (1)	263.9	172.7
TOTAL	**360.4**	**313.8**
(1) Including the following amounts for VAT and other tax receivables.	*259.0*	*163.7*

Note 20 Other receivables

(in € millions)	2019	2018
Short-term portion of loans	12.7	65.5
Prepaid expenses	557.2	388.1
Current taxes	198.7	163.7
Other sundry receivables	70.6	44.2
TOTAL	**839.2**	**661.5**

In 2019, the receivables *Crédit d'Impôt Recherche (CIR)* have been sold for an amount of €72.4 million vs €95.6 million in 2018. In 2018, the Group also sold its receivable on *Crédit d'Impôt pour la Compétitivité et l'Emploi (CICE)* for an amount of €13.1 million.

Note 21 Cash and cash equivalents

Cash and cash equivalents include current account balances in the amount of €2,177.9 million (compared to €1,462.0 million in 2018) and short-term investments in the amount of €141.5 million (compared to €643.3 million in 2018), or a total of €2,319.4 million as of December 31, 2019.

These components include current account balances and units in money market funds that are readily convertible to a known amount of cash and are not subject to a significant risk of impairment in the event of changes in interest rates. They are measured at fair value and variances are booked through P&L.

The carrying amount of marketable securities is almost identical to market value as they are held on a very short-term basis.

Note 22 Shareholders’ equity

22.1 Capital

As of December 31, 2019, Faurecia’s capital stock totaled €966,250,607 divided into 138,035,801 fully paid-up shares with a par value of €7 each.

The Group’s capital is not subject to any external restrictions. Shares which have been registered in the name of the same holder for at least two years carry double voting rights.

As of December 31, 2019, Peugeot S.A. held 46.34% of the capital stock and 62.99% of the voting rights.

The capital and additional paid-in capital variance on the period can be analyzed as follows:

	Number of shares	Capital *(in € millions)*	Additional paid-in capital *(in € millions)*
Amount as of January 1, 2019	**138,035,801**	**966.3**	**604.0**
Exercise of stock options	-	-	-
Amount as of December 31, 2019	**138,035,801**	**966.3**	**604.0**

22.2 Share-based payment

A – FREE SHARE GRANT

In 2010 Faurecia implemented a share grant plan for executives of Group companies. These shares are subject to service and performance conditions.

Free shares are measured at fair value by reference to the market price of Faurecia’s shares at the grant date, less (i) an amount corresponding to the expected dividends due on the shares but not paid during the vesting period and (ii) an amount reflecting the cost of the shares being subject to a lock-up period. The fair value is recognized in payroll costs on a straight-line basis over the vesting period, with a corresponding adjustment to equity.

The amount recognized for the period is an expense of €18.9 million, compared to €20 million in 2018.

Details of the share grant plans as of December 31, 2019 are set out in the table below:

Date of Annual Shareholders' Meeting	Date of Board meeting	Maximum number of free shares that can be granted* for: reaching the objective	exceeding the objective	Performance condition	share market value at grant date *(in €)*	Adjustments: dividend rate	Non-transfer-rability discount	Acquisition date	Sales date (from)
05/27/2016	07/20/2017	520,181	676,200	2019 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies.	48.46	1.75%	NA	07/20/2021	07/20/2021
05/29/2018	07/19/2018	385,952	501,740	2020 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies.	62.26	2.30%	NA	07/19/2022	07/19/2022
05/28/2019	10/09/2019	899,350	1,169,900	2021 after tax income target as stated in strategic plan when granted, Faurecia earning per share growth compared to a reference group of companies and percentage of diversity men-women within the management population.	39.20	2.50%	NA	10/09/2023	10/09/2023

* *Net of free shares granted cancelled.*

The performance conditions for the plan attributed by the Board of July 23, 2015 have been met, the corresponding shares, ie 594,666 have been definitely distributed in July 2019. The performance conditions for the plan attributed by the Board of July 25, 2016 have been met, the corresponding shares, ie 642,747 will be definitely distributed in July 2020.

22.3 Treasury stock

As of December 31, 2019, Faurecia held 1,149,994 treasury stock shares.

The cost of the shares held in treasury stock as of December 31, 2019 totaled €44.7 million, representing an average cost of €38.9 per share.

Note 23 Minority interests

This item corresponds to minority shareholders' interests in the equity of consolidated subsidiaries.

Changes in minority interests were as follows:

(in € millions)	2019	2018
Amount as at beginning of the period	**361.6**	**275.3**
Increase in minority shareholder interests	0.0	24.7
Other changes in scope of consolidation	(72.5)	40.0
Minority interests in net income for the year	75.0	92.5
Dividends allocated to minority interests	(40.6)	(67.6)
Currency translation adjustments	3.3	(3.3)
Amount as at the end of the year	**326.8**	**361.6**

The minority interests, taken individually, are not considered as significant in comparison to the total net equity.

Note 24 Current provisions and contingent liabilities

24.1 Current provisions

A provision is recorded when Group Executive Management has decided to streamline the organization structure and announced the program to the employees affected by it or their representatives, when relevant.

(in € millions)	2019	2018
Restructuring	76.9	78.9
Risks on contracts and customer warranties	113.8	57.1
Litigation	15.0	10.0
Other provisions	54.7	45.4
TOTAL	**260.4**	**191.4**

Changes in these provisions in 2019 were as follows:

(in € millions)	Amount as of January 1, 2019	Additions	Expenses charged	Reversal*	Sub total changes	Change in scope of consoli-dation and other changes	Amount as of December 31, 2019
Restructuring	78.9	121.9	(123.4)	0.0	(1.5)	(0.5)	76.9
Risks on contracts and customer warranties	57.1	7.8	(45.0)	(6.4)	(43.6)	100.3	113.8
Litigation	10.0	3.8	(5.1)	(1.2)	(2.5)	7.5	15.0
Other provisions	45.4	30.4	(5.8)	(0.7)	23.9	(14.6)	54.7
TOTAL	**191.4**	**163.9**	**(179.3)**	**(8.3)**	**(23.7)**	**92.7**	**260.4**

* *Surplus provisions.*

24.2 Contingent liabilities

LITIGATION

As a reminder, on March 25, 2014, the European Commission and the United States Department of Justice, on November 27, 2014, the Competition Commission of South Africa, and on May 19, 2017, the Brazilian competition authority (CADE), initiated inquiries covering certain suppliers of emission control systems on the basis for suspicions of anti-competitive practices in this market. Faurecia is one of the companies covered by these inquiries.

On the status of these inquiries:

- the European Commission has announced to close the case, as communicated by Faurecia on May 2, 2017;
- an agreement has been reached with the CADE for a non material amount and made public on September 5, 2018 putting an end to the inquiry on Faurecia;
- in December 2018, Faurecia has been informed by the United States Department of Justice that it was no more subject to an inquiry;
- the inquiry of the Competition Commission of South Africa is still ongoing.

Moreover, the Group has reached agreements, for non material amounts, with the plaintiffs to settle all three class actions which were filed in the United States District Court for the Eastern District of Michigan against several suppliers of emissions control systems, including group affiliates, alleging anticompetitive practices in regard to Exhaust Systems. These agreements have been validated by the court.

Two class actions for similar allegations have also been filed in Canada but are at a very preliminary stage.

The consequences of still on-going procedures and above mentioned can not be predicted; therefore, no accruals were accounted for as of December 31, 2019.

In 2014, the Alliance of Artists and Recording Companies, Inc. (AARC) filed two consolidated cases in the United States District Court for the District of Columbia seeking damages and an injunction against a group of automotive manufacturers and suppliers, including Clarion Corporation of America. AARC alleged that the defendants were distributing in-vehicle navigation systems in violation of the Audio Home Recording Act of 1992, in part, because no royalties were paid pursuant to the Act. The case centers on whether the systems are "digital audio recording devices" that are capable of making "digital audio copied recordings" as defined by the statute. On March 23, 2018, the District Court issued summary judgment in favor of Clarion and ruled that Clarion's navigation systems are not "digital audio recording devices" because they are not capable of producing a "digital audio copied recording" under the statute's definitions. The District Court entered final judgment in favor of Clarion and the other defendants and there are no additional claims against Clarion that remain pending at the District Court level. AARC appealed the District Court's summary judgment opinion to the United States Court of Appeals for the District of Columbia Circuit ("D.C.Circuit") on similar grounds argued at the District Court.

On January 28, 2020, the D.C. Circuit's three-judge panel unanimously affirmed the District Court's summary judgment in Clarion's favor, ruling that automakers and manufacturers of certain onboard vehicle systems (which include Clarion's systems), comprised of hard drives, computer programs and databases, were not liable for damages or royalty payments under the Audio Home Recording Act of 1992, 17 U.S.C. § 1001, et. Seq. Plaintiffs may petition the D.C. Court for rehearing or request an appeal from the U.S. Supreme Court.

There are no other claims or litigation in progress or pending that are likely to have a material impact on the Group's consolidated financial position.

Note 25 Non-current provisions and provisions for pensions and other post-employment benefits

25.1 Non-current provisions

(in € millions)	2019	2018
Provisions for pensions and other employee obligations	**461.6**	**393.3**
■ Pension plan benefit obligations	234.3	221.9
■ Post-retirement benefit obligations	184.3	130.3
■ Long-service awards	28.8	26.4
■ Healthcare costs	14.2	14.7
Provisions for early retirement costs	**0.0**	**0.0**
TOTAL	**461.6**	**393.3**

CHANGES IN NON-CURRENT PROVISIONS

(in € millions)	2019	2018
Amount as beginning of the period	**393.3**	**397.2**
Changes in scope of consolidation	50.6	5.8
Other movements	13.4	0.0
Allowance (or reversal) of provision	(0.4)	34.1
Expenses charged to the period	(16.4)	(14.6)
Payment to external funds	(5.8)	(10.5)
Restatement differences	26.9	(18.7)
Amount as at the end of the period	**461.6**	**393.3**

25.2 Provisions for pensions and other post-employment benefits

Group employees may receive, in addition to their pensions in conformity with the applicable regulations in the countries where the Group companies employing them are located, additional benefits or post-retirement benefit obligations. The Group offers these benefits through either defined benefits or defined contribution plans.

The valuation and accounting methodologies followed by the Group are the following:

- for defined contribution plans, costs are recognized as expenses based on contributions;
- the liability for defined benefit plans is determined on an actuarial basis using the projected unit credit method, according to the agreements effective in each concerned Group company.

The valuation takes into account the probability of employees staying with the Group up to retirement age and expected future salary levels as well as other economic assumptions (such as the inflation rate, the discount rate) for each concerned zone or country. These assumptions are described in Note 25.2.

Benefit obligations are partially funded by contributions to external funds. In cases where the funds are permanently allocated to the benefit plan concerned, their value is deducted from the related liability. An excess of plan assets is only recognized in the balance sheet when it represents future benefits effectively available for the Group.

Periodic pension and other employee benefit costs are recognized as operating expenses over the benefit vesting period.

Actuarial gains and losses on defined benefits plan are recognized in other comprehensive income.

In case of a change in regime, past service costs are fully recognized as operating expenses, the benefits being fully acquired or not.

The expected rate of return of defined benefits plan assets is equal to the discount rate used to value the obligation. This return is recorded in "Other financial income and expense".

The other post-employment benefits mainly cover seniority bonuses as well as health care benefits. The obligation is valued using similar methodology, assumptions and frequency as the ones used for post-employment benefits.

BENEFIT OBLIGATIONS

(in € millions)	2019	2018
Present value of projected obligations		
■ Pension plan benefit obligations	468.2	396.8
■ Post-retirement indemnities obligations	201.0	135.2
■ Long-service awards	28.8	26.4
■ Healthcare costs	14.2	14.7
TOTAL	**712.2**	**573.1**
Value of plan assets:		
■ Provisions booked in the accounts	461.6	393.3
■ External funds (market value) (1)	279.7	197.4
■ Plan surplus (2)	(29.1)	(17.6)
TOTAL	**712.2**	**573.1**

(1) External funds mainly cover pension plan benefit obligations for €263 millions in 2019.
(2) Pension plan surpluses are included in Other non-current assets.

PENSION BENEFIT OBLIGATIONS

A – Description of the plans

In France, all managerial employees with a salary in tranche C are granted a defined benefit pension scheme. This scheme enables a yearly acquisition of a rent based on the tranche C part of the salary. Executive Committee members who have an employement contract with Faurecia S.E. or any of its subsidiaries also benefit from a defined benefit pension scheme for French members and defined contribution pension scheme for foreign members, the schemes having been approved by the Board of Directors on February 11, 2015. In order to comply with the PACTE law from May 22, 2019 and its notification of July 3, 2019 transposing Directive 2014/50/EU. These two defined benefit schemes have been closed, the rights acquired in these schemes being frozen as of December 31, 2019.

In the United States, one plan was settled in May 2017. The two remaining defined benefit pension plans are all closed to new participants, respectively since 1996 and 2002. The first plan covers 620 participants and the second plan covers 320 participants.

In Germany, the main defined benefit pension plan still open covers 5,231 participants. The benefit granted is based on the number of years of service, starting after 14 years.

B – Assumptions used

The Group's obligations under these plans are determined on an actuarial basis, using the following assumptions:

- retirement age between 62 and 65 for employees in France;
- staff turnover assumptions based on the economic conditions specific to each country and/or Group company;
- mortality assumptions specific to each country;
- estimated future salary levels until retirement age, based on inflation assumptions and forecasts of individual salary increases for each country;
- the expected long-term return on external funds;
- discount and inflation rates (or differential) based on local conditions.

The main actuarial assumptions used in the past two years to measure the pension liability are as follows:

(in %)	Euro zone	United Kingdom	USA
DISCOUNT RATE			
2019	**1.20%**	**2.20%**	**2.79%**
2018	1.95%	2.95%	3.91%
INFLATION RATE			
2019	**1.80%**	**3.10%**	**N/A**
2018	1.80%	3.30%	N/A

Nota: Iboxx AA rate is the reference to determine the discount rate for the euro zone.

In the United States, the pension benefit obligations (closed to new participants) are not sensitive to the inflation rate.

The average duration of the various plans is as follows:

(in number of years)	Euro zone	United Kingdom	USA
Average duration	15.8	21.9	8.1

C – Information on external funds

External funds are invested as follows:

	2019			**2018**		
(in %)	Equities	Bonds	Others	Equities	Bonds	Others
France	26%	66%	8%	23%	75%	2%
United Kingdom	38%	60%	2%	31%	68%	1%
United States	62%	30%	8%	59%	33%	8%

The fair value of shares and bonds falls in the level 1 category (price quoted in active markets) in 2019.

D – Provisions for pension liabilities recognized on the balance sheet

(in € millions)	2019 France	2019 Abroad*	2019 Total	2018 France	2018 Abroad	2018 Total
Amount as at beginning of the period	**166.8**	**167.8**	**334.6**	**167.0**	**166.9**	**333.9**
Effect of changes in scope of consolidation (provision net of plan surpluses)	1.0	49.5	50.5	0.7	5.1	5.8
Additions	16.5	2.1	18.6	15.7	14.9	30.6
Expenses charged to the provision	(4.0)	(9.7)	(13.7)	(4.7)	(6.6)	(11.3)
Payments to external funds	(0.6)	(5.2)	(5.8)	(6.1)	(4.4)	(10.5)
Actuarial gains/(losses)	8.5	18.9	27.4	(5.8)	(8.5)	(14.3)
Other movements	(23.8)	1.7	(22.1)	0.0	0.4	0.4
Amount as at the end of the period	**164.4**	**225.1**	**389.5**	**166.8**	**167.8**	**334.6**

* *The provision for €225.1 million as of December, 31, 2019 relates mainly to Germany (€145 million).*

E – Changes in pension liabilities

In France, retirement commitments decreased by €6 million at the closing compared to that of the previous year as detailed below:

(in € millions)	2019 France	2019 Abroad	2019 Total	2018 France	2018 Abroad	2018 Total
PROJECTED BENEFIT OBLIGATION						
Amount as at beginning of the period	**187.5**	**344.5**	**532.0**	**185.1**	**331.9**	**517.0**
Service costs	13.4	14.0	27.4	13.8	11.7	25.5
Annual restatement	3.8	9.3	13.1	2.9	7.8	10.7
Benefits paid	(7.7)	(17.3)	(25.0)	(8.9)	(17.5)	(26.4)
Actuarial gains/(losses)	7.6	37.5	45.1	(5.4)	(13.5)	(18.9)
Other movements (including translation adjustment)	1.0	120.6	121.6	0.7	24.1	24.8
Curtailments and settlements	(0.3)	(21.0)	(21.3)	(0.7)	0.0	(0.7)
Effect of closures and plan amendments	(23.8)	0.0	(23.8)	0.0	0.0	0.0
AMOUNT AS AT THE END OF THE PERIOD	**181.5**	**487.6**	**669.1**	**187.5**	**344.5**	**532.0**
VALUE OF PLAN ASSETS						
Amount as at beginning of the period	**20.7**	**176.7**	**197.4**	**18.1**	**165.0**	**183.1**
Projected return on plan assets	0.4	5.1	5.5	0.3	4.6	4.9
Actuarial gains/(losses)	(0.9)	18.6	17.7	0.4	(5.0)	(4.6)
Other movements (including translation adjustment)	0.0	69.4	69.4	0.0	18.6	18.6
Employer contributions	0.6	5.2	5.8	6.1	4.4	10.5
Benefits paid	(3.7)	(7.6)	(11.3)	(4.2)	(10.9)	(15.1)
Curtailments and settlements	0.0	(4.9)	(4.9)	0.0	0.0	0.0
Effect of closures and plan amendments	0.0	0.0	0.0	0.0	0.0	0.0
AMOUNT AS AT THE END OF THE PERIOD	**17.1**	**262.5**	**279.6**	**20.7**	**176.7**	**197.4**
BALANCE OF PROVISIONS AS AT THE END OF THE PERIOD	**164.4**	**225.1**	**389.5**	**166.8**	**167.8**	**334.6**
TOTAL CHANGE EXPENSED AT THE END OF THE YEAR	**16.5**	**2.1**	**18.6**	**15.7**	**14.9**	**30.6**

These costs are recognized:

- in operating income for the portion relating to service cost;
- in "Other financial income and expenses" for restatement of vested rights and the projected return on external funds.

The actuarial gains and losses generated have been recorded in Other comprehensive income according to IAS 19R. It can be analyzed as follows:

	2019		
(in € millions)	France	Abroad	Total
Detail of actuarial gains and losses of the period:			
■ differences linked to financial assumptions	(2.9)	(43.3)	(46.2)
■ differences linked to demographic assumptions	(4.7)	5.8	1.1
■ other differences	(0.9)	18.6	17.7
TOTAL	**(8.5)**	**(18.9)**	**(27.4)**

F – Retirement pension liabilities: sensitivity to changes in the discount rate and in the inflation rate in the main scope

The impact of a 25 basis point increase in the discount rate and in the inflation rate for the projected benefit obligation is as follows:

(in %)	Discount rate +0.25 pt	Inflation rate +0.25 pt
France	(2.5)%	+2.3%
Germany	(4.5)%	+1.3%

25.3 Long-service awards

The Group evaluates its liability for the payment of long-service awards, given to employees based on certain seniority requirements. The Group calculates its liability for the payment of long-service awards using the same method and assumptions as for its pension liability. Provisions for long-service awards have been set aside as follows:

(in € millions)	2019	2018
French companies	5.9	5.7
Foreign companies	22.9	20.7
TOTAL	**28.8**	**26.4**

25.4 Healthcare costs

In addition to pension plans, some Group companies, mainly in the United States, cover the healthcare costs of their employees.

The related liability can be analyzed as follows:

(in € millions)	2019	2018
Foreign companies	14.2	14.7
TOTAL	**14.2**	**14.7**

The increase of 25 basis points in the discount rate and 1 percentage point in the healthcare cost trend rates would lead to the following variations on the Group's projected benefits obligations:

(in %)	Discount rate +0.25 pts	Healthcare cost trend rate +1 pt
Projected benefit obligation	(2.2)%	+9.7%

Expenses recognized in connection with this liability break down as follows:

(in € millions)	2019	2018
Service cost	(0.1)	(0.1)
Interest cost*	(0.6)	(0.7)
Curtailment	0.0	0.0
TOTAL	**(0.7)**	**(0.8)**

* *Interest cost is recorded under "Other financial income and expenses".*

The Group's financial liabilities fall within the IFRS 9 categories of (i) financial liabilities at fair value through profit or loss, and (ii) other financial liabilities measured at amortized cost.

They are recorded on the following balance sheet items: "Current financial liabilities" and "Non-current financial liabilities" (Note 26), "Accrued taxes and payroll costs" (Note 27) and "Other payables" (Note 28).

Financial assets and liabilities are broken down into current and non-current components for maturities at the balance sheet date: under or over a year.

Note 26 Net debt

The Group's financial liabilities are generally measured at amortized cost using the effective interest method.

26.1 Analysis of net debt

(in € millions)	2019	2018
Bonds	2,114.6	1,371.4
Bank borrowings	943.7	485.6
Other borrowings	28.8	1.2
Obligations under finance lease	0.0	11.3
Non-current lease liabilities (2)	732.3	N/A
Non-current derivatives	6.0	0.5
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	**3,825.4**	**1,870.0**
Current portion of long term debt	122.1	46.7
Current portion of lease liabilities (2)	173.7	N/A
Short-term borrowings (1)	722.7	665.3
Current derivatives	1.3	2.0
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	**1,019.8**	**714.0**
TOTAL FINANCIAL LIABILITIES	**4,845.2**	**2,584.0**
Derivatives classified under non-current and current assets	(1.8)	(1.0)
Cash and cash equivalents	(2,319.4)	(2,105.3)
NET DEBT	**2,524.0**	**477.7**
NET CASH AND CASH EQUIVALENT	**2,319.4**	**2,105.3**
(1) Including bank overdrafts.	*80.5*	*34.6*

(2) See Note 1B First application of IFRS 16.

The change in net financial debt during the year is as follows:

(in € millions)	Balance as of December 31, 2018	Impact on cash	Translation adjustments	Impact of fair value changes	Change in consolidation scope and other changes	Balance as of December 31, 2019
Bonds	1,371.4	743.2	0.0	0.0	0.0	2,114.6
Bank borrowings	485.6	429.4	3.9	0.0	24.8	943.7
Other borrowings	1.2	0.3	0.0	26.8	0.4	28.8
Obligations under finance lease	11.3	0.0	0.0	0.0	(11.3)	0.0
Non-current lease liabilities (1)	N/A	0.0	5.4	0.0	726.9	732.3
Non-current derivatives	0.5	5.5	0.0	0.0	0.0	6.0
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	**1,870.0**	**1,178.4**	**9.3**	**26.8**	**740.8**	**3,825.4**
Current portion of long term debt	46.7	(26.6)	(0.1)	0.0	102.1	122.1
Current portion of lease liabilities*	N/A	(140.1)	(0.4)	0.0	314.2	173.7
Short-term borrowings	665.3	(68.5)	(2.7)	0.0	128.6	722.7
Current derivatives	2.0	0.1	0.0	(0.8)	0.0	1.3
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	**714.0**	**(235.1)**	**(3.3)**	**(0.8)**	**545.0**	**1,019.8**
TOTAL FINANCIAL LIABILITIES	**2,584.0**	**943.3**	**6.1**	**26.0**	**1,285.8**	**4,845.2**
Derivatives classified under non-current and current assets	(1.0)	0.1	0.0	(0.8)	(0.1)	(1.8)
Cash and cash equivalents	(2,105.3)	(78.1)	(4.6)	0.0	(131.4)	(2,319.4)
TOTAL	**477.7**	**865.3**	**1.4**	**25.2**	**1,154.2**	**2,524.0**

* *See Note 1B First application of IFRS 16.*

26.2 Maturities of long-term debt

(in € millions)	2021	2022	2023	2024	2025 and beyond	Total
Bonds	0.0	0.0	0.0	0.0	2,114.6	2,114.6
Bank borrowings	84.9	343.4	208.4	298.4	8.5	943.7
Other borrowings	1.3	27.1	0.2	0.3	0.0	28.8
Obligation under finance leases	0.0	0.0	0.0	0.0	0.0	0.0
Non current lease liabilities	135.8	111.2	95.2	75.8	314.3	732.3
Non-current derivatives	0.0	2.2	0.6	3.2	0,0	6.0
TOTAL AS OF DECEMBER 31, 2019	**222.0**	**483.9**	**304.4**	**377.7**	**2,437.4**	**3,825.4**

26.3 Financing

The main components of Faurecia financing are described below:

SYNDICATED CREDIT FACILITY

On December 15, 2014, Faurecia signed a syndicated credit facility, with a five-year maturity, for an amount of €1,200 million. This credit facility was renegotiated on June 24, 2016, in order to extend the maturity to five years from that date, or June 24, 2021 and improve its terms and conditions.

On June 15, 2018, Faurecia signed with participating banks a second agreement to extend again the maturity to five years from that date, or June 15, 2023, with two optional one-year extensions that can be exercised in June 2019 and June 2020, subject to agreement of participating banks, and that would extend the maturity respectively to June 2024 and June 2025. This agreement has improved again its terms and conditions and strengthens the Group's financial structure.

A first one-year extension option has been exercised in June 2019, extending the maturity of this credit facility to June 2024.

As of December 31, 2019 this credit facility was not drawn.

This credit facility includes only one covenant, related to consolidated financial ratios: Net debt*/EBITDA** must be lower than 2.79***. Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2019, the Groupcomplied with this ratio.

This credit facility includes some restrictive clauses on asset disposals (disposal representing over 35% of the Group's total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate) and on the debt level of some subsidiaries.

2025 BONDS

On March 8, 2018, Faurecia issued bonds for an amount of €700 million due June 15, 2025, carrying annual interest of 2.625%, payable on June 15 and December 15 each year, as from June 15, 2018.

These bonds include a covenant restricting the additional indebtedness if the EBITDA** after certain adjustments is lower than twice the gross interest costs, and restrictions on the debt similar to those of the syndicated credit loan.

The proceeds of these bonds have been used to redeem the €700 million bonds due June 15, 2022, carrying annual interest of 3.125%, issued in March and April 2015.

The bonds are listed on the Global Exchange Market of Euronext Dublin (previously Irish Stock Exchange). The costs related to the bond issue are expensed in P&L over the life time of the bonds.

2026 BONDS

On March 27, 2019, Faurecia issued bonds for an amount of €500 million due June 15, 2026, carrying annual interest of 3.125%, payable on June 15 and December 15 each year, as from June 15, 2019.

These bonds benefit from the same restrictions as the 2025 bonds.

The proceeds of these bonds have been used to refinance the €500 million drawn on the bridge loan described below in the paragraph "Financing of Clarion Co., Ltd acquisition".

The bonds are listed on the Global Exchange Market of Euronext Dublin. The costs related to the bond issue are expensed in P&L over the life time of the bonds.

In order to prefinance the acquisition of 50% of SAS shares, an additional issue for €250 million of these 2026 bonds has been performed on October 31, 2019. These additional bonds have been issued at 104.50% of the pair, which corresponds to a return at issuance of 2.40%. As of December 31, 2019, the amount of these 2026 bonds amounted to €750 million.

2027 BONDS

On November 27, 2019, Faurecia issued bonds for an amount of €700 million due June 15, 2027, carrying annual interest of 2.375%, payable on June 15 and December 15 each year, as from June 15, 2020.

These bonds benefit from the same restrictions as the 2026 bonds.

The proceeds of these bonds have been used to refinance the €700 million bonds due June 15, 2023 carrying annual interest of 3.625%, issued on April 1, 2016.

This refinancing has been done through a tender offer through which 2023 bond holders could exchange their bonds against new 2027 bonds. The rate of exchange has reached 76%. The bonds that were not tendered in this offer have been redeemed in accordance with the offering memorandum. The settlement of these two operations has taken place respectively on November 25 and November 28, 2019.

The bond premium for bonds tendered in the offer is amortized over the duration of the new 2027 bonds; the bond premium for bonds redeemed by anticipation has been expensed.

The bonds are listed on the Global Exchange Market of Euronext Dublin. Costs related to the bond issue are expensed in P&L over the life time of the bonds.

* *Consolidated net debt.*

** *Operating income plus depreciation, amortization and funding of provisions for impairment of property, plant and equipment and intangible assets, corresponding to the past 12 months.*

*** *This limit was previously at 2.50 and has been changed to 2.79 to take into account the implementation of IFRS 16.*

FINANCING OF CLARION CO., LTD ACQUISITION

Following the binding agreements reached on October 26, 2018 with Clarion and Hitachi, and the authorization received from anti trust authorities, Faurecia has launched on January 30, 2019 a tender offer on Clarion Co., Ltd, (cf Note 10A).

The tender covers whole Clarion shares (around 56.55 millions shares) for a price of ¥2,500 per share, i.e. a total of around ¥141.3 billions, or around €1.1 billion.

The total amount of the acquisition has been hedged through contingent forwards, which will transform in forward hedging at a given exchange rate when the offer is a success and the acquisition has to be paid for; in the opposite case, hedging is cancelled without Faurecia having to pay (or receive) any amount, whatever the exchange rate euro/yen.

In order to secure the financing of the acquisition, of the repayment of some Clarion debts as well as of integration costs, Faurecia has implemented a bridge loan for an amount of €1.3 billion with one of its main banks. This loan had a maturity of one year, extendable by one year through two six-months extension options. This loan included some restrictive clauses similar to the ones of the syndicated loan of €1.2 billion.

In order to anticipate and secure the refinancing of this bridge loan, Faurecia has signed on December 17, 2018 a private placement under German law (*Schuldscheindarlehen*) for a total amount of €700 million. This transaction is structured into several tranches in EUR and USD, at fixed and variable rates, with maturities of four, five and six years. €378 million have been received on December 20, 2018 and the remaining amount has been received in early January 2019. The USD tranches have been partially converted in euro resources through long term cross-currency swaps.

Thanks to this operation the amount of the bridge loan has been reduced down to €750 million at the end of December 2018.

At the closing of the tender offer, end of February 2019, Faurecia was owner of 95.28% of Clarion shares. This acquisition has been paid early March 2019 for an amount of ¥134 billion or €1,051 million at hedging rate. A squeeze out has then been launched, bringing the level of acquired shares at 100% at the end of March 2019, at which date Clarion shares have been delisted from the Tokyo Stock Exchange.

The bridge loan has therefore been drawn early March 2019 for an amount of €500 million, then paid back with the result of the 2026 bonds issue, this credit facility being then cancelled.

Finally, during 2019, Faurecia regularly issued commercial papers with a maturity up to one year for investors located mainly in France. The amount of the commercial papers program has been brought from €1 billion to €1.3 billion in September 2019.

Faurecia is rated Ba1 by Moody's with stable outlook and BB+ with a stable outlook by Fitch Ratings (increase of these two ratings on February 20, 2018). On January 31, 2018, Standard & Poor's assigned to Faurecia a BB+ long-term corporate credit ratings, with a stable outlook. Moody's confirmed Faurecia's credit rating on April 24, 2019 and so did Fitch Ratings on July 3, 2019. In addition, the three rating agencies rated Ba1/BB+ the bonds issued in March, October and November 2019.

The Group's global contractual maturity schedule as of December 31, 2019 breaks down as follows:

	Carrying Amount		Remaining contractual maturities					
(in € millions)	**Assets**	**Liabilities**	**Total**	**0-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**>5 years**
Other non-current financial assets	71.4		71.4				71.4	
Loans and receivables	70.1		70.1				70.1	
Trade accounts receivables	2,608.9		2,608.9	2,557.7	7.7	43.5		
Cash and cash equivalents	2,319.4		2,319.4	2,319.4				
Interests on:								
2025 Bonds		*(1.1)*	*(101.1)*		*(9.2)*	*(9.2)*	*(73.5)*	*(9.2)*
2026 Bonds		*(1.3)*	*(152.4)*		*(11.7)*	*(11.7)*	*(93.8)*	*(35.2)*
2027 Bonds		*(1.6)*	*(124.7)*		*(8.3)*	*(8.3)*	*(66.5)*	*(41.6)*
Other long term borrowings		*(1.3)*	*(70.5)*	*(2.7)*	*(7.0)*	*(10.7)*	*(50.1)*	
Current portion of lease liabilities		(173.7)	(173.7)	(43.4)	(43.4)	(86.9)		
Other current financial liabilities		(839.6)	(839.6)	(760.7)	(3.6)	(75.3)		
Trade accounts payables		(5,316.2)	(5,316.2)	(5,251.3)	(18.3)	(46.6)		
Bonds (excluding interest)								
2025 Bonds		*(680.4)*	*(680.4)*					*(680.4)*
2026 Bonds		*(754.6)*	*(754.6)*					*(754.6)*
2027 Bonds		*(679.6)*	*(679.6)*					*(679.6)*
Bank borrowings								
Schuldschein		*(702.7)*	*(702.7)*				*(702.7)*	
Others		*(241.0)*	*(241.0)*				*(232.5)*	*(8.5)*
Other borrowings		(28.8)	(28.8)				(28.8)	
Non-current lease liabilities		(732.3)	(732.3)				(418.0)	(314.3)
Interest rate derivatives		**(6.0)**	**(6.0)**	**0.0**	**0.0**	**0.0**	**(6.0)**	**0.0**
■ o/w cash flow hedges		(6.0)	(6.0)				(6.0)	
■ o/w derivatives not qualifying for hedge accounting under IFRS								
Currency hedges	**11.6**	**(3.2)**	**8.4**	**2.9**	**3.1**	**1.3**	**1.1**	**0.0**
■ o/w fair value hedges	0.9	(1.3)	(0.4)	(0.4)				
■ o/w cash flow hedges	10.5	(1.9)	8.6	3.3	3.1	1.1	1.1	
■ o/w derivatives not qualifying for hedge accounting under IFRS	0.2	0.0	0.2			0.2		
TOTAL	**5,081.4**	**(9,431.1)**	**(4,793.1)**	**(1,178.1)**	**(90.7)**	**(203.9)**	**(1,111.3)**	**(2,209.1)**

26.4 Analysis of borrowings

As of December 31, 2019, the variable rate borrowings were 30.4% of borrowings before taking into account the impact of hedging.

(in € millions)	2019	
Variable rate borrowings	1,470.9	30.4%
Fixed rate borrowings	3,374.3	69.6%
TOTAL	**4,845.2**	**100.0%**

Borrowings, taking into account foreign exchange swaps, break down by repayment currency as follows:

(in € millions)		2019		2018
Euros	3,969.0	81.9%	2,327.9	90.1%
US Dollars	292.0	6.0%	81.9	3.2%
Yen japanese	212.9	4.4%	-	-
Other currencies	371.3	7.7%	174.3	6.7%
TOTAL	**4,845.2**	**100.0%**	**2,584.0**	**100.0%**

In 2019, the weighted average interest rate on gross outstanding borrowings was 3%.

Note 27 Accrued taxes and payroll costs

(in € millions)	2019	2018
Accrued payroll costs	397.4	353.6
Payroll taxes	157.2	149.5
Employee profit-sharing	36.4	33.5
Other accrued taxes and payroll costs	161.7	81.4
TOTAL	**752.7**	**618.0**

Note 28 Sundry payables

(in € millions)	2019	2018
Due to suppliers of non-current assets	156.0	187.4
Prepaid income	26.9	31.9
Current taxes	73.0	60.0
Other	103.8	53.5
Currency derivatives for operations	1.2	7.3
TOTAL	**360.9**	**340.1**

Note 29 Financial instruments

29.1 Financial instruments recorded in the balance sheet

(in € millions)	2019 Balance Sheet Carrying amount	Carrying amount not defined as financial instruments	Breakdown by category of instrument [1] Financial assets/ liabilities at fair value through profit or loss [2]	Financial assets/liabilities at fair value through equity [2]	Assets and liabilities at amortized cost	Financial liabilities measured at fair value
Other equity interests	60.4		60.4			60.4
Other non-current financial assets	71.4				71.4	71.4
Trade accounts receivables	2,608.9	2,608.9				0.0
Other operating receivables	360.4	351.4	0.1	8.9		9.0
Other receivables and prepaid expenses	839.2	839.2				0.0
Currency derivatives	1.8		1.8			1.8
Interest rate derivatives	0.0					0.0
Cash and cash equivalents	2,319.4		2,319.4			2,319.4
FINANCIAL ASSETS	**6,261.5**	**3,799.5**	**2,381.7**	**8.9**	**71.4**	**2,462.0**
Long-term debt*	3,093.1	1.9		6.0	3,085.2	3,229.8
Non-current lease liabilities	732.3				732.3	732.3
Short-term debt*	846.1		1.3		844.8	846.1
Current portion of lease liabilities	173.7				173.7	173.7
Prepayments from customers	665.4	665.4				0.0
Trade payables	5,316.2	5,316.2				0.0
Accrued taxes and payroll costs	752.8	752.8				0.0
Sundry payables	360.9	359.7		1.2		1.2
Of which Currency derivatives	*1.2*			*1.2*		*1.2*
FINANCIAL LIABILITIES	**11,940.5**	**7,096.0**	**1.3**	**7.2**	**4,836.0**	**4,983.1**

(1) No financial instruments were transferred between categories in 2019.
(2) All of the instruments in this category are financial assets or liabilities designated as measured on initial recognition.
** The fair value of the bonds, excluding accrued interest, was established on the basis of the year-end market value (December 31, 2019): for the 2025 bonds quoted 104.25% of par, at €729.6 million, for the 2026 bonds quoted 106.39% of par, at €798.0 million and for the 2027 bonds quoted 103.68% of par, at €725.8 million.*

(in € millions)	2018 Balance Sheet Carrying amount	Carrying amount not defined as financial instruments	Breakdown by category of instrument [(1)] Financial assets/liabilities at fair value through profit or loss [(2)]	Financial assets/liabilities at fair value through equity [(2)]	Assets and liabilities at amortized cost	Financial liabilities measured at fair value
Other equity interests	60.7		60.7			60.7
Other non-current financial assets	91.2				91.2	91.2
Trade accounts receivables	1,947.5	1,947.5			0.0	0.0
Other operating receivables	313.8	284.0	8.4	21.4	0.0	29.8
Other receivables and prepaid expenses	661.5	596.0			65.5	65.5
Currency derivatives	1.0		1.0			1.0
Interest rate derivatives	0.1		0.1			0.1
Cash and cash equivalents	2,105.3		2,105.3			2,105.3
FINANCIAL ASSETS	**5,181.1**	**2,827.5**	**2,175.5**	**21.4**	**156.7**	**2,353.6**
Long-term debt*	1,870.0	1.2		0.5	1,868.3	1,865.3
Short-term debt*	714.0		2.0		712.0	714.0
Prepayments from customers	605.0	605.0			0.0	0.0
Trade payables	4,562.6	4,562.6			0.0	0.0
Accrued taxes and payroll costs	618.0	618.0			0.0	0.0
Sundry payables	340.1	332.8		7.3	0.0	7.3
Of which Currency derivatives	*7.3*			*7.3*		*7.3*
FINANCIAL LIABILITIES	**8,709.7**	**6,119.6**	**2.0**	**7.8**	**2,580.3**	**2,586.6**

(1) No financial instruments were transferred between categories in 2018.
(2) All of the instruments in this category are financial assets or liabilities designated as measured on initial recognition.
** The fair value of the bonds, excluding accrued interest, was established on the basis of the year-end market value (December 31, 2018): for the 2023 bonds quoted 100.822% of par, at €705.8 million and for the 2025 bonds quoted 94.587% of par, at €662.1 million.*

The main measurement methods applied are as follows:

- items accounted for at fair value through profit or loss, as well as hedging instruments, are measured using a valuation technique based on rates quoted on the interbank market, such as Euribor and exchange rates set daily by the European Central Bank;
- financial liabilities are primarily recognized at amortized cost calculated using the effective interest rate method;
- the fair value of trade receivables and payables related to manufacturing and sales operations corresponds to their carrying value given of their very short maturities.

The impact of financial instruments on income:

(in € millions)	2019 Impact Income	Breakdown by category of instrument: Financial assets/ liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Instruments derivatives
Translation differences on commercial transactions	(6.1)	(6.2)		0.1
Income on loans, cash investments and marketable securities	18.7	18.7		
Finance costs	(197.7)		(197.7)	
Other financial income and expenses	(40.4)		(40.4)	
Net income (expenses)	**(225.5)**	**12.5**	**(238.1)**	**0.1**

(in € millions)	2018 Impact Income	Breakdown by category of instrument: Financial assets/ liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Instruments derivatives
Translation differences on commercial transactions	(6.8)	(7.0)		0.2
Income on loans, cash investments and marketable securities	9.6	9.6		
Finance costs	(117.7)		(117.7)	
Other financial income and expenses	(55.7)		(55.7)	
Net income (expenses)	**(170.6)**	**2.6**	**(173.4)**	**0.2**

As of December 31, 2019, movements in provisions for impairment break down as follows by category of financial asset:

(in € millions)	Balance as of January 1, 2019	Additions	Utilizations	Reversals (surplus provisions)	Change in scope of consolidation and other changes	Balance as of December 31, 2019
Doubtful accounts	(21.0)	(9.5)	11.9	0.0	1.1	(17.5)
Shares in non-consolidated companies	(1.9)	(5.0)	0.1	0.0	0.0	(6.8)
Non-current financial assets	(24.2)	(0.3)	6.9	0.0	(3.6)	(21.2)
Other receivables	(35.8)	(2.8)	9.3	0.0	18.0	(11.3)
TOTAL	**(82.9)**	**(17.6)**	**28.2**	**0.0**	**15.5**	**(56.8)**

29.2 Financial instruments – fair value hierarchy

The Group's financial instruments that are measured at fair value break down as follows by level of fair value measurement: Level 1 (prices quoted in active markets) for short-term cash investments and Level 2 (measured using a valuation technique based on rates quoted on the interbank market, such as Euribor and exchange rates set daily by the European Central Bank) for currency and interest rate instruments.

Note 30 Hedging of currency and interest rate risks

30.1 Transactions in foreign currencies and derivatives

Transactions in foreign currencies are converted at the exchange rate prevailing on the transaction date. Receivables and payables are converted at the year-end exchange rate. Resulting gains or losses are recorded in the income statement as operating income or expenses for operating receivables and payables, and under "Other financial income and expenses" for other receivables and payables.

Faurecia uses derivative instruments traded on organized markets or purchased over-the-counter from first-rate counterparties to hedge currency and interest rate risks.

They are recorded at fair value in the balance sheet.

30.2 Hedging of currency risks

Currency risks relating to the commercial transactions of the Group's subsidiaries are managed centrally by Faurecia using forward purchase and sale contracts and options as well as foreign currency financing. Faurecia manages the hedging of currency risks on a central basis, through the Group Finance and Treasury department, which reports to the Executive Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

Currency risks on forecasted transactions are hedged on the basis of estimated cash flows determined when budgets are prepared, validated by Executive Management; these forecasts are updated on a regular basis. The related derivatives are classified as cash flow hedges when there is a hedging relationship that satisfies the IFRS 9 criteria.

Subsidiaries with a functional currency different from the euro are granted inter-company loans in their operating currencies. Although these loans are refinanced in euros and eliminated in consolidation, they contribute to the Group's currency risk exposure and are therefore hedged through foreign exchange swaps or financing in the concerned currency.

The effective portion of changes in the fair value of instruments used to hedge future revenues is recorded in equity and taken to operating income when the hedged revenues are received.

Changes in the fair value of instruments used to hedge trade receivables and payables are recorded as operating income or expense.

The portion of the change in fair value of these hedges that is ineffective (time value of the hedges) is recorded under "Other financial income and expenses" together with changes in the fair value of instruments used to hedge other receivables and payables except for the changes in the fair value of cash flow hedges which are recorded in amounts to be potentially reclassified to profit or loss.

2019

Currency exposure *(in € millions)*	USD	CZK	CNY	RUB	GBP	PLN	MXN	JPY
Trade receivables (net of payables)	64.3	(9.5)	3.4	2.2	9.8	(8.5)	(108.1)	5.3
Financial assets (net of liabilities)*	(154.2)	0.0	0.0	(36.3)	(93.9)	0.0	0.0	12.1
Forecast transactions**	101.7	(49.7)	2.4	20.5	0.4	(69.5)	(49.2)	39.3
Net position before hedging	**11.8**	**(59.2)**	**5.8**	**(13.6)**	**(83.7)**	**(78.0)**	**(157.3)**	**56.7**
Currency hedges	47.9	57.1	9.0	31.1	94.0	102.6	104.6	(6.9)
Net position after hedging	59.8	(2.1)	14.8	17.6	10.3	24.6	(52.6)	49.7

* *Including inter-company financing.*
** *Commercial exposure anticipated over the next six months.*

2018

Currency exposure *(in € millions)*	USD	CZK	CNY	RUB	GBP	PLN	MXN	ZAR
Trade receivables (net of payables)	0.0	(23.1)	(13.6)	11.2	(6.2)	(22.2)	0.0	0.0
Financial assets (net of liabilities)*	(188.4)	0.0	0.0	0.0	(122.9)	0.0	0.0	0.0
Forecast transactions**	193.1	(149.3)	50.4	93.5	(30.5)	(159.6)	(222.2)	27.3
Net position before hedging	**4.7**	**(172.4)**	**36.8**	**104.7**	**(159.6)**	**(181.8)**	**(222.2)**	**27.3**
Currency hedges	69.3	83.1	0.0	(6.0)	123.0	106.4	162.7	0.0
Net position after hedging	74.0	(89.4)	36.8	98.7	(36.6)	(75.4)	(59.5)	27.3

* *Including inter-company financing.*
** *Commercial exposure anticipated over the next six months.*

Hedging instruments are recognized in the balance sheet at fair value. Fair value is determined based on measurements confirmed by banking counterparties.

INFORMATION ON HEDGED NOTIONAL AMOUNTS

(in € millions) **2019**	Carrying amount Assets	Liabilities	Notional amount*	Maturities < 1 year	1 to 5 years	> 5 years
Fair value hedges						
■ forward currency contracts	0.1	0.0	5.0	5.0	0.0	0.0
■ inter-company loans in foreign currencies swapped for euros	0.8	(1.3)	541.2	541.2	0.0	0.0
■ cross-currency swaps	1.7	(0.6)	106.8	0.0	106.8	0.0
Cash flow hedges						
■ forward currency contracts	5.2	(0.9)	405.0	405.0	0.0	0.0
■ currency option	3.6	(0.4)	221.5	221.5	0.0	0.0
■ contingent forward	0.0	0.0	0.0	0.0	0.0	0.0
Not eligible for hedge accounting	0.2	0.0	28.5	28.5	0.0	0.0
	11.6	**(3.2)**				

* *Notional amounts based on absolute values.*

(in € millions) **2018**	Carrying amount Assets	Liabilities	Notional amount*	Maturities < 1 year	1 to 5 years	> 5 years
Fair value hedges						
■ forward currency contracts	0.2	(0.1)	16.6	16.6	0.0	0.0
■ inter-company loans in foreign currencies swapped for euros	0.9	(0.7)	392.3	392.3	0.0	0.0
■ cross-currency swaps	0.0	(1.3)	104.8	0.0	104.8	0.0
Cash flow hedges						
■ forward currency contracts	2.2	(2.3)	391.8	391.8	0.0	0.0
■ currency option	7.8	(4.9)	325.4	325.4	0.0	0.0
■ contingent forward	19.6	0.0	1,102.8	1,102.8	0.0	0.0
Not eligible for hedge accounting	0.1	0.0	31.3	31.3	0.0	0.0
	30.8	**(9.3)**				

* *Notional amounts based on absolute values.*

The sensitivity of Group income and equity as of December 31, 2019 to a fluctuation in exchange rates against the euro is as follows for the main currencies to which the Group is exposed:

Currency exposure *(in € milions)*	USD	CZK	CNY	RUB	GBP	PLN	MXN	JPY
2019	1.12	25.41	7.82	69.96	0.85	4.26	21.22	121.94
Currency fluctuation scenario (depreciation of currency/EUR)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Exchange rate after currency depreciation	**1.18**	**26.68**	**8.21**	**73.45**	**0.89**	**4.47**	**22.28**	**128.04**
Impact on pre-tax income *(in € millions)*	(4.46)	0.47	(0.60)	0.23	(0.27)	0.49	5.40	(0.29)
Impact on equity *(in € millions)*	5.02	(2.71)	0.00	0.00	0.00	(4.73)	(0.16)	(0.24)

These impacts reflect (i) the effect on the income statement of currency fluctuations on the year-end valuation of assets and liabilities recognized on the balance sheet, net of the impact of the change in the intrinsic value of hedging instruments (both those qualifying and not qualifying as fair value hedges) and (ii) the effect on equity of the change in the intrinsic value of hedging instruments for derivatives qualifying as cash flow hedges.

30.3 Interest-rate hedges

Faurecia manages the hedging of interest rate risks on a central basis. Such management is implemented through the Group Finance and Treasury department, which reports to the Executive Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

Changes in the fair value of interest rate hedges are recorded directly in "Other financial income and expenses" when the hedging relationship cannot be demonstrated under IFRS 9, or where the Group has elected not to apply hedge accounting principles.

The table below shows the Group's interest rate position, with assets, liabilities and derivatives broken down into fixed or variable rates. Financial assets include cash and cash equivalents and interest rate hedges include interest rate swaps as well as in-the-money options.

	Under 1 year		1 to 2 years		2 to 5 years		More than 5 years		Total	
(in € millions) **2019**	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate
Financial assets		2,321.2								2,321.2
Financial liabilities	(175.1)	(834.2)	(203.9)	(45.9)	(551.0)	(590.8)	(2,444.3)	0.0	(3,374.3)	(1,470.9)
Net position before hedging	**(175.1)**	**(1,487.0)**	**(203.9)**	**(45.9)**	**(551.0)**	**(590.8)**	**(2,444.3)**	**0.0**	**(3,374.3)**	**850.3**
Interest rate hedges					(762.5)	762.5			(762.5)	762.5
Net position after hedging	**(175.1)**	**(1,487.0)**	**(203.9)**	**(45.9)**	**(1,313.5)**	**171.7**	**(2,444.3)**	**0.0**	**(4,136.8)**	**1,612.8**

	Under 1 year		1 to 2 years		2 to 5 years		More than 5 years		Total	
(in € millions) **2018**	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate
Financial assets		2,106.3								2,106.3
Financial liabilities	(1.4)	(710.4)	(26.4)	0.0	(857.4)	(239.8)	(723.6)	(25.0)	(1,608.8)	(975.2)
Net position before hedging	**(1.4)**	**1,395.9**	**(26.4)**	**0.0**	**(857.4)**	**(239.8)**	**(723.6)**	**(25.0)**	**(1,608.8)**	**1,131.1**
Interest rate hedges	0.0	0.0	0.0	0.0	(152.0)	152.0	(25.0)	25.0	(177.0)	177.0
Net position after hedging	**(1.4)**	**1,395.9**	**(26.4)**	**0.0**	**(1,009.4)**	**(87.8)**	**(748.6)**	**0.0**	**(1,785.8)**	**1,308.1**

Cross-currency swaps variable/fixed rate are included in the above detailed position, but their value in the balance sheet as well as the notional amounts are included in the corresponding table for currency hedging instruments in Note 30.2 and not in the interest rate hedging instruments herebelow.

The main components of the fixed rate debt are:

- bonds maturing in June 2025, issued in March 2018 for a total amount of €700 million;
- bonds maturing in June 2026, issued in March and October 2019 for a total amount of €750 million;
- bonds maturing in June 2027, issued in November 2019 for a total amount of €700 million;
- a part of the *Schuldscheindarlehen* (see Note 26.3, § "Financing of Clarion Co.de Ltd Acquisition") issued in December 2018.

The interest rate derivatives as of December 31, 2019 aim at hedging the variable part of the *Schuldscheindarlehen* against an interest rate increase.

The second part of the *Schuldscheindarlehen*, for which funds have been received in January 2019, has also been subject to interest rate hedging beginning of 2019.

The notional amounts of the Group's interest rate hedges break down as follows:

(in € millions) **2019**	Carrying amount Assets	Carrying amount Liabilities	Notional amounts by maturity <1 year	Notional amounts by maturity 1 to 5 years	Notional amounts by maturity >5 years
Interest rate options	0.0	0.0	0.0	0.0	0.0
Variable rate/fixed rate swaps	0.0	(6.0)	0.0	714.0	0.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	0.0	**(6.0)**	**0.0**	**714.0**	**0.0**

(in € millions) **2018**	Carrying amount Assets	Carrying amount Liabilities	Notional amounts by maturity <1 year	Notional amounts by maturity 1 to 5 years	Notional amounts by maturity >5 years
Interest rate options	0.0	0.0	0.0	0.0	0.0
Variable rate/fixed rate swaps	0.0	(0.5)	0.0	104.0	25.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	0.0	**(0.5)**	**0.0**	**104.0**	**25.0**

A part of the Group borrowings being at variable rates as stated in Note 26.4, a rise in short-term rates would therefore have an impact on financial expense.

The sensitivity tests performed, assuming a 100 bp increase in average interest rates compared to the rate curve as of December 31, 2019 show that the effect on net financial expense (before taxes) would not be significant, taking into account the profile of the Group's borrowings and derivatives in place as of December 31, 2019.

30.4 Counterpart risk on derivatives

Faurecia's counterparty risk connection with its derivatives is not significant as the majority of its derivatives are arranged with banks with strong ratings that form part of its banking pool. The consideration of derivatives compensation agreements existing with counterparts, is summarized as follows:

	(a)	(b)	(c) = (a) - (b)	(d) Related amounts not set off in the balance sheet (not fullfiling IAS 32 compensation criteria)		(e) = (c) - (d)
Financial assets as of December 31, 2019 *(in € millions)*	Gross amount value (before compensation)	Gross amounts compensated (according to IAS 32)	Net amounts presented in the balance sheet	Financial instruments	Collaterals received	Net amount
Derivatives	11.6	0.0	11.6	3.1	0.0	8.5
Other financial instruments						
TOTAL	**11.6**	**0.0**	**11.6**	**3.1**	**0.0**	**8.5**

	(a)	(b)	(c) = (a) - (b)	(d) Related amounts not set off in the balance sheet (not fullfiling IAS 32 compensation criteria)		(e) = (c) - (d)
Financial liabilities as of December 31, 2019 *(in € millions)*	Gross amount value (before compensation)	Gross amounts compensated (according to IAS 32)	Net amounts presented in the balance sheet	Financial instruments	Collaterals received	Net amount
Derivatives	9.2	0.0	9.2	3.1	0.0	6.1
Other financial instruments						
TOTAL	**9.2**	**0.0**	**9.2**	**3.1**	**0.0**	**6.1**

Note 31 Commitments given and contingent liabilities

COMMITMENTS GIVEN

(in € millions)	2019	2018
Future minimum lease payments [(1)]	96.7	870.4
Debt collateral:		
■ mortgages	2.0	2.0
Other debt guarantees	33.7	55.4
Firm orders for property, plant and equipment and intangible assets	173.3	164.3
Other	1.1	1.1
TOTAL	**306.8**	**1,093.2**

(1) Commitments on future lease payments are considering for 2019 only obligations not reflected in the lease liability, such as payments on contracts corresponding to exemption criteria allowed by IFRS 16 and considered by the Group (see note 1B) as well as future payments on signed contracts which execution has not yet started.

Future minimum lease payments break down as follows:

(in € millions)	2019	2018
N+1	8.1	160.8
N+2	3.9	129.9
N+3	5.5	113.7
N+4	5.2	89.3
N+5 and above	74.1	376.7
TOTAL	**96.7**	**870.4**

Expiry dates of mortgages and guarantees:

(in € millions)	2019
■ less than a year	24.2
■ 1 to 5 years	6.9
■ more than 5 years	4.6
TOTAL	**35.7**

Note 32 Related party transactions

Transactions with consolidated entities are eliminated by the consolidation process. Faurecia's business relations with non consolidated or Equity consolidated entities are considered as non significant.

32.1 Transactions with PSA group

The Faurecia group is managed independently and transactions with the PSA group are conducted at arm's length terms.

Transactions with consolidated entities are eliminated by the consolidation process. Faurecia's business relations with non consolidated or Equity consolidated entities are considered as non significant.

These transactions with PSA group (including with companies accounted for by the equity method (see note 13)) are recognized as follows in the Group's consolidated financial statements:

(in € millions)	2019	2018
Sales	2,075.8	2,182.6
Purchases of products, services and materials	12.8	15.8
Receivables*	473.3	406.6
Trade payables	138.1	94.5
* *Before no-recourse sales of receivables amounting to:*	*252.0*	*221.6*

32.2 Management compensation

Total compensation for 2019 awarded to the members of the Board of Directors and the Group Executive Committee serving in this capacity as at December 31, 2019 amounted to €12,641,372 including directors' fees of €614,870, compared with the 2018 figures of €11,882,938 and €596,000 respectively.

Note 33 Fees paid to the Statutory Auditors

	Ernst & Young				Mazars		PricewaterhouseCoopers	
	Amount (excl. VAT)		%		Amount (excl. VAT)	%	Amount (excl. VAT)	%
(in € millions)	2019	2018	2019	2018	2019	2019	2018	2018
AUDIT								
Statutory and contractual audits								
Issuer	1.3	0.5	24.8%	10.6%	0.6	14.7%	0.5	10.2%
Fully consolidated companies	3.5	3.4	67.5%	72.3%	3.3	82.6%	3.6	73.5%
SUB-TOTAL	**4.8**	**3.9**	**92.3%**	**83.0%**	**3.9**	**97.4%**	**4.1**	**83.7%**
Other services								
Issuer	0.2	0.5	3.8%	10.6%	0.1	2.6%	0.4	8.2%
Fully consolidated companies	0.2	0.3	3.8%	6.4%	0.0	0.0%	0.4	8.2%
SUB-TOTAL	**0.4**	**0.8**	**7.7%**	**17.0%**	**0.1**	**2.6%**	**0.8**	**16.3%**
TOTAL	**5.2**	**4.7**	**100.0%**	**100.0%**	**4.0**	**100.0%**	**4.9**	**100.0%**

Other services provided by Ernst & Young Audit to the Company and its subsidiaries mainly relate to issuance of statements as independent auditors, verification of the non-financial statement included in management report, contractual audit reports, procedures in connection with divestment projects, consultations and comfort letters in connection with a financing operation.

Other services provided by Mazars in 2019 to the Company and its subsidiaries mainly relate to issuance of statements as independent auditors, verification of the non-financial statement included in management report, contractual audit reports, procedures in connection with divestment projects, consultations and comfort letters in connection with a financing operation.

Other services provided by PricewaterhouseCoopers Audit in 2018 to the Company and its subsidiaries mainly relate to issuance of statements as independent auditors, agreed-upon procedures reports, contractual audit reports, comfort letters in connection with a financing operation, technical consultations and procedures on internal controls.

Note 34 Information on the consolidating company

The consolidated financial statements of the Faurecia group are included in the consolidated accounts of its parent, the Peugeot S.A., parent company of the PSA group, 7, rue Henri Sainte-Claire Deville 92500 Rueil-Malmaison (France).

As of December 31, 2019, Peugeot S.A. held 46.34% of the capital stock of Faurecia and 62.99% of the voting rights.

Note 35 Dividends

The Board of Directors has decided to propose to the next Annual Shareholders' Meeting a dividend of €1.30 per share.

1.1.2.6. List of consolidated companies as of December 31, 2019

	Country	Interest of (%)	Stake (%) [1]
I – FULLY CONSOLIDATED COMPANIES			
Faurecia	France	Holding	Holding
South Africa			
Faurecia Interior Systems South Africa (Pty), Ltd	South Africa	100	100
Faurecia Interior Systems Pretoria (Pty), Ltd	South Africa	100	100
Faurecia Emission Control Technologies South Africa (CapeTown) (Pty), Ltd	South Africa	100	100
Germany			
Faurecia Autositze GmbH	Germany	100	100
Faurecia Abgastechnik GmbH	Germany	100	100
Faurecia Automotive GmbH	Germany	100	100
Faurecia Innenraum Systeme GmbH	Germany	100	100
Faurecia Emissions Control Technologies, Germany GmbH	Germany	100	100
Hug Engineering GmbH	Germany	100	100
Clarion Europa GmbH	Germany	100	100
Argentina			
Faurecia Sistemas De Escape Argentina S.A.	Argentina	100	100
Faurecia Argentina S.A.	Argentina	100	100
Austria			
Faurecia Angell-Demmel GmbH	Austria	100	100
Belgium			
Faurecia Automotive Belgium	Belgium	100	100
Faurecia Industrie N.V.	Belgium	100	100
Brazil			
Faurecia Automotive do Brasil, Ltda	Brazil	100	100
FMM Pernambuco Componentes Automotivos, Ltda	Brazil	51	100
Clarion do Brasil Ltda.	Brazil	100	100
Canada			
Faurecia Emissions Control Technologies Canada, Ltd	Canada	100	100
Clarion Canada Inc.	Canada	100	100
China			
Faurecia Exhaust Systems Changchun Co., Ltd	China	51	100
Changchun Faurecia Xuyang Automotive Seat Co., Ltd	China	60	100
Faurecia - GSK (Wuhan) Automotive Seating Co., Ltd	China	51	100
Faurecia (Wuxi) Seating Components Co., Ltd	China	100	100
Faurecia Tongda Exhaust Systems Wuhan Co., Ltd	China	50	100
Faurecia Honghu Exhaust Systems Shanghai, Co., Ltd	China	66	100
Faurecia (Changchun) Automotive Systems Co., Ltd	China	100	100
Faurecia Emissions Control Technologies Development (Shanghai) Co., Ltd	China	100	100
Faurecia (Shanghai) Automotive Systems Co., Ltd	China	100	100
Faurecia (Qingdao) Exhaust Systems Co., Ltd	China	100	100
Faurecia (China) Holding Co., Ltd	China	100	100
Faurecia (Guangzhou) Automotive Systems Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Chongqing) Co., Ltd	China	72,5	100
Faurecia Emissions Control Technologies (Yantaï) Co., Ltd	China	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%) [1]
Faurecia (Chengdu) Emissions Control Technologies Co., Ltd	China	51	100
Faurecia (Nanjing) Automotive Systems Co., Ltd	China	100	100
Faurecia (Shenyang) Automotive Systems Co., Ltd	China	100	100
Faurecia (Wuhan) Automotive Components Systems Co., Ltd	China	100	100
Changchun Faurecia Xuyang Interior Systems Co., Ltd	China	60	100
Chengdu Faurecia Limin Automotive Systems Co., Ltd	China	90,19	100
Faurecia (Yancheng) Automotive Systems Co., Ltd	China	100	100
CSM Faurecia Automotive Parts Co., Ltd	China	50	100
Faurecia NHK (Xiangyang) Automotive Seating Co., Ltd	China	51	100
Faurecia Emissions Control Technologies (Beijing) Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd	China	51	100
Faurecia Emissions Control Technologies (Ningbo) Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Foshan) Co., Ltd	China	51	100
Foshan Faurecia Xuyang Interior Systems Co., Ltd	China	60	100
Faurecia PowerGreen Emissions Control Technologies (Shanghai) Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Ningbo Hangzhou Bay New District) Co., Ltd	China	66	100
Shanghai Faurecia Automotive Seating Co., Ltd	China	55	100
Changsha Faurecia Emissions Control Technologies Co., Ltd	China	100	100
Dongfeng Faurecia Automotive Interior Co., Ltd	China	50	100
Borgward Faurecia (Tianjin) Auto Systems Co., Ltd	China	51	100
Faurecia Exhaust Systems (Shanghai) Co., Ltd	China	100	100
Faurecia (Jimo) Emissions Control Technologies Co., Ltd	China	100	100
Faurecia (Tianjin) Emission Control Technologies Co., Ltd	China	51	100
Faurecia Yinlun (Weifang) Emission Control Technologies Co., Ltd	China	52	100
Tianjin Faurecia Xuyang Automotive System Co., Ltd	China	60	100
Dongfeng Faurecia Emissions Control Technologies Co., Ltd	China	50	100
Faurecia (Changshu) Automotive System Co., Ltd	China	55	100
Faurecia (Liuzhou) Automotive Seating Co., Ltd	China	50	100
Jiangxi Faurecia Coagent Electronics Co., Ltd	China	100	100
Shenzhen Faurecia Automotive Parts Co., Ltd	China	70	100
Faurecia (Hangzhou) Automotive Systems Co., Ltd	China	100	100
Faurecia (Liuzhou) Automotive Interior Systems Co., Ltd	China	50	100
Guangdong Coagent Global S&T Co., Ltd	China	100	100
Faurecia Chongqing Zhuotong Automotive Interior Systems Co., Ltd	China	50	100
Shanghai Faurecia Automotive Seating component Co., Ltd	China	55	100
Parrot Automotive Shenzhen	China	100	100
HUG Engineering Shanghai Co., Ltd	China	100	100
Dongguan Clarion Orient Electronics Co., Ltd	China	100	100
Xiamen Clarion Electrical Enterprise Co., Ltd	China	100	100
Chengdu Faurecia Xuyang Automotive Seat Co., Ltd	China	60	100
Zhejiang Faurecia Interior & Exterior Systems Co., Ltd	China	100	100
Coagent Global Limited	China	100	100
Parrot Automotive Asia Pacific Ltd	China	100	100
Chang Ming Co., Ltd	China	82	100
Clarion (H.K.) Industries Co., Ltd	China	100	100
China Taiwan			
Covatech Inc.	China Taiwan	82	100
Clairon (Taiwan) Manufacturing Co., Ltd	China Taiwan	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%) [1]
South Korea			
Faurecia Korea, Ltd	South Korea	100	100
FCM Yeongcheon	South Korea	100	100
FAS Yeongcheon	South Korea	100	100
Denmark			
Amminex Emissions Technology AS	Denmark	91,5	100
Spain			
Asientos de Castilla Leon, S.A.	Spain	100	100
Asientos del Norte, S.A.	Spain	100	100
Faurecia Asientos Para Automovil España, S.A.	Spain	100	100
Faurecia Sistemas De Escape España, S.A.	Spain	100	100
Tecnoconfort	Spain	50	100
Asientos de Galicia, S.L.	Spain	100	100
Faurecia Automotive España, S.L.	Spain	100	100
Faurecia Interior Systems España, S.A.	Spain	100	100
Faurecia Interior Systems SALC España, S.L.	Spain	100	100
Valencia Modulos de Puertas, S.L.	Spain	100	100
Faurecia Emissions Control Technologies, Pamplona, S.L.	Spain	100	100
Incalplas, S.L.	Spain	100	100
Faurecia Automotive Industrie Spain, S.L.	Spain	100	100
Faurecia Holding España S.L.	Spain	100	100
United States			
Faurecia Emissions Control Systems NA, LLC	United States	100	100
Faurecia Automotive Seating, LLC	United States	100	100
Faurecia USA Holdings, Inc.	United States	100	100
Faurecia Emissions Control Technologies, USA, LLC	United States	100	100
Faurecia Interior Systems, Inc.	United States	100	100
Faurecia Madison Automotive Seating, Inc.	United States	100	100
Faurecia Interiors Louisville, LLC	United States	100	100
Faurecia Interior Systems Saline, LLC	United States	100	100
Faurecia Mexico Holdings, LLC	United States	100	100
FNK North America, Inc.	United States	100	100
Faurecia North America, Inc.	United States	100	100
Hug Engineering Inc.	United States	100	100
Faurecia DMS	United States	100	100
Clarion Corporation of America	United States	100	100
France			
Faurecia Sièges d'Automobile	France	100	100
Faurecia Industries	France	100	100
ECSA - Études Et Construction de Sièges pour l'Automobile	France	100	100
Siedoubs	France	100	100
Sielest	France	100	100
Siemar	France	100	100
Faurecia Seating Flers	France	100	100
Faurecia Investments	France	100	100
Trecia	France	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%) [1]
Faurecia Automotive Holdings	France	100	100
Faurecia Automotive Industrie	France	100	100
Faurecia Intérieur Industrie	France	100	100
Faurecia Systèmes d'Échappement	France	100	100
Faurecia Services Groupe	France	100	100
Faurecia Exhaust International	France	100	100
Faurecia - Metalloprodukcia Holding	France	70	100
Faurecia Smart Technologies	France	100	100
Faurecia Interieurs Saint-Quentin	France	100	100
Faurecia Interieurs Mornac	France	100	100
Faurecia Ventures	France	100	100
Faurecia Automotive Composites	France	100	100
Hambach Automotive Exteriors	France	100	100
Hennape Six	France	100	100
Parrot Faurecia Automotive S.A.S	France	100	100
Clarion Europe S.A.S	France	100	100
Great Britain			
Faurecia Automotive Seating UK, Ltd	Great Britain	100	100
Faurecia Midlands, Ltd	Great Britain	100	100
SAI Automotive Fradley, Ltd	Great Britain	100	100
SAI Automotive Washington, Ltd	Great Britain	100	100
Faurecia Emissions Control Technologies UK, Ltd	Great Britain	100	100
Hungary			
Faurecia Emissions Control Technologies, Hungary Kft	Hungary	100	100
Clarion Hungary Electronics Kft.	Hungary	100	100
India			
Faurecia Automotive Seating India Private, Ltd	India	100	100
Faurecia Emissions Control Technologies India Private, Ltd	India	74	100
Faurecia Interior Systems India Private, Ltd	India	100	100
Clarion India Pvt, Ltd	India	100	100
Israel			
Faurecia Security Technologies	Israel	100	100
Italy			
Faurecia Emissions Control Technologies, Italy SRL	Italy	100	100
Hug Engineering Italia S.r.l.	Italy	100	100
Japan			
Faurecia Japan K.K.	Japan	100	100
Faurecia Howa Interiors Co., Ltd	Japan	50	100
Clarion Co., Ltd	Japan	100	100
Clarion Sales and Marketing Co., Ltd	Japan	100	100
Clarion Manufacturing and Service Co., Ltd	Japan	100	100
Luxembourg			
Faurecia AST Luxembourg S.A.	Luxembourg	100	100
Faurecia Luxembourg Sarl	Luxembourg	100	100
Faurecia Holdings AST, Sarl	Luxembourg	100	100
Malaysia			
Crystal Precision (M) Sdn. Bhd.	Malaysia	100	100
Morocco			
Faurecia Équipements Automobiles Maroc	Morocco	100	100
Faurecia Automotive Systems Technologies	Morocco	100	100
Faurecia Automotive Industries Morocco SARL	Morocco	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%) [1]
Mexico			
Faurecia Sistemas Automotrices de Mexico, S.A. de C.V.	Mexico	100	100
Servicios Corporativos de Personal Especializado, S.A. de C.V.	Mexico	100	100
Exhaust Services Mexicana, S.A. de C.V.	Mexico	100	100
ET Mexico Holdings II, S. de R.L. de C.V.	Mexico	100	100
Faurecia Howa Interior Mexico, S.A. de C.V.	Mexico	51	100
Electronica Clarion, S.A. de C.V.	Mexico	100	100
Ultra Industrial, S.A. de C.V.	Mexico	100	100
Netherlands			
ET Dutch Holdings B.V.	Netherlands	100	100
Faurecia Emissions Control Technologies Netherlands B.V.	Netherlands	100	100
Hug Engineering B.V.	Netherlands	100	100
Poland			
Faurecia Automotive Polska S.A.	Poland	100	100
Faurecia Walbrzych S.A.	Poland	100	100
Faurecia Grojec R&D Center S.A.	Poland	100	100
Faurecia Legnica S.A.	Poland	100	100
Faurecia Gorzow S.A.	Poland	100	100
Portugal			
Faurecia - Assentos de Automovel, Lda	Portugal	100	100
SASAL	Portugal	100	100
Faurecia - Sistemas De Escape Portugal, Lda	Portugal	100	100
EDA - Estofagem de Assentos, Lda	Portugal	100	100
Faurecia Sistemas de Interior de Portugal, Componentes Para Automoveis S.A.	Portugal	100	100
Czech Republic			
Faurecia Exhaust Systems, S.R.O.	Czech Republic	100	100
Faurecia Automotive Czech Republic, S.R.O.	Czech Republic	100	100
Faurecia Interior Systems Bohemia, S.R.O.	Czech Republic	100	100
Faurecia Components Pisek, S.R.O.	Czech Republic	100	100
Faurecia Interiors Pardubice, S.R.O.	Czech Republic	100	100
Faurecia Emissions Control Technologies Mlada Boleslav, S.R.O.	Czech Republic	100	100
Faurecia Plzen	Czech Republic	100	100
Romania			
Faurecia Romania S.R.L.	Romania	100	100
Euro Auto Plastic Systems S.R.L.	Romania	50	100
Russia			
OOO Faurecia Interior Luga	Russia	100	100
OOO Faurecia Metalloprodukcia Exhaust Systems	Russia	70	100
OOO Faurecia Automotive Development	Russia	100	100
OOO Faurecia Automotive Exteriors Bumpers	Russia	100	100
Clarion RUS LLC	Russia	100	100
Slovakia			
Faurecia Automotive Slovakia SRO	Slovakia	100	100
Sweden			
Faurecia Interior Systems Sweden AB	Sweden	100	100
Faurecia CREO	Sweden	72	100

(1) Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%) [(1)]
Switzerland			
Hug Engineering AG	Switzerland	100	100
Faurecia Switzerland Sàrl	Switzerland	100	100
Thailand			
Faurecia Interior Systems (Thailand) Co., Ltd	Thailand	100	100
Faurecia Emissions Control Technologies, Thaïland Co., Ltd	Thailand	100	100
Faurecia & Summit Interior Systems (Thailand) Co., Ltd	Thailand	50	100
Clarion Asia (Thailand) Co., Ltd	Thailand	100	100
Tunisia			
Société Tunisienne d'Équipements d'Automobile	Tunisia	100	100
Faurecia Informatique Tunisie	Tunisia	100	100
Turkey			
Faurecia Polifleks Otomotiv Sanayi Ve Ticaret Anonim Sirketi	Turkey	100	100
Uruguay			
Faurecia Automotive Del Uruguay, S.A.	Uruguay	100	100
Vietnam			
Faurecia Vietnam Haiphong	Vietnam	100	100
II – COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD			
Germany			
SAS Autosystemtechnik GmbH und Co., KG	Germany	50	50
China			
Changchun Xuyang Faurecia Acoustics & Soft Trim Co., Ltd	China	40	40
Jinan Jidao Auto Parts Co., Ltd	China	50	50
Changchun Faurecia Xuyang Automotive Components Technologies R&D Co., Ltd	China	45	45
Dongfeng Faurecia (Wuhan) Automotive Parts Sales Co., Ltd	China	50	50
Qinhuangdao WKW-FAD Automotive Interior Parts Co., Ltd	China	50	50
Dongfeng Faurecia (Xiangyang) Emissions Systems Co., Ltd	China	50	50
Faurecia Liuzhou Automotive Seating Sales Co., Ltd	China	50	50
Chongqing Guangneng Faurecia Interior Systems Co., Ltd	China	50	50
Hongtai Faurecia Composite (Wuhan) Co., Ltd	China	50	50
Faurecia (Liuzhou) Emissions Control Technologies Co., Ltd	China	50	50
Wuhan Clarion Kotei Software Technology Co., Ltd	China	25	25
Spain			
Componentes de Vehiculos de Galicia, S.A.	Spain	50	50
Copo Iberica, S.A.	Spain	50	50
Industrias Cousin Frères, S.L.	Spain	50	50
United States			
Detroit Manufacturing Systems, LLC	United States	49	49
DMS leverage lender, LLC	United States	49	49
DMS Toledo, LLC	United States	49	49
Total Network Manufacturing LLC	United States	49	49
France			
Automotive Performance Materials (APM)	France	50	50
Symbio	France	50	50
India			
NHK F. Krishna India Automotive Seating Private, Ltd	India	19	19
Basis Mold India Private Limited	India	38	38

(1) Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%) [1]
Italy			
Ligneos Srl	Italy	50	50
Japan			
Faurecia - NHK Co., Ltd	Japan	50	50
Malaysia			
Clarion (Malaysia) Sdn. Bhd.	Malaysia	45	45
Mexico			
Steva Mexico SLP S.A. de CV	Mexico	49	49
Hitachi Automotive Systems San Juan Del Rio, S.A. de C.V.	Mexico	20	20
Portugal			
Vanpro Assentos, Lda	Portugal	50	50
Turkey			
Teknik Malzeme Ticaret Ve Sanayi AS	Turkey	50	50

(1) Cumulated percentages of interest for fully consolidated companies.

1.1.3. Statutory auditors' report on the consolidated financial statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English- speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to the shareholders.This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Faurecia for the year ended December 31, 2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics *(Code de déontologie)* for Statutory Auditors.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw your attention to the matter set out in Note 1.B "Modifications to the previously published consolidated financial statements" to the consolidated financial statements, which describes the terms and impact of the first-time application at January 1, 2019 of IFRS 16 on lease contracts.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

DETERMINATION OF ASSETS ACQUIRED AND LIABILITIES ASSUMED RECOGNIZED IN CONNECTION WITH THE ACQUISITION OF CLARION CO, LTD

(Notes 2 and 10A to the consolidated financial statements)

Risk identified	Our response

Faurecia filed a Tender Offer for Clarion Co, Ltd's shares on January 30th, 2019, which was declared compliant by the competent authorities in relation with antitrust.
On March 28th, 2019, Faurecia finalized the acquisition of the totality of Clarion Co, Ltd's shares for a global purchase price of 1.1 billion euros.
With the support of valuation specialist, the Group determined the fair value of the identifiable assets acquired and liabilities assumed of Clarion Co, Ltd at the acquisition date, in accordance with IFRS 3, as disclosed in Note 10A to the consolidated financial statements.
Goodwill determined within the scope of the Clarion Co, Ltd's purchase price accounting amounted to €603.9m of which €528.9m was allocated to the group of Cash Generating Unit ("CGU") Clarion Electronics and €75m to the other business groups based on the synergies identified.
We considered the determination of the fair value of the assets and liabilities recognized within the scope of the Clarion Co, Ltd's purchase price allocation to be a key audit matter, given the significance of the amounts in question and the estimates required to determine in particular the fair value of technologies, trademark and customer relationships as well as the measurement of Clarion Co, Ltd's liabilities and contingent liabilities.
	We considered the basis for implementing the purchase price allocation led by the Group and its external experts. In particular, with the support of our asset valuation experts, our work consisted in:
	■ Assessing whether the identifiable assets acquired and liabilities and contingent liabilities assumed meet the recognition criteria set out in IFRS 3 and if it is consistent with the activity of the Group and its sector;
	■ Obtaining an understanding of the methods used to determine the fair value of Clarion Co, Ltd's tangible and intangible assets;
	■ Analyzing the appropriateness of the assumptions underlying the estimates used by the Group to determine the fair value of Clarion Co, Ltd's assets and liabilities at the acquisition date, especially regarding:
	  ■ Intangible assets relating to technologies and trademark, we assessed the royalty rates used,
	  ■ Intangible assets in relation with customer relationships, we assessed the proportion of forecast revenue taken into account in evaluating these assets with regard to the total revenues and margin taken into account in comparison with the acquisition strategic plan,
	  ■ Tangible assets, we assessed the key assumptions used and involved component auditors to assess a selection of market data;
	■ Considering the definition of CGUs and analyzing the purchase price allocation made by the Group;
	■ Performing arithmetical checks on the evaluation of assets;
	■ Assessing the global consistency of the purchase price allocation and the residual goodwill, mainly by:
	  ■ Analyzing the acquisition strategic plan and the implicit internal rate return of the operation,
	  ■ Analyzing the Weighted Average Return on Assets and reconciling with the implicit internal rate return as well as the Weight Average Capital Cost of Clarion Co Ltd,
	  ■ Analyzing the consistency of the resulting residual goodwill.
	We also assessed the appropriateness of the disclosures provided in Notes 2 and 10A to the consolidated financial statements.

FIRST-TIME ADOPTION OF IFRS 16 FOR LEASES

(Note 1B to the consolidated financial statements)

Risk identified	Our response
Faurecia has adopted as of January 1, 2019 the IFRS 16 "Leases" under a simplified retrospective method. IFRS 16 modifies the accounting treatment of operating leases at the inception of the contract, with the recognition of a right of use on the leased asset and of a liability for the lease payments over the lease contract term. The first-time adoption of the standard resulted in the recognition, for the January 1, 2019 opening balance sheet, of rights of use for a net consideration of €725.8m and a lease debt of the same amount. We considered the first-time application of the standard as a key audit matter due to the material nature of those leases on the opening financial statements, and the significance of the Group's judgements in determining the assumptions used (lease term and discount rate).	Our audit approach consisted in assessing the relevance of the methodology and the compliance with applicable accounting principles retained by the Group to determine the main assumptions. Our work also consisted in: ■ Assessing the completeness of the lease contracts databases comparing with the perimeter of "operating leases" identified under the previously applicable standard IAS 17 and reviewing the residual lease expenses; ■ Corroborating, on a sample, the information used for determining assets and liabilities related to lease contracts with underlying contractual data; ■ Analyzing, on a sample, the consistency of the lease terms considered with the non-cancelable duration mentioned in the contracts; ■ Evaluating, the consistency of the key assumptions used by management for the calculation of the discount rate in relation with the implicit rate for the contracts, or marginal borrowing rate corresponding to the contract lease duration; ■ Performing a sensitivity analysis based on the discount rates used; ■ Recalculating the lease debt as determined and accounted for by the Group; ■ Testing a selection of IT general controls and applications of the software used by the Group for the calculation of the right of use and the lease debt. We also assessed the appropriateness of the disclosures provided in Note 1B to the consolidated financial statements.

IMPAIRMENT TESTING OF GOODWILL

(Note 10B to the consolidated financial statements)

Risk identified	Our response
The carrying amount of goodwill amounts to €2,146.4m at December 31, 2019. Goodwill is allocated to the four groups of Cash Generating Units (CGUs) corresponding to the Group's operating segments: Seating, Clean Mobility, Interior Systems and Clarion Electronics. In accordance with IAS 36, goodwill is not amortized but tested for impairment at least once a year and more often if there is an indication that it may be impaired, as mentioned in the Note 10B. For the purpose of impairment testing, goodwill is allocated between groups of CGUs. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, as described in Note 10 to the consolidated financial statements. Impairment tests are performed to compare the carrying amount of assets and liabilities by groups of CGUs with the higher of their value in use (equal to the present value of the net future cash flows expected) and their fair value including costs of disposal. The cash flow forecasts used to calculate value in use were based on the Group's 2020-2022 strategic plan. In order to take into account the development plan for Clarion Electronics following the acquisition of Clarion Co, Ltd in 2019, the cash flow forecasts used for this activity are based on forecasts for the period 2020-2025. The strategic plans were approved by the Board of Directors. The volume assumptions used in the strategic plans are based on external information sources. For a given group of CGUs, an impairment loss is recognized whenever its recoverable amount falls below its carrying amount. We considered the measurement of the recoverable amount of goodwill to be a key audit matter for the following reasons: ■ the amount of goodwill recorded in the consolidated financial statements is material; ■ defining the inputs to be used to perform impairment tests requires a high degree of judgment and estimation from management, in particular as regards future cash flows, discount rates (WACC) and long-term growth rates, which are inherently dependent on the economic environment; ■ the model used to measure recoverable amount is sensitive to these estimates.	We made inquiries of management about any indications of impairment. We assessed the method used by management to determine the recoverable amount of each group of CGUs in order to assess its compliance with IAS 36. With the support of our asset valuation experts, we assessed the consistency of the key assumptions used by management to determine projected future cash flows and, in particular: ■ reconciled the components taken in the impairment tests of each group of CGU with the consolidated financial statements; ■ compared the key assumptions used to determine the recoverable amount for the group of CGUs, such as discount rates, with independent market data; ■ analyzed the consistency of projected future cash flows with historical data; ■ reperformed the calculations and reconciled the main strategic plan data with the data used in impairment testing; ■ performed sensitivity analyses on the recoverable amounts calculated by management, in particular with regard to discount rates and operating income. We also assessed the appropriateness of the disclosures on goodwill provided in the Notes to the consolidated financial statements.

ACCOUNTING AND RECOVERABILITY OF DEVELOPMENT COSTS

(Note 11 to the consolidated financial statements)

<table>
<tr><th>Risk identified</th><th>Our response</th></tr>
<tr><td>
Net capitalized development costs amount to €2,053.7m at December 31, 2019.
In accordance with IAS 38, development costs incurred in connection with producing and delivering modules for specific customer orders are recorded as an intangible asset pursuant to the conditions set out in Note 11 to the consolidated financial statements.
These capitalized costs are amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances.
Research costs, and development costs that do not meet the above criteria, are expensed as incurred.
These assets are tested for impairment whenever there is an indication that they may be impaired. Impairment tests involve comparing the carrying amount of the assets allocated to a customer contract and that of the associated specific tooling with the present value of the net future cash flows expected to be derived from the contract, based on the best possible estimate of future sales.
We considered the accounting and recoverability of development costs to be a key audit matter for the following reasons:

the amount of capitalized development costs in the consolidated financial statements is material;
defining the inputs to be used to perform impairment tests requires a high degree of judgment and estimation from management, in particular as regards future cash flows, discount rates and the expected gross margin per program, which are inherently dependent on the economic environment.

</td><td>
With regard to the capitalization of development costs:

we obtained an understanding of the procedures implemented by management to determine the eligibility of development costs for capitalization and analyzed their compliance with IAS 38;
we performed certain specific testing on a sample of customer programs to evaluate whether the related development costs were eligible for capitalization.

With regard to the measurement of the recoverable amount of capitalized development costs:

we made inquiries of management about any indications of impairment. We obtained an understanding of the method used by management to determine the recoverable amount of these assets in order to consider its compliance with IAS 36;
with the support of our asset valuation experts, we assessed the consistency of the key assumptions used by management to determine projected future cash flows for a sample of customer programs subject to an impairment test and, in particular:

reconciled the components of the carrying amount of these assets allocated to a customer contract with the consolidated financial statements;
compared the key assumptions used, such as discount rates, with independent market data;
reperformed the calculations and reconciled the main strategic plan data per program with the data used in impairment testing;
reconciled, on a sample basis, the data specific to each program, such as projected delivery quantities and negotiated unit price per product, with the customer contract or observable external data, where applicable taking into account ongoing negotiations.

We also assessed the appropriateness of the disclosures provided on development costs in the Notes to the consolidated financial statements.
</td></tr>
</table>

ACCOUNTING AND RECOVERABILITY OF DEFERRED TAX ASSETS

(Note 8 to the consolidated financial statements)

Risk identified	Our response
Deferred tax assets amount to €468.4m in the balance sheet at December 31, 2019, while deferred tax liabilities amount to €38.7m. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available in the short or medium term against which the temporary differences or the loss carryforward can be utilized. The assessment of the ability to recover net deferred tax assets as of December 31, 2019 (€429.7m) is based on the Group's 2020-2022 strategic plan for the long-term recovery of tax losses. The Group's ability to recover deferred tax assets is assessed by management at the end of the year. We considered the accounting and the recoverability of deferred tax assets to be a key audit matter due to the importance of the assumptions and judgments used by management to recognize these assets and to the materiality of their amounts in the consolidated financial statements.	We assessed the consistency of the assumptions used by management to recognize and measure deferred tax assets and their compliance with IAS 12. With the support of our tax experts, we assessed the probability that the Group will be able to utilize the tax loss carryforwards currently recognized in its balance sheet, in particular with regard to: ■ deferred tax liabilities existing in the same tax jurisdiction that may be used to offset existing tax loss carryforwards, prior to their expiry date; ■ the ability of the Group's subsidiaries companies concerned to generate future taxable profit against which the existing tax loss carryforwards can be utilized. We also assessed the consistency with the strategic plan of the main data and assumptions on which taxable income projections underlying the accounting and recoverability of deferred tax assets relating to tax loss carryforwards are based. Lastly, we also assessed the appropriateness of the disclosures on deferred tax assets provided in the Notes to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information presented in the Board of Directors' management report.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by article L. 225-102-1 of the French Commercial Code (Code de commerce) is included in the Group's management report, it being specified that, in accordance with article L. 823-10 of this Code, we have not verified neither the fair presentation and consistency with the consolidated financial statements of the information contained therein, which will be the subject of a report by an independent third party.

Report on Other Legal and Regulatory Requirements

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed Statutory Auditors of Faurecia by the Annual General Meetings held on May 28, 2019 for MAZARS and on June 17, 1983 for ERNST & YOUNG Audit.

At December 31, 2019, MAZARS was in the first year of their engagement and ERNST & YOUNG Audit was in the thirty-seventh year (which are the twenty-first year since securities of the Company were admitted to trading on a regulated market).

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT COMMITTEE

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, February 19, 2020

The Statutory Auditors

French original signed by

MAZARS	ERNST & YOUNG Audit
David Chaudat	Jean-Roch Varon

1.2. Faurecia parent company – business review and financial statements

1.2.1. Management report of the parent company

Faurecia S.E. company is a holding company which directly and indirectly provides financial, accounting, IT, executive management and administrative services to companies in the Group.

The sales 2019 are slightly going down to €30.1 million, compared to €33.4 million in 2018.

Faurecia invoices trademark royalties, calculated as a proportion of the subsidiaries' sales. These royalties, extended since 2015 to all companies wholly owned by the Group, totaled €71.2 million in 2019, versus €53.7 million in 2018.

Results of operations

The operating profit for the year 2019 is a profit of €24.5 million to be compared to €7.6 million in 2018.

The net financial income totaled €439,3 million, compared to a net financial income €392,2 million in 2018.

The variance is mainly due to the reversal of investment depreciation essentially for Faurecia Automotive GmbH, €47,8 million as well as to the increase of interest income from the subsidiaries, going from €132.5 million in 2018 up to €169 million in 2019. Dividends perceived from subsidiaries are going down slightly at €341.2 million to be compared with €360.9 million in 2018.

In 2019, the net non-recurring loss is at €17.5 million versus a loss of €15,9 million in 2018.

Tax income amounted to €30.9 million, compared with €31.7 million for fiscal year 2018. This corresponds to the tax income recognized from the positive earnings of French subsidiaries that are part of the consolidated tax group.

Net income for the fiscal year showed a profit of €477.1 million[(1)]. This compares with a profit €415,7 million in 2018.

Financial structure and net debt

The main components of Faurecia financing are described below:

SYNDICATED CREDIT FACILITY

On December 15, 2014, Faurecia signed a syndicated credit facility, with a five-year maturity, for an amount of €1,200 million. This credit facility was renegotiated on June 24, 2016, in order to extend the maturity to five years from that date, or June 24, 2021 and improve its terms and conditions.

On June 15, 2018, Faurecia signed with participating banks a second agreement to extend again the maturity to five years from that date, or June 15, 2023, with two optional one-year extensions that can be exercised in June 2019 and June 2020, subject to agreement of participating banks, and that would extend the maturity respectively to June 2024 and June 2025. This agreement has improved again its terms and conditions and strengthens the Group's financial structure.

A first one-year extension option has been exercised in June 2019, extending the maturity of this credit facility to June 2024.

As of December 31, 2019 this credit facility was not drawn.

This credit facility includes only one covenant, related to consolidated financial ratios: Net debt[(2)]/EBITDA[(3)] must be lower than 2.79[(4)]. Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2019, the Group complied with this ratio.

This credit facility includes some restrictive clauses on asset disposals (disposal representing over 35% of the Group's total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate) and on the debt level of some subsidiaries.

2025 BONDS

On March 8, 2018, Faurecia issued bonds for an amount of €700 million due June 15, 2025, carrying annual interest of 2.625%, payable on June 15 and December 15 each year, as from June 15, 2018.

(1) For information, it is specified that the amount for expenses and costs listed in 4 of Article 39 of the French General Tax Code amount to €156,738.85 and the corresponding tax amounts to €53,965.53.

(2) Consolitated net debt.

(3) Operating income plus depreciation, amortization and funding of provisions for impairment of property, plant and equipment and intangible assets, corresponding to the past 12 months.

(4) This limit was previously at 2.50 and has been changed to 2.79 to take into account the implementation of IFRS 16.

These bonds include a covenant restricting the additional indebtedness if the EBITDA[2] after certain adjustments is lower than twice the gross interest costs, and restrictions on the debt similar to those of the syndicated credit loan.

The proceeds of these bonds have been used to redeem the €700 million bonds due June 15, 2022, carrying annual interest of 3.125%, issued in March and April 2015.

The bonds are listed on the Global Exchange Market of Euronext Dublin (previously Irish Stock Exchange). The costs related to the bond issue are expensed in P&L over the life time of the bonds.

2026 BONDS

On March 27, 2019, Faurecia issued bonds for an amount of €500 million due June 15, 2026, carrying annual interest of 3.125%, payable on June 15 and December 15 each year, as from June 15, 2019.

These bonds benefit from the same restrictions as the 2025 bonds.

The proceeds of these bonds have been used to refinance the €500 million drawn on the bridge loan described below in the paragraph "Financing of Clarion Co., Ltd acquisition".

The bonds are listed on the Global Exchange Market of Euronext Dublin. The costs related to the bond issue are expensed in P&L over the life time of the bonds.

In order to prefinance the acquisition of 50% of SAS shares, an additional issue for €250 million of these 2026 bonds has been performed on October 31, 2019. these additional bonds have been issued at 104.50% of the pair, which corresponds to a return at issuance of 2.40%. As of December 31, 2019, the amount of these 2026 bonds amounted to €750 million.

2027 BONDS

On November 27, 2019, Faurecia issued bonds for an amount of €700 million due June 15, 2027, carrying annual interest of 2.375%, payable on June 15 and December 15 each year, as from June 15, 2020.

These bonds benefit from the same restrictions as the 2026 bonds.

The proceeds of these bonds have been used to refinance the €700 million bonds due June 15, 2023 carrying annual interest of 3.625%, issued on April 1, 2016.

This refinancing has been done through a tender offer through which 2023 bond holders could exchange their bonds against new 2027 bonds. The rate of exchange has reached 76%. The bonds that were not tendered in this offer have been redeemed in accordance with the offering memorandum. The settlement of these two operations has taken place respectively on November 25 and November 28, 2019.

The bond premium for bonds tendered in the offer is amortized over the duration of the new 2027 bonds; the bond premium for bonds redeemed by anticipation has been expensed.

The bonds are listed on the Global Exchange Market of Euronext Dublin. Costs related to the bond issue are expensed in P&L over the life time of the bonds.

FINANCING OF CLARION CO., LTD ACQUISITION

Following the binding agreements reached on October 26, 2018 with Clarion and Hitachi, and the authorization received from anti trust authorities, Faurecia has launched on January 30, 2019 a tender offer on Clarion Co., Ltd, (cf Note 10A).

The tender covers whole Clarion shares (around 56.55 millions shares) for a price of ¥2,500 per share, i.e. a total of around ¥141.3 billions, or around €1.1 billion.

The total amount of the acquisition has been hedged through contingent forwards, which will transform in forward hedging at a given exchange rate when the offer is a success and the acquisition has to be paid for; in the opposite case, hedging is cancelled without Faurecia having to pay (or receive) any amount, whatever the exchange rate euro/yen.

In order to secure the financing of the acquisition, of the repayment of some Clarion debts as well as of integration costs, Faurecia has implemented a bridge loan for an amount of €1.3 billion with one of its main banks. This loan had a maturity of one year, extendable by one year through two six-months extension options. This loan included some restrictive clauses similar to the ones of the syndicated loan of €1.2 billion.

In order to anticipate and secure the refinancing of this bridge loan, Faurecia has signed on December 17, 2018 a private placement under German law (*Schuldscheindarlehen*) for a total amount of €700 million. This transaction is structured into several tranches in EUR and USD, at fixed and variable rates, with maturities of four, five and six years. €378 million have been received on December 20, 2018 and the remaining amount has been received in early January 2019. The USD tranches have been partially converted in euro resources through long term cross-currency swaps.

Thanks to this operation the amount of the bridge loan has been reduced down to €750 million at the end of December 2018.

At the closing of the tender offer, end of February 2019, Faurecia was owner of 95.28% of Clarion shares. This acquisition has been paid early March 2019 for an amount of ¥134 billion or €1,051 million at hedging rate. A squeeze out has then been launched, bringing the level of acquired shares at 100% at the end of March 2019, at which date Clarion shares have been delisted from the Tokyo Stock Exchange.

The bridge loan has therefore been drawn early March 2019 for an amount of €500 million, then paid back with the result of the 2026 bonds issue, this credit facility being then cancelled.

Finally, during 2019, Faurecia regularly issued commercial papers with a maturity up to one year for investors located mainly in France. The amount of the commercial papers program has been brought from €1 billion to €1.3 billion in September 2019.

Faurecia is rated Ba1 by Moody's with stable outlook and BB+ with a stable outlook by Fitch Ratings (increase of these two ratings on February 20, 2018). On January 31, 2018, Standard & Poor's assigned to Faurecia a BB+ long-term corporate credit ratings, with a stable outlook. Moody's confirmed Faurecia's credit rating on April 24, 2019 and so did Fitch Ratings on July 3, 2019. In addition, the three rating agencies rated Ba1/BB+ the bonds issued in March, October and November 2019.

At December 31, 2019, the shareholders' equity in the Company before distribution of the period's earnings amounted to €3,592.8 million compared to €3,285.8 million at the close of 2018. It thus increased by €307 million.

At December 31, 2019, Faurecia's financial debt amounted to €1081 million, taking into account its gross debt, net of available funds, marketable securities and advances net of intra-group cash and loans, compared with net debt of €221.9 million at December 31, 2018.

Trade accounts payable equaling €10.2 million included 17 invoices due that have been paid after December 31, 2019; accounts receivable amounted to €42.5 million as of December 31, 2019, including €10.5 million for invoices past due, mainly from subsidiaries. These break down as follows:

	Article D. 441 I. 1°: Invoices received, unpaid and in arrears as of the closing date						Article D. 441 I. 2°: nvoices issued, unpaid and in arrears as of the closing date					
	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day and more)	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day and more)
(A) LATE PAYMENT CATEGORIES												
Number of invoices concerned	1					17	0					48
Number of invoices concerned (including VAT)	36,000	0	21,714	0	48,410	70,124	0	9,693,500	0	0	771,954	10,465,454
% of total purchase amount for the fiscal year (including VAT)	0.05%	0.00%	0.03%	0.00%	0.07%	0.10%						
% of sales for the fiscal year (including VAT)							0.00%	7.15%	0.00%	0.00%	0.57%	7.72%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED PAYABLES AND RECEIVABLES												
Number of excluded invoices			6									0
Total amount of excluded invoices			21,918									0
(C) REFERENCE TERMS OF PAYMENT USED (CONTRACTUAL OR STATUTORY DEADLINE – ARTICLE L. 441-6 OR ARTICLE L. 443-1 OF THE FRENCH CODE OF COMMERCE)												
Terms of payment used to calcula e late payments	Contractual deadlines						Contractual deadlines					

The carrying amount of investments in subsidiaries and affiliates recognized in the balance sheet at December 31, 2019 came to €4,628.6 million (€3,484,2 million at December 31, 2018).

Business review relating to the Company's subsidiaries

The operations and results of the Company's subsidiaries in 2019 are analyzed in detail in the review of the consolidated financial statements.

The most significant events of 2019 were as follows (BG = Business Group):

JANUARY 2019

ET Dutch Holdings BV (Netherlands) has acquired 49% of the capital of the Mexican entity "GMD Stamping Mexico S.A." (Seating BG), the other 51% being held by "GMD Stamping S.A.".

FEBRUARY 2019

Faurecia Automotive Holdings has acquired 82% of "Chang Ming Company" (Hong Kong), which owns 100% of CovaTech, Inc. (Taiwan), which itself owns 100% of CovaTech North America, Inc. (USA), the three entities belonging to Faurecia Interiors BG.

MARCH 2019

- Following the acquisition of Clarion, the here below listed subsidiaries and participations have been integrated to the Faurecia group.
  - Germany: Clarion Europa GmbH (100%);
  - Brazil: Clarion do Brasil Ltda (100%);
  - Canada: Clarion Canada, Inc. (100%);
  - China:
    - Wuhan Clarion Kotei Software Technology Co., Ltd (25%),
    - Dongguan Clarion Orient Electronics Co., Ltd (100%),
    - Xiamen Clarion Electrical Enterprise Co., Ltd (100%),
    - Clarion (H.K.) Industries Co., Ltd (100%);
  - China (Taiwan): Clarion (Taiwan) Manufacturing Co., Ltd (100%);
  - United States: Clarion Corporation of Amercia (100%);
  - France: Clarion Europe S.A.S. (100%);
  - Hungary: Clarion Hungary Electronics Kft (100%);
  - India: Clarion India Pvt, Ltd (100%);
  - Japan:
    - Clarion Co., Ltd (100%),
    - Clarion Sales and Marketing Co., Ltd (100%),
    - Clarion Manufacturing and Service Co., Ltd (100%),
    - Carebot Corporation (33,3%);
  - Malaisia:
    - Clarion (Malaysia) Sdn Bhd (45%),
    - Crystal Precision (M) Sdn Bhd (100%);
  - Mexico:
    - Soporte International, S.A. de C.V. (100%),
    - Electronica Clarion, S.A. de C.V. (100%),
    - Ultra Industrial, S.A. de C.V. (100%),
    - Hitachi Automotive Systems San Juan Del Rio, S.A. de C.V. (20%);
  - Russia: Clarion Rus LLC (100%);
  - Thailand: Clarion Asia (Thailand) Co., Ltd (100%).

  The holding of this group of entities is the French Faurecia subsidiary “Hennape Six”.

  These entities belong to the new Business Group “Faurecia Clarion Electronics” (FCE) which combines the activities of Clarion, Parrot and Coagent.
- The new Chinese joint-venture “Faurecia (Liuzhou) Emissions Control Technologies Co., Ltd” (Clean Mobility BG), held at 50% by “Faurecia (China) Holding”, the 50% remaining shares being held by Liuzhou Wuling Automotive Industry Co., Ltd, has been registered.
- The Chinese joint-venture “Dongfeng Faurecia Automotive Exterior Co. Ltd” is no more a subsidiary of “Faurecia (China) Holding” and, consequently, an entity of the Faurecia group.
- The Swedish entity “Faurecia Interior Systems Sweden AB” has acquired 72.10% of “Faurecia Creo AB” (Faurecia Interiors BG), the 27.90% remaining shares been held by minority shareholders (Creo’s employees).

APRIL 2019

Have been registered the following entities:

- “Shanghai Faurecia Automotive Seating Components Company Limited” (Seating BG), held at 100% by “Shanghai Faurecia Automotive Seating Company Limited”;
- the new company “Faurecia Interior Systems (Vietnam) Co., Ltd” (Faurecia Interiors BG), held at 100% by “Faurecia Automotive Holdings”.

MAY 2019

The following entities have been registered:

- “HUG Engineering (Shanghai) Company Limited” (Clean Mobility BG), held at 100% by “Faurecia (China) Holding”;
- “Faurecia Coagent Electronics S&T Co., Ltd” (Faurecia Clarion Electronics BG), as a company 100% owned by “Faurecia (China) Holding” after the acquisition of the shares previously held by “Guangdong Coagent Electronic S&T Co., Ltd”, representing 46.77% of the capital), by “Foshan Rong Guang He He Share Investment Management Cooperative Enterprise (Limited Partnership”, representing 0.44% of the capital and by “Beijing Naviifo Co., Ltd”, representing the remaining 2.69% of the capital.
- “Faurecia Powergreen Emissions Control Technologies (Shanghai) Co., Ltd” as a company 100% owned by “Faurecia (China) Holding”, after the acquisition of the shares representing 9% of the capital previously held by the partner “Suzhou Powergreen Emission System Solution Co., Ltd”.

JUNE 2019

- The subsidiary “Faurecia Exhaust Systems South Africa” has been merged into “Faurecia Emissions Control Technologies (Cape Town) (Pty) Ltd”.
- the legal entity “Siebret” (Seating BG), held at 100% by “Faurecia Investments”, has been dissolved without prior liquidation and deregistered, all its assets and liabilities being transferred to its sole shareholder.

AUGUST 2019

- The subsidiary “Covatech North America, Inc.” (Interiors BG) has been dissolved;
- the Chinese subsidiary “Zhejiang Faurecia Limin Interior & Exterior Systems Company Limited” became a 100% subsidiary of “Faurecia (China) Holding” after having purchased the 41% of the capital held by “Zhejiang Limin Industry Co., Ltd” and the 9% held by “Zhejiang Geely Holding Group Co., ltd”.

OCTOBER 2019

Has been registered a new SAS Group subsidiary “SAS Logistics France” (Interiors BG), held at 100% by “SAS Autosystemtechnik Verwaltungs GmbH”.

NOVEMBER 2019

- The new Chinese entity “SAS Automotive Systems (Shanghai) Co., Ltd” (Interiors BG), held at 100% by “SAS Autosystemtechnik Verwaltungs GmbH” has been registered.
- “Faurecia (Chongqing) Automotive Parts Co., Ltd” (Interiors BG), previously held at 100% by Faurecia (China) Holding, became a joint-venture after the sale of 40% of its capital to the partner “Changchun Xuyang Industrial (Group) Company Ltd by shares” and 20% to “Shanghai Long Zhong Automotive Sales Co., Ltd”, “Faurecia (China) Holding” holding the remaining 40%;
- The new Portuguese joint-venture “Faurecia Aptoide Automotive, Lda” (Faurecia Clarion Electronics BG), held at 50% by “Hennape Six” and at 50% by the partner “Aptoide S.A.” has been registered.
- “Faurecia Exhaust International” has acquired 50% of the shares of “Symbio” (Clean Mobility BG), the remaining 50% being held by “Spika SAS” (Michelin Group).

DECEMBER 2019

- The Spanish joint-venture “Industrias Cousin Frères, S.L.” (Seating BG), held at 50% by “Faurecia Investments”, has been liquidated and deregistered.
- “Faurecia Emissions Control Technologies (Ningbo) Co. Ltd.” (Clean Mobility BG), previously held at 91% by “Faurecia (China) Holding” and at 9% by “Ningbo Yuanjing Auto Components Co., Ltd”, became a 100% hold company after the purchase of the 9% of the capital held by the partner “Ningbo Yuanjing Auto Components Co., Ltd”.
- The new entity “Faurecia Holdings AST” (Luwembourg), held at 100% by “Faurecia AST Luxembourg S.A.” has been registered
- “Faurecia (Changshu) Automotive System Co. Ltd.” (Seating BG), incorporated as a company owned at 100% by “Faurecia (China) Holding”, becomes a joint-venture after the sale of 45% of its capital to the partner “Shanghai Dongchang Enterprises Group Co., Ltd.”
- The Mexican subsidiary “Soporate International, S.A. de C.V.”(Faurecia Clarion Electronics BG), held at 100% by the Japanese entity “Clarion Co., Ltd”, has been sold to Hitachi AMS.

As this management report is being presented in the form of this Universal Registration Document, the various Chapters in this document supplement the report.

As such, the foreseeable changes in the Company and material events that occurred between the close of the fiscal year and the date of the management report are discussed in Sections 1.1.1.1.3 and 1.1.1.7 respectively.

The risks that Faurecia faces and the main features of the internal control and risk management procedures are set out in Chapter 2 of this Universal Registration Document.

Information on research and development appears in the introductory chapter, and the way in which Faurecia takes into consideration the social and environmental consequences of its business, and its societal commitments in favor of sustainable development, are detailed in Chapter 4.

The current capital structure, crossing of thresholds, employee share ownership through the Faurecia Actionnariat Corporate mutual fund, and other information on the capital stock (including the table of financial authorizations and their use during the 2018 fiscal year, the change in capital stock, potential capital stock, treasury stock and information on purchases and sales of treasury shares) are covered in Chapter 5.

Information on the compensation of the corporate officers and on other aspects of the operation of the Company’s administrative, management and supervisory bodies (including the list of corporate offices and duties of the corporate officers) appears in Chapter 3.

Provisions recognized by Faurecia and its subsidiaries for pensions and other employee benefits are analyzed in Note 25.2 to the consolidated financial statements.

Factors likely to affect a public takeover bid are discussed in the Chapter 6, Section 6.1.

Information on the fees of the Statutory Auditors is provided in the Chapter 6, Section 6.4.

Information on options and performance shares is provided in Note 22.2 to the consolidated financial statements and in Chapter 5, Section 5.2.2 of this Universal Registration Document. Other detailed information is provided in a special report.

Information on the vigilance plan, within the meaning of the French Law of March 27, 2017, is provided in Sections 2.2.3.3., 4.1.7. and 4.4.3.

1.2.2. Parent company financial statements

1.2.2.1. Income statement

(in € thousands)	Notes	2019	2018
Services sold		30,146	33,439
Sales		**30,146**	**33,439**
External services		(64,240)	(68,040)
Taxes other than on income		(2,789)	(2,722)
Salaries and wages		(16,241)	(19,920)
Payroll taxes		(4,187)	(5,109)
Amortization, depreciation and provisions (net of reversals) and expense transfers	3	10,650	16,300
Other income/(expenses)	4	71,176	53,666
Total operating income and expenses		(5,631)	(25,826)
Net operating income		**24,515**	**7,614**
Financial income	5	575,634	516,057
Financing costs	5	(136,343)	(123,816)
NET FINANCIAL INCOME (EXPENSE)	**5**	**439,291**	**392,241**
OPERATING INCOME AFTER NET FINANCIAL INCOME		**463,806**	**399,855**
Non-recurring income	6	30,785	36,435
Non-recurring expense	6	(48,265)	(52,302)
NET NON-RECURRING INCOME	**6**	**(17,480)**	**(15,867)**
Employee profit-sharing		(58)	0
Corporate income tax	7	30,856	31,692
NET INCOME		**477 124**	**415 679**

1.2.2.2. Balance sheet as of December 31, 2019

Assets

(in € thousands)	Notes	31/12/2019 Gross amounts	31/12/2019 Depreciation and provisions	31/12/2019 Net amounts	31/12/2018 Net amounts
Intangible assets	8	105	17	88	97
Property, plant and equipment	9	950	843	107	156
Investments	10	4,842,987	43,124	4,799,863	3,649,954
TOTAL FIXED ASSETS		**4,844,042**	**43,984**	**4,800,058**	**3,650,207**
Operating receivables		42,457	0	42,457	30,432
Other receivables	11	3,214,145	20,000	3,194,145	2,483,995
Marketable securities				0	0
and related receivables	12	44,885	0	44,885	624,661
Cash and cash equivalents		806,097		806,097	635,644
TOTAL CURRENT ASSETS		**4,107,584**	**20,000**	**4,087,584**	**3,774,732**
Prepaid expenses	13	39		39	126
Unrealized foreign exchange losses		6,065		6,065	12,647
Bond redemption premiums		0		0	0
Deferred charges	14	53,719		53,719	35,391
TOTAL ASSETS		**9 011 449**	**63 984**	**8 947 465**	**7 473 103**

Liabilities

(in € thousands)	Notes	31/12/2019	31/12/2018
Capital stock		966,251	966,251
Additional paid-in capital		627,441	627,441
Statutory reserve		96,625	96,625
Untaxed reserves		8,939	8,939
Other reserves		0	0
Retained earnings		1,416,399	1,170,906
Net income for the fiscal year		477,124	415,679
TOTAL SHAREHOLDERS' EQUITY	**15**	**3,592,779**	**3,285,841**
Provisions for contingencies and charges	**16**	**12,219**	**18,181**
TOTAL DEBT	**17**	**3,427,455**	**2,262,377**
Operating payables	18	91,373	67,406
Sundry payables	18	1,813,342	1,832,854
TOTAL OPERATING PAYABLES AND OTHER PAYABLES		**1,904,715**	**1,900,260**
Prepaid income		145	200
Unrealized foreign exchange gains		10,152	6,243
TOTAL EQUITY AND LIABILITIES		**8,947,465**	**7,473,103**

1.2.2.3. Notes to the 2019 parent company financial statements

Contents

Note 1 Summary of significant accounting policies

The annual financial statements were established in accordance with the general principles for preparing and presenting annual financial statements (ANC Regulation No. 2014-03 of June 5, 2014), relating to the PCG [*Plan Comptable Général* (General Accounting Plan)], amended by the regulations of the *Comité de la Réglementation Comptable* [Accounting Regulations Committee] and the *Autorité des Normes Comptables* [Accounting Standards Authority]. The main policies applied are as follows :

- going-concern;
- consistency of accounting principles;
- separating of accounting periods.

The basic method used for the items presentend in the accounts is the historical cost method.

Only significant information is expressed.

1.1 Property, plant and equipment

Property, plant and equipment are stated at acquisition or production cost. Property, plant and equipment are depreciated by the straight-line method over the estimated useful lives of the assets, as follows:

- buildings: twenty to thirty years;
- building improvements, fixtures and fittings: seven to ten years;
- other fixtures and fittings: ten years;
- office equipment and computers: three to five years;
- software: one to three years;
- furniture: ten years.

1.2 Investments

The shares in subsidiaries and affiliates are composed of long-term investments that enable control of the issuing company or notable influence to be exercised over it, or that establish business relationship with the issuing company.

Gross value is equal to contribution value or cost. A provision is made if the value in use of a security is lower than its entry value. Value in use is based on the subsidiary's revalued net assets, profitability and future outlook.

For investments intended to be sold, value-in-use estimates also take into account prices at which prior transactions were carried out, if any.

1.3 Marketable securities and related receivables

Marketable securities are stated at the lower of cost or market value.

1.4 Foreign currency transactions

Unhedged payables and receivables in foreign currency are translated at the exchange rate prevailing on the transaction date. At the balance sheet date, they are remeasured at the year-end exchange rate. Gains or losses resulting therefrom are recognized under "Unrealized foreign exchange losses" for unrealized losses and under "Unrealized foreign exchange gains" for unrealized gains. "Unrealized foreign exchange losses" are accrued for up to the non-hedged amount.

1.5 Cash and cash equivalents

Cash and cash equivalents are measured at their nominal value.

1.6 Provisions for pensions and other post-employment benefits

The vested rights of employees under supplementary pension and retirement bonus plans are determined on an actuarial basis using the projected unit credit method. The valuation takes into account the probability of employees staying with the Company up to retirement age and expected future compensation levels. In cases where the funds are permanently allocated to the benefit plan concerned, their value is deducted from the related liability.

1.7 Non-recurring items

Unusual or non-recurring items are included under "Non-recurring income" and "Non-recurring expense".

1.8 Financial instruments

Interest-rate risks are hedged, where appropriate, using financial instruments traded on organized or over-the-counter markets.

Hedging gains and losses are recognized on a symmetrical basis with the loss or gain on the hedged item.

Note 2 Highlights and post-balance sheet events

Following approval from the appropriate regulatory bodies, Faurecia has completed on January 30, 2020 the acquisition of the remaining 50% of SAS from Continental, a project that was announced on October 14, 2019, through its subsidiary Faurecia Automotive GmbH. SAS is a key player in complex interior module assembly and logistics with sales of around €740 million in 2019 and employing around 4,490 people.

The global Covid-19 crisis has impacted the Group starting with China in the first quarter 2020 and then the rest of the world from March. As of April 17, 2020, all plants in China have restarted their production.

To face this crisis, Faurecia has immediately put in place all necessary action plans, the top priority remaining the protection of the employees and preparing a safe restart of the activity.

At the same time, the liquidity has been secured and measures to cut costs and protect cash have been implemented. In particular, €600 million from the syndicated credit line out of its total amount of €1.2 billion (maturity June 2024) have been drawn in March 2020 in order to anticipate a drop of factoring of receivables and a €800 million club deal loan has been signed on April 10, 2020 with an 18 months' maturity and 100% drawn upon signature.

It remains currently difficult to estimate production levels in coming months as they depend on many external parameters, such as government regulations and the pace of resolution of the pandemic in the various geographies, but also on the customers' effective restart of production as well as consumer demand, and therefore the global impact of this crisis cannot be evaluated at this stage.

Note 3 Depreciation, amortization and provisions (net of reversals) and expense transfers

(in € thousands)	**2019**	**2018**
Provision reversals	3,776	4,101
Expense transfers [(1)]	19,562	24,580
Depreciation and amortization	(8,877)	(8,113)
Provisions for impairment of current assets		
Provisions for contingencies and charges	*(3,811)*	*(4,268)*
TOTAL	**10,650**	**16,300**
(1) Of which: Transfer of fees included in "External services" relating to new financings:	*19,562*	*24,580*

Note 4 Other income/(expenses)

(in € thousands)	**2019**	**2018**
Operating income		
Trademark royalties	71,692	74,997
Other income	377	109
SUBTOTAL	**72,069**	**75,106**
Operating expenses		
Trademark royalties	370	20,832
Other non-operating expenses	523	608
SUBTOTAL	**893**	**21,440**
TOTAL	**71,176**	**53,666**

Note 5 Net financial income (expense)

Net non-recurring income (expense) breaks down as follows:

(in € thousands)	2019	2018
Financial income		
Income from investments in subsidiaries and affiliates [(1)]	341,234	360,930
Other interest and related income	169,033	132,454
Net proceeds from sales of marketable securities	21	174
Provision reversals [(2)]	65,344	22,499
TOTAL	**575,632**	**516,057**
Financing costs		
Interest expense	128,290	103,159
Charges to provisions for impairment of investments [(3)]	3,392	3,100
Charges to other provisions and other financial expenses	4,659	17,557
TOTAL	**136,341**	**123,816**
NET FINANCIAL INCOME (EXPENSE)	**439,291**	**392,241**

(1) This item corresponds to dividends received from subsidiaries and affiliates		
• *Faurecia Services Groupe*	*5,750*	*4,350*
• *Faurecia Automotive Espana*		*5,332*
• *Faurecia Tongda Exhaust System*	*6,106*	*9,958*
• *Faurecia Honghu Exhaust Systems Shanghai*	*9,063*	*19,585*
• *Faurecia Investissements*	*296,893*	*171,922*
• *Faurecia Automotive Holdings*	*23,423*	*140,535*
• *Faurecia Exhaust International*		*9,248*
(2) of which:		
• *reversal of provisions for Faurecia Exteriors International shares (TUP, 2/07/18)*		*14,000*
• *reversal of provisions for Faurecia Automotive GmbH shares*	*47,787*	
• *reversal of provisions for financial contingencies and charges*	*17,557*	*8,499*
(3) of which:		
• *Faurecia Automotive GmbH shares*		*3,100*
• *Faurecia Automotive Belguim shares*	*3,392*	

Note 6 Net non-recurring income/(expense)

Net non-recurring income (expense) breaks down as follows:

(in € thousands)	2019	2018
Non-recurring income		
Proceeds from management activities	0	1
Proceeds from disposals of fixed assets (1)	0	0
Proceeds from disposals of bonus shares	30,772	35,603
Provision reversals	13	831
TOTAL	**30,785**	**36,435**
Non-recurring expenses		
On management transactions	6,883	0
Carrying amount of fixed and financial assets sold (2)	7	65
Cost of bonus shares sold	39,394	51,418
Depreciation, amortization and charges to provisions	1,981	819
TOTAL	**48,265**	**52,302**
NET NON-RECURRING INCOME/(EXPENSE)	**(17,480)**	**(15,867)**
(1) of which proceeds from the sale of investments in subsidiaries and affiliates		*14*
(2) of which carrying amounts of investments in subsidiaries and affiliates sold or transferred	*7*	*65*

Note 7 Corporate income tax

Faurecia has elected to file a consolidated tax return. The resulting tax group includes the parent company and its main French subsidiaries. This system allows Faurecia to obtain group relief by offsetting any tax losses recorded by the Company and certain of its subsidiaries against the taxable income of other subsidiaries in the tax group:

(in € thousands)	2019	2018
Tax benefit arising from group relief	40,304	41,531
Other tax (expense) income (tax credit) (1)	(9,448)	(9,839)
TOTAL	**30,856**	**18,331**

(1) Group income tax charge.

Note 8 Intangible assets

This can be broken down as follows:

(in € thousands)	Concessions, patents and similar rights	Other intangible assets	Intangible assets in progress	Total
AMOUNT AS OF DECEMBER 31, 2017	**80**	**25**	**0**	**105**
Additions (including own work capital)				0
Disposals				0
Funding of depreciation, amortization and impairment provisions		(8)		(8)
Depreciation written off on disposals				0
Other movements				
AMOUNT AS OF DECEMBER 31, 2018	**80**	**17**	**0**	**97**
Additions (including own work capital)				
Disposals				
Funding of depreciation, amortization and impairment provisions		(9)		(9)
Depreciation written off on disposals				
Other movements				
AMOUNT AS OF DECEMBER 31, 2019	**80**	**8**	**0**	**88**

Note 9 Property, plant and equipment

	31/12/2019		31/12/2018
(in € thousands)	Brut	Net	Net
Land	53	53	53
Buildings	272	0	0
Other property, plant and equipment	625	54	103
TOTAL	**950**	**107**	**156**

(in € thousands)	Land	Buildings	Other property, plant and equipment	Total
AMOUNT AS OF DECEMBER 31, 2017	**53**	**0**	**249**	**302**
Additions (including own work capital)				0
Disposals			(1,174)	(1,174)
Funding of depreciation, amortization and impairment provisions			(146)	(146)
Depreciation written off on disposals			1,174	1,174
AMOUNT AS OF DECEMBER 31, 2018	**53**	**0**	**103**	**156**
Additions (including own work capital)			20	20
Disposals			(9,935)	(9,935)
Funding of depreciation, amortization and impairment provisions			(60)	(60)
Depreciation written off on disposals			9,926	9,926
AMOUNT AS OF DECEMBER 31, 2019	**53**	**0**	**54**	**107**

Note 10 Investments

(in € thousands)	31/12/2019 Brut	Provisions	Net	31/12/2018 Net
Equity investments	4,671,771	43,124	4,628,647	3,484,245
Loans to subsidiaries and affiliates	170,823	0	170,823	165,456
Other non-current securities	393	0	393	253
TOTAL	**4,842,987**	**43,124**	**4,799,863**	**3,649,954**

Movements in investments in subsidiaries and affiliates break down as follows:

(in € thousands)	Gross value	Provisions	Carrying amount
AMOUNT AS OF DECEMBER 31, 2017	**3,275,556**	**98,420**	**3,177,136**
Capital stock increases	546,209		546,209
Charges to and reversals of provisions		(10,900)	10,900
Company liquidation	(250,000)		(250,000)
Sale of shares			0
AMOUNT AS OF DECEMBER 31, 2018	**3,571,765**	**87,520**	**3,484,245**
Acquisitions			0
Capital increase	1,100,006		1,100,006
Charges to and reversals of provisions		(44,396)	44,396
Company liquidation			0
Sale of shares			0
AMOUNT AS OF DECEMBER 31, 2019	**4,671,771**	**43,124**	**4,628,647**

The increase in the gross value of equity securities mainly concerns Hennape six (capital increase) following the acquisition of Clarion.

Note 11 Receivables

(in € thousands)	31/12/2019	31/12/2018
Cash advances	3,136,338	2,446,666
Tax due by subsidiaries in the tax group	9,833	5,516
Prepaid and recoverable corporate income tax	43,462	29,574
Recoverable VAT	805	896
Sundry receivables	1,554	1,343
TOTAL	**3,194,145**	**2,483,995**

All receivables are due in less than one year.

Prepaid and recoverable corporate income tax corresponds to tax credit (reserch, learning) of €8.7 million and the down-payments made in 2019 amounting to €34.7 million.

Note 12 Marketable securities and related receivables

As of December 31, 2019, this item includes:

(in € thousands)	31/12/2019	31/12/2018
Treasury stock	43,815	39,798
Depreciation on treasurery stock	0	(4,922)
Liquidity agreement	915	11,204
Securities	155	499,979
Deposits	0	78,603
TOTAL MARKETABLE SECURITIES	**44,885**	**624,661**

Treasury stock transactions during the year break down as follows:

(in € thousands) **Shares**	**Number of shares**	**Amount**
Amount as at December 31, 2018	**725,660**	**39,798**
Use of treasury stock[1]	(594,666)	(32,536)
Shares buyback	1,000,000	36,553
Amount as at December 31, 2019	**1,130,994**	**43,815**

(1) The treasury shares distributed in 2019 were delivered to French or foreign employees of the Group within the framework of the performance shares plan n° 7 (see Note 15.3).

(in € thousands) **Liquidity agreement**	**Number of shares**	**Amount**
Amount as at December 31, 2018	**191,500**	**11,204**
Shares buyback	1,978,587	83,386
Shares sales	(2,151,087)	(93,675)
Amount as at December 31, 2019	**19,000**	**915**

Note 13 Prepaid expenses

Prepaid expenses mainly comprise:

(in € thousands)	31/12/2019	31/12/2018
Commissions and bank charges	0	0
Rent	0	0
Other	39	126
TOTAL	**39**	**126**

Note 14 Deferred charges

Deferred charges as of December 31, 2019 refer to financing fees.

A bond loan of €500 million nominal amount issued on March 27, 2019 (Maturity June 15, 2026 - rate 3.125%) generated issuance costs of which €4.8 million were charged as expenses to be spread over seven years.

An additional €250 million nominal amount (Maturity June 15, 2026 - rate 3.125%) generated additional issuance costs of which €2.2 million were charged as expenses to be spread over seven years as well.

The refinancing of the €700 million bond issue (Maturity June 15, 2023 - rate 3.625%) by the same nominal amount issued on November 27, 2019 (Maturity June 15, 2027 - rate 2.375%) generated issuance costs including €17.4 million was charged to expenses to be spread over seven years.

The private placement under German law (*Schuldscheindarlehen*) put in place to anticipate and secure the refinancing of a bridge loan (Clarion acquisition) generated issuance costs of which €2.8 million were charged to expenses to be spread over fourth years.

Note 15 Shareholders' equity

15.1 Change in shareholders' equity

(in € thousands)	Amount as at 31/12/2018	Appropriation decision at the OGM of 05/28/2019	Capital stock increase	Net income for the fiscal year	Amount as at 31/12/2019
Capital stock	966,251				966,251
Additional paid-in capital	627,441				627,441
Statutory reserve	96,625				96,625
Untaxed reserves	8,939				8,939
Other reserves	0				0
Retained earnings	1,170,906	245,493			1,416,399
Net income for the fiscal year	415,680	(415,680)		477,124	477,124
TOTAL	**3,285,841**	**(170,187)**	**0**	**477,124**	**3,592,779**

15.2 Capital stock and premiums from equity issues, mergers and acquisitions

As at 31 December 2019, the share capital was €966,250,607, divided into 138,035,801 fully paid-up shares of €7 each. As of December 31, 2019, 65,059,826 registered shares held double voting rights.

There are no share subscription options as of December 31, 2019

15.3 Free share allocation plans

Free share allocation plans are in place for executives holding management positions in Group companies. These grants are subject to a condition of presence and performance conditions.

The performance conditions of the plan granted by the Board of Directors on July 23, 2015 were met, the corresponding shares, i.e. 594 666, were granted in July 2019 by distributing treasury shares held, in accordance with the decisions of the Board of Directors. The cost of these shares was re-invoiced by the Company to the subsidiaries employing the beneficiaries, except in countries where this re-invoicing was not possible.

The performance conditions of the plan granted by the Board of Directors on 25 July 2016 have been met, the corresponding shares, i.e. 642,747, will be granted in July 2020 by distribution of treasury shares.

To date, there is no decision by the Board of Directors on the terms and conditions for the distribution of shares corresponding to the other plans (treasury shares or capital increase).

Details of the share grant plans as of December 31, 2019 are set out in the table below:

Date of Annual Shareholders' Meeting	Date of Board meeting	Maximum number of free shares that can be granted* for: reaching the objective	exceeding the objective	Performance condition
27/05/2016	20/07/2017	520,181	676,200	2019 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies
29/05/2018	19/07/2018	395,952	501,740	2020 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies
28/05/2019	09/10/2019	899,350	1,169,900	2021 after tax income target as stated in strategic plan when granted, Faurecia earning per share growth compared to a reference group of companies and percentage of diversity men-women within the management population

* *Net of free shares granted cancelled.*

Note 16 Provisions for contingencies and charges

(in € thousands)	As of 31/12/2019	As of 31/12/2018
Provision for contingencies		
Foreign exchange losses	4,659	12,635
SUB-TOTAL	**4,659**	**12,635**
Provisions for charges		
Provision for pensions and other post-employment benefits (1)	5,579	5,545
Other provisions for charges	1,981	1
SUB-TOTAL	**7,560**	**5,546**
TOTAL	**12,219**	**18,181**

(1) Provisions for pensions and other post-employment benefits cover the following costs payable by the Company on retirement of employees:

- *post-retirement benefit obligations;*
- *supplementary pensions paid to some employees.*

For this last obligation, she is released from her commitments by a deduction of the capital necessary for the service of the annuity that the insurance company, responsible for this service, makes from the fund set up to cover retirement commitments not yet definitively acquired. The Company therefore no longer has any obligation towards former employees.

The actuarial valuation was carried out by independent actuaries. The calculations were made on the basis of a discount rate of 1.2% and an inflation rate of 1.8%.

The variation in the provision is mainly explained by the commitment relating to a specific additive scheme for members of the Comex (defined benefit for French members and defined contribution for foreign members) which was approved in 2015. It guarantees an annuity based on the reference salary.

In order to comply with the PACTE law from May 22, 2019 and its notification of July 3, 2019 transposing Directive 2014/50/EU. this defined benefit scheme has been closed, the rights acquired being frozen as of December 31, 2019.

(in € thousands)	2019	2018
Projected benefit obligation	15,334	22,143
Hedging of obligations	(10,493)	(11,225)
Deferred items	738	(5,373)
PROVISIONS	**5,579**	**5,545**

(in € thousands)	2019	2018
Service cost	(3,570)	(4,040)
Interest cost	(460)	(331)
Expected return on plan assets	219	103
TOTAL	**(3,811)**	**(4,268)**

Changes in provisions for liabilities and charges in 2019 were as follows:

(in € thousands)	Amount as at 31/12/2018	Additions	Reversals (surplus provisions)	Payments to retirement funds	Amount as at 31/12/2019
Provisions for currency risks	12,635	4,659	(12,635)		4,659
Provisions for pensions and other employee obligations	5,545	3,811	(3,686)	(91)	5,579
Other provisions for charges	1	1,980			1,981
TOTAL	**18,181**	**10,450**	**(16,321)**	**(91)**	**12,219**

Note 17 Borrowings

(in € thousands)	31/12/2019	31/12/2018
Bond issue premium	10,962	0
Other bonds	2,150,000	1,400,000
Borrowings and debts from credit institution	1,262,151	964,919
Other borrowings	4,342	2,359
TOTAL	**3,427,455**	**2,367,278**

23,7% of the Company's debt is at variable rates. This debt is hedged using interest-rate caps as described in Note 21.1.

The breakdown of the Company's debt by maturity is as follows:

(in € thousands)	As of 31/12/2019
Maturing in 2020	432,463
Maturing in 2021	1,420
Maturing in 2022	334,930
Maturing in 2023	205,180
Maturing in 2024	292,500
Maturing in 2025	700,000
Maturing in 2026	750,000
Maturing in 2027	700,000
TOTAL	**3,416,493**

The main components of Faurecia financing are described below:

2025 bonds

On March 8, 2018, Faurecia issued bonds for an amount of €700 million due June 15, 2025, carrying annual interest of 2.625%, payable on June 15 and December 15 each year, as from June 15, 2018.

These bonds include a covenant restricting the additional indebtedness if the EBITDA[2] after certain adjustments is lower than twice the gross interest costs, and restrictions on the debt similar to those of the syndicated credit loan.

The proceeds of these bonds have been used to redeem the €700 million bonds due June 15, 2022, carrying annual interest of 3.125%, issued in March and April 2015.

The bonds are listed on the Global Exchange Market of Euronext Dublin (previously Irish Stock Exchange). The costs related to the bond issue are expensed in P&L over the life time of the bonds.

2026 bonds

On March 27, 2019, Faurecia issued bonds for an amount of €500 million due June 15, 2026, carrying annual interest of 3.125%, payable on June 15 and December 15 each year, as from June 15, 2019.

These bonds benefit from the same restrictions as the 2025 bonds.

The proceeds of these bonds have been used to refinance the €500 million drawn on the bridge loan described below in the paragraph "Financing of Clarion Co. Ltd acquisition".

The bonds are listed on the Global Exchange Market of Euronext Dublin. The costs related to the bond issue are expensed in P&L over the life time of the bonds.

In order to prefinance the acquisition of 50% of SAS shares, an additional issue for €250 million of these 2026 bonds has been performed on October 31, 2019. these additional bonds have been Issued at 104.50% of the pair, which corresponds to a return at issuance of 2.40%. As of December 31, 2019, the amount of these 2026 bonds amounted to €750 million.

2027 bonds

On November 27, 2019, Faurecia issued bonds for an amount of €700 million due June 15, 2027, carrying annual interest of 2.375%, payable on June 15 and December 15 each year, as from June 15, 2020.

These bonds benefit from the same restrictions as the 2026 bonds.

The proceeds of these bonds have been used to refinance the €700 million bonds due June 15, 2023 carrying annual interest of 3.625%, Issued on April 1st, 2016.

This refinancing has been done through a tender offer through which 2023 bond holders could exchange their bonds against new 2027 bonds. The rate of exchange has reached 76%. The bonds that were not tendered in this offer have been redeemed in accordance with the offering memorandum. The settlement of these two operations has taken place respectively on November 25 and November 28, 2019.

The bond premium for bonds tendered in the offer is amortized over the duration of the new 2027 bonds; the bond premium for bonds redeemed by anticipation has been expensed.

The bonds are listed on the Global Exchange Market of Euronext Dublin. Costs related to the bond issue are expensed in P&L over the life time of the bonds.

Syndicated credit facility

On December 15, 2014, Faurecia signed a syndicated credit facility, with a five-year maturity, for an amount of €1,200 million. This credit facility was renegotiated on June 24, 2016, in order to extend the maturity to five years from that date, or June 24, 2021 and improve its terms and conditions.

On June 15, 2018, Faurecia signed with participating banks a second agreement to extend again the maturity to five years from that date, or June 15, 2023, with two optional one-year extensions that can be exercised in June 2019 and June 2020, subject to agreement of participating banks, and that would extend the maturity respectively to June 2024 and June 2025. This agreement has improved again its terms and conditions and strengthens the Group's financial structure.

A first one-year extension option has been exercised in June 2019, extending the maturity of this credit facility to June 2024.

As of December 31, 2019, this credit facility was not drawn.

This credit facility includes only one covenant, related to consolidated financial ratios: Net debt[1]/EBITDA[2] must be lower than 2.79[3]. Compliance with this ratio is a condition affecting the availability of this credit facility. As of June 30, 2019, the Group complied with this ratio.

This credit facility includes some restrictive clauses on asset disposals (disposal representing over 35% of the Group's total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate) and on the debt level of some subsidiaries.

(1) Consolidated net debt.

(2) Operating income plus depreciation, amortization and funding of provisions for impairment of property, plant and equipment and intangible assets, corresponding to the past 12 months.

(3) This limit was previously at 2.50 and has been changed to 2.79 to take Into account the Implementation of IFRS 16.

Financing of Clarion Co. Ltd acquisition

Following the binding agreements reached on October 26, 2018 with Clarion and Hitachi, and the authorization received from anti trust authorities, Faurecia has launched on January 30, 2019 a tender offer on Clarion Co. Ltd, (cf. Note 10A).

The tender covers whole Clarion shares (around 56.55 million shares) for a price of ¥2,500 per share, i.e. a total of around ¥141.3 billions, or around €1.13 billion.

The total amount of the acquisition has been hedged through contingent forwards, which will transform in forward hedging at a given exchange rate when the offer is a success and the acquisition has to be paid for; in the opposite case, hedging is cancelled without Faurecia having to pay (or receive) any amount, whatever the exchange rate euro/yen.

In order to secure the financing of the acquisition, of the repayment of some Clarion debts as well as of integration costs, Faurecia has implemented a bridge loan for an amount of €1.3 billion with one of its main banks. This loan had a maturity of one year, extendable by one year through two six-months extension options. This loan included some restrictive clauses similar to the ones of the syndicated loan of €1.2 billion.

In order to anticipate and secure the refinancing of this bridge loan, Faurecia has signed on December 17, 2018 a private placement under German law (*Schuldscheindarlehen*) for a total amount of €700 million. This transaction is structured into several tranches in EUR and USD, at fixed and variable rates, with maturities of four, five and six years. €378 million have been received on December 20, 2018 and the remaining amount has been received in early January 2019. The USD tranches have been partially converted in euro resources through long term cross-currency swaps.

Thanks to this operation the amount of the bridge loan has been reduced down to €750 million at the end of December 2018.

At the closing of the tender offer, end of February 2019, Faurecia was owner of 95.28% of Clarion shares. This acquisition has been paid early March 2019 for an amount of ¥134 billion or €1,051 million at hedging rate. A squeeze out has then been launched, bringing the level of acquired shares at 100% at the end of March 2019, at which date Clarion shares have been delisted from the Tokyo Stock Exchange.

The bridge loan has therefore been drawn early March 2019 for an amount of €500 million, then paid back with the result of the 2016 bonds issue, this credit facility being then cancelled.

Finally, during 2019, Faurecia regularly issued commercial papers with a maturity up to one year for investors located mainly in France. The amount of the commercial papers program has been brought from €1 billion to €1.3 billion In September 2019.

Faurecia is rated Ba1 by Moody's with stable outlook and BB+ with a stable outlook by Fitch Ratings (increase of these two ratings on February 20, 2018). On January 31, 2018, Standard & Poor's assigned to Faurecia a BB+ long-term corporate credit ratings, with a stable outlook. Moody's confirmed Faurecia's credit rating on April 24, 2019 and so did Fitch Ratings on July 3, 2019. In addition, the three rating agencies rated Ba1/BB+ the bonds issued in March, October and November 2019.

Note 18 Operating payables and other liabilities

(in € thousands)	31/12/2019	31/12/2018
Trade payables	10,234	10,094
Other operating payables	81,139	57,312
SUBTOTAL OPERATING PAYABLES	**91,373**	**67,406**
Cash advances from subsidiaries	1,812,442	1,832,000
Other liabilities	900	854
SUBTOTAL OTHER PAYABLES	**1,813,342**	**1,832,854**
TOTAL	**1,904,715**	**1,900,260**

All operating payables and other liabilities are payable in less than one year.

Note 19 Deferred taxes

Deferred taxes relate to:

- temporary differences between the recognition of income and tax purposes;
- tax loss carry forwards of the tax group;
- tax savings arising from the use of tax losses of subsidiaries in the tax group which will have to be restored to them if and when they return to profit.

Deferred taxes are computed based on the tax rate for the year in which they are expected to reverse.

Deferred taxes can be analyzed as follows:

(in € thousands)	31/12/2019	31/12/2018
Deferred taxes relating to the tax savings		
arising from using losses in tax-group subsidiaries	(693,462)	(675,536)
SUBTOTAL, DEFERRED TAX LIABILITIES	**(693,462)**	**(675,536)**
Tax paid on taxable income that is not yet recognized	1,406	(2,205)
Charges recognized that are deductible for tax purposes in future years	6,507	6,910
Future tax savings on tax loss carry forwards of the tax group	412,415	437,792
SUBTOTAL, DEFERRED TAX ASSETS	**420,328**	**442,497**
NET DEFERRED TAX (LIABILITIES)/ASSETS	**(273,133)**	**(233,039)**

Note 20 Financial commitments

Endorsements, sureties and guarantees include commitments to subsidiaries and direct and indirect equity investments for an amount of €93.1 million (€76.4 million as of December 31, 2018).

Note 21 Financial instruments used to hedge market risks

21.1 Interest-rate hedges

The Company manages interest rate hedging centrally. This management is implemented by the Faurecia group's finance and treasury department, under the responsibility of general management. Management decisions are taken within a market risk management committee which meets monthly.

The hedges arranged comprise mainly euro-denominated interest rate swaps, designed to hedge interest payable on variable rate borrowings.

The notional amounts of the Group's interest rate hedges break down as follows:

	Notional amounts by maturity		
As of 31/12/2019 *(in millions)*	< 1 year	1 to 5 years	> 5 years
Interest rate options			
Variable rate/fixed rate swaps		714	

Share of variable rate debt (before rate swap) : 23,70 %.

21.2 Currency hedges

The company centrally covers the foreign exchange risk of its subsidiaries, linked to their commercial operations, by means of forward or optional foreign exchange transactions as well as financing in foreign currencies. This centralized management is implemented by the Faurecia Group finance and treasury department, under the responsibility of general management. Management decisions are taken within a market risk management committee which meets monthly.

- Future transactions are hedged on the basis of forecast flows established during the preparation of budgets approved by General Management, these forecasts being updated regularly.
- Currency risk on inter-company loans and borrowings to/from subsidiaries outside the eurozone that are denominated in the subsidiaries' functional currency but referenced in euros is hedged through swaps.

As of December 31, 2019, the cross-currency swaps in place relate to the following currencies:

	Position		Equivalent
As of 31/12/2019 *(in millions)*	**BUYER**	**SELLER**	*(in millions)*
DKK		211.8	28.4
GBP	80.0		94.0
JPY		1,463.6	12.0
RUB	2,523.4		36.1
USD	213.0		189.6
SEK		83.8	8.0
CHF	68.0		62.6

**Note : these are currency swaps that cover intra-group deposits and loans*

Note 22 Average headcounts

	2019	2018
Management	9	8
Staff	0	0
TOTAL	**9**	**8**

Note 23 Compensation

In 2019, total attendance fees paid to directors amounted to €614,870 compared with €596,000 in 2018.

Note 24 Identity of the parent company consolidating the Company's financial statements

Peugeot S.A. – 7, rue Henri Sainte-Claire Deville 92500 Rueil-Malmaison (France)

Company Identification (SIRET) No. 552 100 554 00021

1.2.2.4. Five-year financial summary

(in €)		2019	2018	2017	2016	2015
1 – CAPITAL STOCK AT END OF PERIOD						
a)	Capital stock	966,250,607	966,250,607	966,250,607	966,250,607	960,349,446
b)	Number of ordinary shares outstanding	138,035,801	138,035,801	138,035,801	138,035,801	137,192,778
c)	Maximum number of future shares to be created: by exercising stock options	0	0	0	244,200	636,500
2 – OPERATIONS AND RESULTS FOR THE FISCAL YEAR						
a)	Sales excluding tax	30,146,000	33,439,165	290,857,463	302,199,773	253,055,437
b)	Income before tax, employee profit-sharing, depreciation, amortization and provisions	462,414,608	440,662,106	113,474,100	109,966,776	185,983,522
c)	Corporate income tax [(1)]	(31,436,160)	(31,692,192)	(18,331,259)	(25,573,498)	(19,348,402)
d)	Employee profit-sharing	0	(0)	0	0	0
e)	Income after tax, employee profit-sharing depreciation, amortization and provisions	477,124,055	415,679,804	94,364,262	99,944,506	226,027,199
f)	Total dividend [(2) (3)]	179,446,541	172,544,751	151,839,381	124,232,221	89,175,306
3 – EARNINGS PER SHARE						
a)	Income after tax and employee profit-sharing, but before depreciation, amortization and provisions	3.15	3.40	0.95	0.98	1.50
b)	Income after tax, employee profit-sharing, depreciation, amortization and provisions	3.46	3.01	0.68	0.72	1.65
c)	Net dividend per share	1.30	1.25	1.10	0.90	0.65
4 – PERSONNEL						
a)	Average number of employees during the fiscal year	9	8	8	8	16
b)	Total payroll for the fiscal year	16,240,474	19,920,220	16,977,910	8,677,854	9,237,393
c)	Total employee benefits paid for the fiscal year (social security, other social benefits, etc.)	4,187,781	5,109,349	6,933,157	9,975,137	4,918,450

(1) Amounts in parentheses represent tax savings recognized under the tax consolidation agreement.
(2) The 2019 dividend is pending approval by the Ordinary General Meeting of the proposed appropriation of 2019 net income.
(3) The part of the 2019 dividend corresponding to shares that the Company holds on its own behalf at the payment date will be allocated to "Retained earnings".

1.2.3. Subsidiaries and affiliates

(in € thousands)	Capital stock	Reserves and retained earnings before appropriation of net income	Share of capital stock owned (as a%)	Gross carrying amount of investment
I. DETAILED INFORMATION				
A. Subsidiaries (at least 50% of capital stock owned by the Company)				
Faurecia investments	103,567	287,804	100.00	480,395
Faurecia Automotive Belgium	10,000	18,239	100.00	60,196
Faurecia USA Holdings Inc.	15	605,800	85.03	600,699
ET Dutch Holdings BV	18	274,436	100.00	610,550
Faurecia Automotive Holdings	23,423	399,887	100.00	918,260
Faurecia Exhaust International	7,301	131	100.00	82,301
Faurecia Services Groupe	40	54	100.00	46
Faurecia Honghu Exhaust Systems Shanghai	6,023	52,131	59.97	1,212
Faurecia Holdings Espana	3,010	438,783	60.59	514,183
Hennape six	1,100,010	(9)	100.00	1,100,010
B. Affiliates (10%-50% of capital stock owned by the Company)				
Faurecia Automotive Espana S.L.	7,138	746,410	10.66	76,449
Faurecia Automotive GmbH	146,420	(133,297)	25.81	225,184
FaureciaTongda Exhaust System (WUHAN) Co, Ltd	4,791	27,378	50.00	2,217
II. SUMMARIZED INFORMATION				
Subsidiaries and affiliates not included in Section A				74
Subsidiaries and affiliates not included in Section B				
TOTAL				**4,671,776**

Net carrying amount of investment	Outstanding loans and advances granted by the Company and not yet paid	Amounts of guarantees and securities given by the Company	Sales excluding sales tax from the last fiscal year	Profit or loss (-) from the previous year-end	Dividends received by the Company during fiscal year or to be received	Exchange rates used for non-French subsidiaries and affiliates
480,395	1,135,701	0	0	333,065	296,893	
35,308	310	0	0	(60)	0	
600,699	108,898	0	36,697	(37,032)	0	EUR 1 = 1.1993 USD BS/1.129287 USD PL*
610,550	108,291	0	1,034	7,383	0	
918,260	907,628	0	231,684	62,578	23,423	
82,301	261,126	0	0	55,350	0	
0	0	0	341,690	1,617	5,750	
1,212	0	0	202,480	29,833	9,540	EUR 1 = 7.8044 CNY BS/7.626438 CNY PL*
514,183	30,826	0	0	3,347	0	
1,100,010	20,470	0	0	(12,836)	0	
76,449	0	0	235,621	12,795	0	
206,994	0	0	5,429	44,094	0	
2,217	0	0	67,365	9,134	6,427	EUR 1 = 7.8044 CNY BS/7.626438 CNY PL
74	0				0	
4,628,652	**2,573,249**				**342,033**	

1.2.4. Statutory auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual Meeting, we have audited the accompanying financial statements of Faurecia for the year ended December 31, 2019. These financial statements were approved by the Board of Directors on April 17, 2020 on the basis of the elements available at that date, in the evolving context of the health crisis related to Covid-19.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors Responsibilities for the Audit of the Financial Statements* section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics *(Code de déontologie)* for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, as approved in the above-mentioned context, and in forming our opinion thereon and we do not provide a separate opinion on specific items of the financial statements.

ASSESSMENT OF VALUE IN USE OF EQUITY INTERESTS

(Notes 1.2 and 10 to the financial statements)

Risk identified	Our response
The balance of equity interests as at December 31, 2019 amounted to M€ 4,629, representing 52% of the assets on the balance sheet. As stated in Note 1.2 to the financial statements, the gross value of these investments is equal to contribution value or cost. An impairment loss is recorded if the value in use of these interests falls below their entry value. Value in use is based on the revalued net assets, profitability and the future outlook of the interest. Where appropriate, when the future sale of certain investments is being planned or considered, data from previous transactions are taken into account along with other evaluation criteria. We deemed the assessment of the value in use of equity interests to be a key audit matter due to the materiality of these assets to the balance sheet and the inherent uncertainty of specific inputs applicable to the assessment of their value in use, in particular the likelihood of achieving the discounted cash flows forecast by management in its strategic plans.	We assessed the methods used by management to determine the value in use of each of these equity interests. We obtained management's most recent business plans and the impairment tests for each of the significant equity interests in order to assess the valuations based on forecasts. With the support of our asset valuation experts, we assessed the appropriateness of the key assumptions used to determine expected future cash flows and in particular: ■ we compared the key assumptions used by management with independent market data, such as discount rates and the long-term growth rate; ■ we reperformed the calculations used in the impairment tests performed by management; ■ we reconciled the main strategic plan data used in impairment testing with the specific data for each entity. For the valuations based on historical data, we examined the consistency of the equity values used with the financial statements of the entities concerned and considered whether any adjustments to equity were based on documentary evidence.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS PROVIDED TO THE SHAREHOLDERS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report as approved on April 17, 2020 and in the other documents with respect to the financial position and the financial statements provided to the Shareholders. Regarding the events that occurred and the elements known after the date of approval of the financial statements relating to the effects of the Covid-19 crisis, Management has informed us that such events and elements will be communicated to the annual general meeting called to decide on these financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in article D. 441-4 of the French Commercial Code (*Code de commerce*).

REPORT ON CORPORATE GOVERNANCE

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by, or allocated the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (Code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed Statutory Auditors of Faurecia by the Annual General Meetings held on May 28, 2019 for MAZARS and on June 17, 1983 for ERNST & YOUNG Audit.

At December 31, 2019, MAZARS was in the first year of their engagement and ERNST & YOUNG Audit was in the thirty-seventh year (which are the twenty-first year since securities of the Company were admitted to trading on a regulated market).

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT COMMITTEE

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, April 22, 2020

The Statutory Auditors

French original signed by

MAZARS	ERNST & YOUNG Audit
David Chaudat	Jean-Roch Varon

2

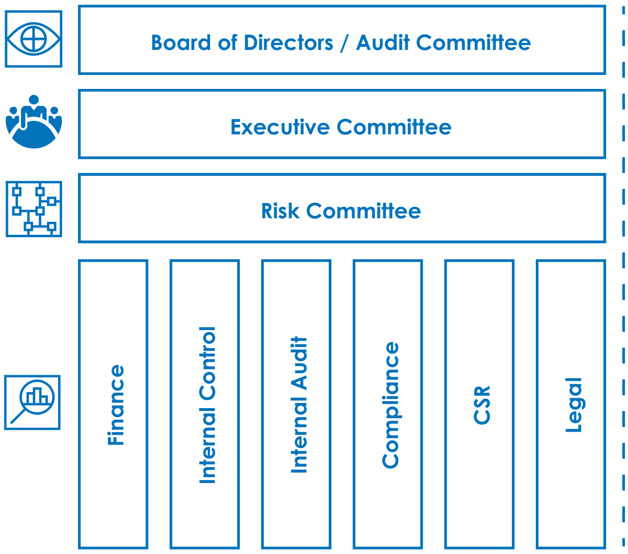
Internal Controls & Risk Management

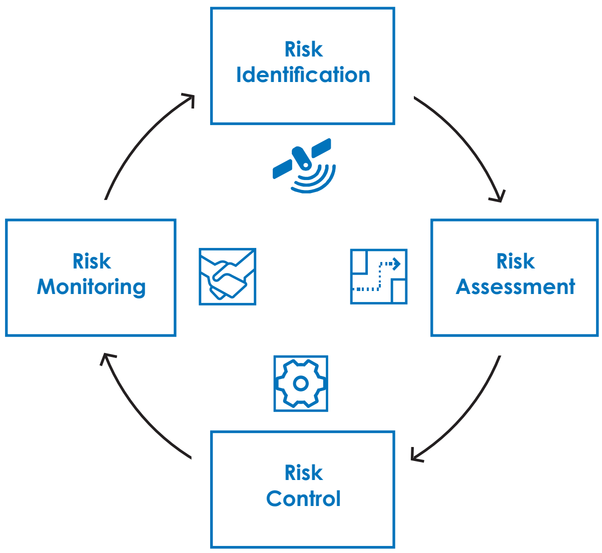
This section describes the parties involved in managing the Faurecia group's risks and the main significant risks to which the Group believes it is exposed as of the date of this Universal Registration Document. However, other risks that the Group is not aware of at the date of this Universal Registration Document, or which are not considered to date as likely to have a significant unfavorable impact for the Group, its business groups, its financial position, its results or its outlook, may exist or occur.

2.1. Participants and systems

The Audit Committee, which is tasked with overseeing the effectiveness of the internal control and risk management systems (which are not limited to accounting and financial risks), informs the Board of Directors of the main actions taken by the Group in this realm. Other participants provide information to the Audit Committee which conducts every year a formal review of the internal control and risk management systems.

The charts below provide a summary of the organization and functioning of internal control and risk management within the Group:





2.1.1. Operations management

The Group's Executive Committee examines the major operational risks inherent to the Group's business during the monthly meetings of the Operations Committees, and at least once per year it reviews the risk mapping prepared by the Risk Committee.

The Executive Management of each Business Group is responsible for identifying and managing operational risks inherent to its business which are reviewed every month by its Operations Committee.

2.1.2. Functional departments

Focusing on their specific domains, the Group's functional departments are responsible for complying with current regulations and standards, improving their processes and working with the other departments in order to improve cross-functional processes.

Finance department

PRINCIPLES APPLIED TO THE PREPARATION OF FINANCIAL STATEMENTS

The Group Finance department, which reports to the Chief Executive Officer, is responsible for outlining the rules and procedures, consolidating the financial statements, managing cash and financing, and carrying out management control, internal control and Internal Audits.

It is responsible for performing the following tasks:

- determining the Group's accounting and financial standards in accordance with IFRS as adopted by the European Union and the tax provisions and accounting standards specific to each country, and ensuring compliance with them;
- preparing the annual statutory financial statements, the monthly consolidated financial statements and, more specifically, the interim and annual financial information to be reported;
- outlining, improving and ensuring enforcement of the internal control procedures needed to produce reliable accounting information. These procedures include in particular a generalization of the permanent inventory process completed by physical inventory taking at least once a year, the separation of tasks, and strict monitoring of access to the various accounting transactions based on the different businesses;
- managing and improving the information systems used to produce accounting and financial data.

The Country or Regional Chief Financial Officers who manage the shared financial service centers report to the Group's Finance department and are responsible for:

- the production of the financial and accounting statements for all the units within their scope, in compliance with IFRS and local standards and the closure dates defined by the Group;
- compliance with and improvements to the internal control procedures specific to their scope;
- strengthening the role and skills of the accounting function;
- close collaboration with operational sites within their scope in order to work with them to solve internal control issues and to improve the overall effectiveness of the financial process.

Internal and financial controllers are stakeholders in the Group's strategy and sales, R&D and industrial activities at all levels and report hierarchically to site, Division and Business Group managers and functionally to the Group Finance department. Through their function, they are therefore stakeholders in the definition and achievement of the operational objectives.

This organization between, on the one hand, shared services responsible for producing the financial statements and complying with the standards, and on the other, the controllers considered as co-pilots for the management of operational entities, enables a real separation of tasks and a better development of skills in each role, resulting in better overall effectiveness and reduced risk of fraud.

The following principles are implemented across the Group to prepare financial statements:

- completeness of transaction processing;
- transaction compliance with applicable accounting principles;
- periodic review of assets.

FINANCIAL REPORTING PROCESS

The goal of the reporting process is to provide all the financial and non-financial information needed to manage the Group and disclose the financial statements in accordance with applicable accounting standards and the rules decreed by the *Autorité des Marchés Financiers* (AMF). A "reporting glossary" describes the content of all reporting data, and procedures explain how reporting should be conducted.

MONTHLY REPORTING

The HFM (Hyperion) consolidation system provides for the monthly reporting of both financial information (income statement and balance sheet data) and non-financial information (such as indicators relating to quality, production, purchasing, safety, human resources, etc.). Each business unit reports its final results of operations four days after the end of the month in accordance with Group standards. Every month, the Operations Committee reviews the operational performance and action plans of each Business Group.

BUDGET AND STRATEGIC PLAN

The Group draws up a five-year sales plan each year, in which programs play an essential role. This plan discusses the Group's business outlook by business and product line, and the Group's resources and profitability. It is consolidated using the same tool as for monthly reporting and it is also used to define the budgetary targets for the following year.

In order to effectively anticipate short-term changes and improve responsiveness, monthly reporting includes a rolling forecast for the income statement and cash flow statement for the current and subsequent quarters.

INFORMATION SYSTEMS

For process and data management purposes, Faurecia uses a unique management software package based on SAP software. This solution is common to all sites and enables normalization and digitalization to occur at a faster pace. All management processes (orders, inventory, flow of parts, receiving, shipping, accounting, etc.) are supported by this solution.

Moreover, Faurecia relies on this software package to accelerate digitalization in numerous areas such as management of workshops and transportation, measuring customer satisfaction, managing maintenance, etc. All these data represent a wealth of information that is beginning to be exploited with the help of Artificial Intelligence (AI) type tools, in order to optimize processes.

Internal control

At the Faurecia group, internal control is a mechanism that encompasses a set of resources, behaviors, training, procedures and actions that aim to prevent risks that are likely to:

- have an impact on the financial and accounting information published by the Group;
- cause damage to the Group's image and reputation;

- expose the Group to regulatory or legal sanctions from the various jurisdictions and competition authorities of the countries in which it operates;
- threaten the Group's employees and ecosystem (risk of kidnapping, natural disasters, epidemics, environmental risks);
- prevent the Group's customers from producing, delay their production or hinder their product and service performance (critical equipment breakdown, quality risks, delay in product development);
- prevent the Group from being able to continue to finance its operations (cash-flow crisis);
- threaten the confidentiality of the information held by the Group on its own behalf (intellectual property, data on technologies, financial data) or with regard to its employees (personal data).

By helping to prevent and control risks that could negatively impact the Group in attaining its goals, the internal control and risk management system plays a key role in conducting and steering its various business activities. However, as underscored by the AMF's frame of reference, any internal control and risk management system, no matter how well conceived and applied, cannot provide an absolute guarantee that the Group will achieve its goals. In fact, inherent limits exist to any internal control and risk management system, notably due to the uncertainties of the outside world, the exercise of judgment or shortcomings that may arise due to technical or human failure.

SCOPE

The Group's internal control system is deployed throughout the Company and its fully consolidated subsidiaries and covers a larger scope than the procedures related to the preparation and processing of accounting and financial information.

INTERNAL CONTROL TASKS

The main responsibilities of the Internal Control department are:

- participating in projects to improve cross-functional processes (transportation, protection of the access and rights associated with IT applications, improving IT tools, etc.);
- mobilizing the Group's co-workers around a common vision of the primary risks and making them aware of the inherent risks of their business activity;
- training on internal control, some of which are now offered by Faurecia University, Faurecia's internal training center, particularly e-learning modules. Please note that the "basic" module is mandatory for all Group executives;
- preparation for COSO certification, which is an internal control standard defined by the Committee of the Sponsoring Organization of the Treadway Commission. Faurecia's primary participants in internal control all hold COSO certification;
- self-assessment campaigns touching all corporate management cycles (business management, direct and indirect purchases, inventory management, management of property, plant and equipment, salary management, tracking of standard costs, information system management, management of expats and other personnel transfers, etc.). A self-assessment questionnaire addressing the most important control items for operational sites (plants and R&D centers) was disseminated in 2017, in order to help these sites strengthen their internal control system (methods of proof, identification of weaknesses and corresponding action plans, local governance). Since 2018, the scope of the self-assessment has been extended to the registered office and administrative centers to provide Faurecia's business activities with comprehensive coverage;
- regular communication with operational entities, functional departments and the Executive Committee to make all business lines aware of current topics (fraud, improvement actions, best practices, etc.).

Internal control representatives are present at several levels of the organization (Group, Business Groups, Divisions, shared financial service centers) in order to support the approach without taking on the responsibilities of operations management.

PROCEDURES

Internal control is based on a set of principles and procedures: the Group culture ("Being Faurecia"), which is grounded in six key values and the Code of Ethics, the Management Code, and the Faurecia Excellence System (FES). The FES represents the operational focus, shaping how Group employees work worldwide and structuring the Group's identity.

The documentation on which the internal control system is based is therefore made up of the following items, which can all be accessed on the Group's intranet:

- the Code of Ethics and the Management Code;
- Manager Empowerment which defines six general cross-functional principles for managers in certain key sectors: Acquire a new program; Assess Managers and Professionals; Decide on Capital Expenditures; Decide on Exceptional Items; Manage Managers and Professionals Compensation; Staff Managers and Professional positions;
- the Faurecia Core Procedures (FCP) are set out within nine processes developed by each Group division respecting a common general framework and apply to all subsidiaries controlled by the Group. They are regularly updated and continually enhanced. The nine processes are as follows:
  - Production Control and Logistics,
  - Purchasing,
  - Quality and HSE (Health, Safety and Environment),
  - PMS (Program Management System) and Engineering,

  - Sales and Marketing,
  - Communication,
  - Finance,
  - Human Resources,
  - Information Technology;
- Faurecia's Alert Management System (AMS) immediately informs Business Group management teams and, if necessary, the Group Executive Committee of any problems encountered in production and program management. This system also ensures a prompt and structured response including problem solving which the organization capitalizes.

GOVERNANCE

Internal control reports on its work and sustains the connection between the disciplines in the form of the Internal Control Governance Committee, which holds monthly meetings chaired by the Group Chief Financial Officer. This committee also includes the Deputy Chief Financial Officer, the Director of Internal Audit, the Chief Compliance Officer, the General Counsel, the Risk Manager and the Chief Financial Officers of the Business Groups.

Its work is also regularly reviewed by the Audit Committee of the Board of Directors and the Executive Committee.

Internal Audit

The Internal Audit department assesses the effectiveness of the internal control and governance mechanism and checks that Group procedures are in compliance with local laws and regulations. It uses the Group's risk mapping to shape its tasks.

The Internal Audit department is under the responsibility of the Group Chief Financial Officer, with an option to directly alert the Group Chief Executive Officer and the Chairman of the Audit Committee. Once per year, it submits the audit program to the Group Chief Executive Officer and Chief Financial Officer for approval. Every quarter, it presents completed reports and the achievement of its objectives. It also reports to them regularly on the progress of its work and the measures taken to achieve its objectives. It reports to the Audit Committee at least twice per year on the result of its work and its schedule of actions.

Located at the Group's headquarters, it also has regional teams based in France, Germany, the United States and China.

It conducts its assignments wholly independently and systematically substantiates its findings with specific facts that have been duly verified. The recommendations it sends to the audited sites are monitored through (i) an assessment through a questionnaire completed six and twelve months after the final report, and (ii) an on-site post-audit if one is deemed necessary.

The Internal Audit department has an Internal Audit Charter, which was last reviewed in 2017 and which defines its roles and mission, its field of competence, and the audit methodology used.

Compliance and Risk Management department

RISK MANAGEMENT

Risk management is handled by the Group Risk Committee, which is chaired by the Group Chief Financial Officer. The main tasks of the Risk Committee are to update risk mapping, ensure that the corresponding prevention plans are established and implemented and, more broadly, ensure that risks are monitored regularly.

The Risk Committee meets quarterly. The Chief Financial Officer, the Deputy Chief Financial Officer, the Director of Internal Audit, the Chief Compliance Officer, the Risk Manager, the General Counsel, and the Head of Internal Control are also members of this committee. Depending on the agenda, the risk prevention plan coordinators are also invited to attend meetings.

The Risk Committee's work is also reviewed at least once a year by the Audit Committee and the Executive Committee. The risks monitored by this committee are, in particular, associated with personal safety, quality, program management, IT systems, the reliability of supplies, asset protection and fire risk, exposure of industrial sites to certain types of natural disasters, the reliability of financial information, compliance, and the environment. In addition to an annual review of the entire risk management system, the Audit Committee conducts an in-depth review of a specific risk several times a year.

In an effort to progress and continuously improve the mechanism, the risk map is reviewed regularly and the inclusion of new risks is submitted to the Risk Committee and the Audit Committee.

In 2016, the Group appointed a risk manager, who reports to the Group Chief Compliance Officer. With the assistance of coordinators who have been appointed for each risk in the risk map, he oversees the prevention plans that have been established and reviewed by the Committee and manages the network of risks identified by the Group.

In 2017, the Group started the Faurecia Enterprise Risk Management Program (ERM) to define and oversee risk management actively and consistently. This program is adapted for all types of risk, no matter what their exposure and impacts, and applies to operational, financial, strategic, reputation and legal risks.

Since 2018, the Group has launched a risk assessment campaign with Group management every year, working with Internal Audit, to update current risk mapping and identify potential emerging risks. This approach made it possible to identify new potential risks and establish the Group's risk universe, with the goal of aligning all lines of defense on a single risk baseline.

The ERM program has also been translated into five Faurecia Core Procedures; the related process, known as the ERM System, is constructed in a step-by-step approach and provides the method that must be followed by each risk coordinator and the functions responsible for risks.

Since 2017, the issues monitored by the Risk Committee have been recorded in a risk register, and since 2018, this risk register is accessible in a dedicated tool where information may be shared in real time with different lines of defense.

COMPLIANCE PROGRAM

Organization

The Compliance and Risk department was created in 2015. Its matrix structure relies on functional and operational resources, which allows for wide distribution of its annual plan. The Chief Compliance Officer determines with the Deputy Chief Compliance Officer program priorities that arise from the risk analysis of the previous compliance plan. Regional Compliance Officers (RCOs) oversee the compliance program in regions where the Group conducts business: North America-Mexico, South America, Asia, and EMEA (Europe, Middle East, Africa). The compliance team also relies on a network of contact people, called Compliance Leaders, in each operational division of the Business Groups. As part of the identification and monitoring of non-compliance risks, the compliance team works closely with the Risk Officer and members tasked with Internal Audit and control.

Frame of Reference

Faurecia is a signatory of the United Nations Global Compact. Consequently, the Group is committed to aligning its operations and strategy with ten universally accepted principles in the areas of human rights, labor standards, the environment, and anti-corruption. This commitment is reasserted in Faurecia's Code of Ethics, which is updated on a regular basis, specifically in 2014 as part of the roll-out of the Being Faurecia program intended to strengthen the Group culture and thereby contribute to long-term value creation, and in 2019 to integrate the changes introduced by measures related to the Sapin II Law. Moreover, the Management Code, established to guide the day-to-day management of teams, customers and also suppliers, translates many of the principles set out in the Code of Ethics into operational terms. The Code is given to each new employee and is available in the Group's main working languages and can also be accessed on the Group's corporate website and intranet.

The Code of Ethics is structured around four topics: respect of fundamental rights, development of economic and social dialogue, skills development, and ethics and rules of conduct. It forms part of the Faurecia Core Procedures and aims to develop accountability and employee empowerment.

Furthermore, the Group has an anti-corruption Code of Conduct and a best practices guide concerning anti-competitive practices. As a result, internal rules are widely disseminated to employees. These rules cover, in particular, the following subjects: policy on gifts and hospitality; donations and sponsorships; managing conflicts of interest (via an electronic tool); the "golden rules" of competition law.

Internal rules exist in relation to the risk tracking system for Faurecia's third parties and their co-contractors, where applicable.

Training & Communication

In order to maintain the Group's strong culture of ethics and compliance, the Compliance department introduced a training program tailored to risks that targeted populations may encounter.

The training and communication program on ethical rules and compliance relies on various internal communication mechanisms. A solid base of mandatory training courses on-line (MOOCs) exists. The pedagogical approach promotes interactive training using short videos and animations. Moreover, the Group has prepared and disseminated practical guides.

Periodic hard-copy and electronic publications as well as blogs and intranet communities provide opportunities for the Group to communicate more widely about the Group's internal rules.

Moreover, RCOs and Compliance leaders regularly organize, at industrial sites and within divisions of the Business Groups, on-site training or communication sessions to ensure a close culture of ethics and compliance. These training sessions also occur, in particular, in the context of audit duties conducted by the Internal Audit.

Governance

Activities conducted by the Group to prevent breaches, including the risk of corruption, as well as areas for improvement are presented and discussed on a regular basis in the various bodies where the compliance function is involved.

On the Group level, the Chief Executive Officer chairs a quarterly committee, which is steered by the compliance function. The primary activities and strategic decisions of the ethics and compliance program are discussed and approved within this body.

The Group's Chief Financial Officer chairs the quarterly Risk Committee, which is steered by the Risk department. The primary risks identified and monitored by the compliance function are presented and discussed in this committee.

Furthermore, Compliance leaders facilitate quarterly Compliance Committees, which are chaired by the manager of each of the Business Groups. They deploy and facilitate the compliance program at each level of the Group's activities in conjunction with priorities defined at the Group level.

Finally, each RCO oversees one or several quarterly Compliance Committees to present the actions and results of the compliance program at his or her region level.

WHISTLE-BLOWING PROCEDURE

Faurecia implemented a whistle-blowing system ("Speak Up"), revamped as part of its compliance with the Sapin II and Duty of Care laws and the General Data Protection Regulation (EU GDPR). Any Group employee is thus called to express his or her concerns or signal a violation of the Code of Ethics, the anti-corruption Code of Conduct, internal policies and procedures or the law, and to report it to the Company's Management:

- either via the internal whistle-blowing procedure: any Group employee may share his or her concerns or indicate non-ethical behavior to his or her direct supervisor, to someone in Human Resources, or a compliance team member;
- or via a dedicated whistle-blowing hotline: any Group employee has the option of using the dedicated whistle-blowing hotline. This channel may, in particular, by used for the most serious cases mentioned above. This mechanism offers enhanced protection through "legal confidentiality." The dedicated whistle-blowing hotline is accessible via a website: http://faurecia.ethicspoint.com/

Legal department

The Legal department consists of a team located in France and in the main countries where the Group conducts business. In particular, it relies on legal practitioners who are experts in their field (competition, M&A, intellectual property, corporate law, and IT), teams of legal practitioners who focus on the work of the Business Groups and on a network of multidisciplinary legal practitioners who are responsible for the Group's different regions.

The Legal department draws on these diverse skills, constant legal oversight and the implementation of control and reporting processes to ensure the security of the Group's operations.

2.1.3. External participants

The mechanism outlined above is supplemented by the participation of external participants, including:

- the Statutory Auditors;
- third-party organizations which carry out the following certification processes for the entire Group over a three-year cycle:
  - environment (ISO 14001),
  - quality (ISO TS/IATF);
- engineers from fire and property insurance companies who conduct a biennial audit on each of the Group's sites to:
  - assess fire risks and any potential impact on production and customers,
  - assess whether the prevention and protection measures in place are adequate,
  - issue recommendations to reduce risks.

2.2. Description of the main risks

Each year, the Group draws up a Group risk matrix which summarizes the main risks in terms of impact and probability. This matrix is shown below. Details concerning the various risks featured in this matrix are set out in this section. This representation includes the risk management measures implemented in order to limit the impact and/or the probability of such risks. It constitutes a tool for the internal management of these risks. This risk matrix has been validated by the Audit Committee of the Group.

IMPACT \ PROBABILITY	LOW	MEDIUM	HIGH
HIGH	• Loss of a major industrial site • Business Ethics	• Continuity and security of information systems	• Covid-19 Pandemic
MEDIUM	• Safety in the workplace • Supply failure	• Program management • Product Quality & Safety • Significant litigation • External Growth	• Financial risk (currency, interest rates, liquidity, etc.) • Automotive supplier business risk • Regulatory developments
LOW		• Talents attraction and retention • Environmental impact of sites and climate change	• Intellectual Property • Duty of care and responsible purchasing

In addition to this matrix, the table below also provides an overview of the main risks and associated risk management measures. The categories below are not set out in order of importance. However, within each category, the risk factors are set out in decreasing order of importance determined by the Group as of the date of this Universal Registration Document on the basis of an assessment of their probability and potential impact taking into account mitigating measures (net risk). The assessment made by the Group of this ranking in terms of importance may however be modified at any time, in particular, in response to new external events or events within the Group. Moreover, even a risk that is currently considered to be of lesser importance could have a significant impact on the Group should it occur at a future date.

	Risk	Primary risk control systems	Probability	Impact	Section
Operational and industrial risks					2.2.1
	COVID-19 Pandemic	■ Implementation of a dedicated crisis committee involving the members of the Group Executive Committee ■ Deployment of the "Safer Together" program applicable to all sites ■ Implementation of cost reduction and cash protection measures.	●●●	●●●	2.2.1.1
	Continuity and security of information systems	■ Strategic plan dedicated to Information Systems risks ■ Regular audit of sensitive applications ■ Precise methodology for management of computer projects ■ Existence of a "Security Operation Center" (SOC) ■ GDPR compliance program	●●○	●●●	2.2.1.2
	Risk associated with the automotive supplier business	■ Diversity of sales by region, by brand and vehicle model ■ Constant monitoring of the competition ■ Innovation and investment in Research & Development ■ Forward management method enabling fine-tuning of the means of production	●●●	●●○	2.2.1.3
	External Growth	■ Strategic priorities set by the Board of Directors ■ Control and allocation of necessary resources by a dedicated team ■ This team involved in the life of entities concerned and takes part in decision-making bodies ■ Constitution of provisions as necessary	●●○	●●○	2.2.1.4
	Program management	■ Existence of a standard (PMCS) organizing the succession of steps for the duration of a program ■ Systematic risk assessment using 28 criteria from the initial phase ■ Monthly review of programs and monitoring of action plans ■ Regular audit of each development center	●●○	●●○	2.2.1.5
EFPD	Product Quality and Safety	■ IATF 16949 Certification ■ Existence of a designated Quality Control department at all levels of the organization ■ Measuring customer satisfaction ■ Whistle-blowing procedure and culture of documentation and conflict resolution (QRCI…) ■ Specialized and independent auditors	●●○	●●○	2.2.1.6
	Loss of a major industrial site	■ Industrial risk prevention policy based on an internal standard involving 20 check points ■ Periodic audits conducted by the insurer and issuance of an RHP label ■ Incorporation of the topic into the early stages of projects (fire, climate-related risk, etc.) ■ Systematic analysis and sharing of incidents ■ Complete analysis of the existing industrial park ■ Specific audits of most vulnerable sites carried out by technical experts ■ Existence of a surveillance and real-time warning system for climate-related events	●○○	●●●	2.2.1.7
	Supply failure	■ Recourse to many local suppliers in different countries ■ Systematic assessment of risks of any new order via a dedicated committee ■ Awareness of geopolitical, social, ethical, economic and financial risks ■ Constant monitoring of operational and financial performance ■ Operational support of suppliers (logistics, quality, international development…)	●○○	●●○	2.2.1.8
EFPD	Safety in the workplace	■ Existence of an HSE network at all levels of the organization ■ Systematic analysis of accidents ■ Mandatory training in HSE rules ■ Regular audit of all sites and systematic in the event of an alert ■ Ergonomic analysis of all workstations	●○○	●●○	2.2.1.9
EFPD	Environmental impact of sites and climate change	■ Analysis and control of local environmental risks based on ISO 14001 ■ Monthly "Environment & Energy" Committee chaired by the Group's HSE department ■ Network of HSE managers at all levels including at each Faurecia site ■ HSE requirements integrated into the Faurecia Excellence System (FES) ■ Regular internal and FES audit of sites	●●○	●○○	2.2.1.10
EFPD	Talents attraction and retention	■ Partnerships with more than 100 post-secondary institutions ■ Integration program directed specifically at new hires ■ Internal mobility policy (including abroad) ■ Regular review of compensation policy ■ Quantitative indicators through dedicated reporting	●●○	●○○	2.2.1.11

	Risk	Primary risk control systems	Probability	Impact	Section
Financial and market risks					2.2.2
	Interest rate risk	■ Centralized management of interest-rate hedges ■ Decisions taken by a monthly committee on market risks ■ Existence of a hedge policy implemented to limit the impact of short-term variations in interest rates on the Group's earnings	●●●	●●○	2.2.2.1
	Currency risk	■ Centralized management of currency hedging	●●●	●●○	2.2.2.2
	Liquidity risk	■ Coverage of part of Faurecia's liquidity requirements through receivables sale programs ■ Regular issuance of commercial paper ■ Diversified financial resources	●●●	●●○	2.2.2.3
	Risk related to raw materials	■ Negotiations with customers and strict inventory management ■ Raw material price fluctuations mainly passed on to customers on a "pass through basis"	●●●	●●○	2.2.2.4
	Customer credit risk	■ Completion of a risk analysis prior to the acquisition of new customers ■ Specific reporting on customer receivables	●●●	●●○	2.2.2.5
Legal, regulatory, and reputational risks					2.2.3
	Regulatory developments	■ Network of legal, tax and financial experts ■ Constant monitoring of laws and regulations in France and abroad	●●●	●●○	2.2.3.1
	Significant Litigation	■ Regular monitoring through dedicated reporting ■ Adequate provisioning	●●○	●●○	2.2.3.2
EFPD	Duty of care and responsible purchasing	■ "Buy Beyond" sustainable buying policy ■ Systematic CSR analysis of suppliers and new programs ■ Required minimum level score ■ Quality Audit of our suppliers covering all CSR aspects ■ Existence of a whistle-blowing system	●●●	●○○	2.2.3.3
	Intellectual Property	■ Internal network of experts and specialists ■ Global network of external advisors ■ Performing patent searches and searches on old technologies ■ Centralized Control of Technical and Legal Matters	●●●	●○○	2.2.3.4
EFPD	Business ethics	■ Global network of Compliance Officers ■ Employee training & awareness raising ■ Code of Ethics/internal procedures ■ Existence of a whistle-blowing system	●○○	●●●	2.2.3.5

Note: the abbreviation EFPD indicates that this risk presents extra-financial challenges, which are described in detail in Chapter 4 "CSR." Identification of the primary CSR risks & opportunities is based on CSR risk mapping produced by the Group to supplement Group risk mapping. A risk universe (and the associated descriptions) was thus defined during a process that included consultations with internal and external stakeholders. Identified risks were rated by stakeholders. The risks selected are those with high criticality during this rating phase and were approved by the Group's Executive Committee in December 2018.

2.2.1. Operational and industrial risks

2.2.1.1. COVID-19 Pandemic

	Probability	Impact
	●●●	●●●

IDENTIFICATION AND DESCRIPTION OF RISK	*POTENTIAL IMPACT ON THE GROUP*
On March 11, 2020, the World Health Organization declared that the epidemic due to the Coronavirus (COVID-19), which started in January 2020, has become a pandemic. The development of this pandemic on a global scale has generated, generates and can generate numerous significant health threats in the countries where the Group operates and leads or may lead to the gradual implementation of public measures, in particular the restriction of the movement of goods and people. This situation has disrupted, disrupts and could continue to disrupt, or even prevent, over a more or less long period, the operation of all or part of our production plants and our R&D centers located in impacted areas or due to a drop in demand for our customers, but also impact in the same way the production factories or the points of sale of all or part of our customers and suppliers located in impacted areas or due to a drop in demand in the sector. It is not to be excluded that this type of event will occur again in the future, whether due to a new wave of Covid-19 or another virus.	A pandemic could have multiple significant impacts concerning: ■ The health and availability of our employees in our factories and R&D centers; ■ The Group's and its partner's financial performance (turnover, operating margin and cash in particular); ■ The operational activities of the Group or its partners (production, suppliers, R&D in particular).

RISK MANAGEMENT

In the light of this unprecedented situation, Faurecia has immediately implemented a crisis management plan to adapt, in real time, its response to the impact of the pandemic on the Group's employees, customers and suppliers. The first priority is the health and safety of employees and their families. The Group has also implemented drastic measures to manage its cash flow as well as a strict control of expenditure and investments during the slowdown of activity.

Additional details on this topic can be found in the 20th of April 2020 press release and as well in paragraph 1.1.1.1.3.

Beyond these emergency measures, the Group is preparing the safe restart of production as soon as this is possible, including in an environment where the virus is not completely eradicated. A dedicated program "Safer Together" has been developped for this purpose. It remains currently difficult to estimate production levels in coming months as they depend on many external parameters, such as government regulations and the pace of resolution of the pandemic in the various geographies, but also on the customers' effective restart of production as well as consumer demand, and therefore the global impact of this crisis can not be evaluated at this stage.

2.2.1.2. Continuity and security of information systems

	Probability	Impact
	●●○	●●●

IDENTIFICATION AND DESCRIPTION OF RISK	*POTENTIAL IMPACT ON THE GROUP*
In particular, given that the Group (and, more generally, the industry as a whole) has been implementing its digital transformation for several years now, computer systems are incredibly important for day-to-day operations. Faurecia is especially faced with risks that could compromise the availability and proper functioning of computer equipment used in plant production, the confidentiality of know-how and personal data, as well as, more generally, the integrity and availability of information systems, particularly those contributing to business processes related to ordering, supply and invoicing.	There could be multiple potential impacts depending on the type of incident: ■ a system failure that makes it impossible to perform business transactions (production, order intake, deliveries, accounting, etc.); ■ breach or loss of confidential, personal, or strategic data. Despite the numerous investments made in this field to both human and financial resources, any major interruption or loss of sensitive data could impact the Group's business and have significant operational, financial and reputational consequences.

RISK MANAGEMENT

Particular attention has been paid to the protection of data and IT systems for several years now. In 2018, under the aegis of the new Director of Information Systems Security, a strategic plan aimed at preventing, detecting and controlling the risks to the security of information systems was devised. This plan, the implementation of which was continued in 2019, covers in particular to the following aspects:
- reinforcing the protection of the industrial information systems;
- launching the production of a backup computing system (in the event of a major computing disaster);
- improving the level of security across all workstations;
- implementing an SOC (Security Operations Center) in order to detect any potential incidents involving information system security and treating them in a timely manner;
- controlling the connection of Board members to the systems;
- allocating technical and human resources to prevent data breaches from the Group's information systems;
- strengthening the protection of portable terminals.

Centralized management systems, such as SAP and Hyperion, provide means to check integrity, traceability of data as well as separation of tasks for all entities and domains and are subject to regular audits.

In 2019, the Group also carried out a "cyber-crisis" exercise that simulated an external attack in order to test and improve its incident response processes.

In addition, the Group has "cyber insurance" covering potential business interruption in the event the information systems are paralyzed, as well as Faurecia's civil liability in the event of a claim following a cyber event.

2.2.1.3. Risk associated with the automotive supplier business

	Probability	Impact
	●●●	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
Faurecia group's business, which manufactures and sells original automotive equipment for its automaker customers, is directly related to the level of sales and automotive production of each of its customers, which depends on many factors: the overall level of consumption of goods and services on a given market, trust in the economic actors on this market, level of vehicle buyers' access to credit and any existing government programs (i.e., programs to support the automotive industry or vehicle purchase incentive programs). Faurecia's risk is also tied to the commercial success of the models marketed by its customers for which the Group produces components and modules. Finally, changes in the automotive sector could accelerate the concentration of automakers, ultimately resulting in the disappearance of certain brands or vehicle models for which the Group produces equipment.	There is a direct correlation between the Group's sales and operating income and the performance of the automotive sector in the main regions in which the Group and its customers are present, and also the commercial success of the models marketed by its customers for which the Group products components and modules. In addition, the orders placed with the Group are binding supply contracts for open orders without any guarantees in terms of volume, that is to say with no guarantee of minimum volume. They are generally based on the life of the vehicle model concerned. The Group could therefore be required to make certain investments which may not be offset by customer order volumes, thereby generating a significant impact on the operating income.

RISK MANAGEMENT

Given its market share and diversified international presence, the Faurecia group has a natural potential to weight its customer risk. Faurecia thus seeks to optimize the quality and diversity of its customer portfolio.

In 2019, the Group has done business with more than 100 customers. In addition to historical Group customers (PSA, Renault, Volkswagen…) the Group is now also working with new entrants in the mobility business (Byton, Tesla…) but also several local actors especially in China. The Group is now also working with new kind of customers such as municipalities or industrial companies and fleet managers especially as part of the clean mobility Business Group.

In 2019, the Faurecia group's five largest automaker customers accounted for 66,7% of value-added sales (VW: 18.3%; Ford: 14.6%; Renault-Nissan: 13.8%; PSA 13.1% and FCA 6.7%).

The Group also relies on the diversification of its sales by region by vehicle brand and model. In addition, each Business Group monitors the competition on an ongoing basis so that it can respond in the best possible way to calls to tender from automakers and, in particular, to their specific demands for the supply of complex equipment. In this regard, Faurecia stays competitive through innovation and efficiency in product development.

2.2.1.4. External Growth

	Probability	Impact
	●●○	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
As part of its external growth policy, Faurecia has made, and may make in the future, acquisitions of varying sizes, some of which have been and may be significant on a Group-wide scale. So, for example, in 2019, Faurecia announced that it had finalized the acquisition of the Japanese company Clarion, a major stakeholder in connectivity and in-vehicle infotainment (IVI), full digital audio systems, HMI (Human Machine Interface) solutions, advanced driver assistance systems, and Cloud services. There are several risks inherent to this type of process which could occur, in particular: ■ Risk of the anticipated synergies not being achieved; ■ Risk of departure of key employees; ■ Risk of overestimation of the target value; ■ Existence of new specific risks within the target (tax, environmental, ethics, legal, etc.).	The benefits expected from future or completed acquisitions may not be confirmed within the anticipated time frames and/or the levels expected and, consequently, may affect the Group's financial position (sales, operating income, and particularly the level of debt).

RISK MANAGEMENT

The Board of Directors determines the Group's major priorities and strategies. Executive Management oversees this strategy and allocates the resources necessary to carry it out. The policy of external growth is supported by the team in charge of Business Development, under the responsibility of the Group's executive Vice President in charge of strategy. This team is also very closely involved in the life of the entities resulting from growth transactions (joint ventures, acquisitions) and thus takes part in their decision-making bodies. Targets are being identified as part of a selection process led by Strategy department with the help of external specialized consulting firms. A set of documents comprising a market analysis, competitors, Business Plan and risks is used as part of the decision making process. Negotiations are led by the same department as well as valuation of the target. Acquisition decisions are being taken by the Board of Directors.

This departement is also strongly involved in the daily business of those entities and is participating to their management committees.

A post-acquisition integration plan covering all aspects of the relevant entity (human resources, purchasing, sales, R&D, production, etc.) is systematically drawn up and monitored on a regular basis, including at the very highest levels of the organization.

Moreover, Faurecia sets aside any provisions that may prove to be required under applicable accounting standards, in particular, concerning the impairment of assets.

2.2.1.5. Program management

	Probability	Impact
	●●○	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
Most of the contracts entered into by Faurecia are awarded after a call for tenders put out by an automaker to supply complex equipment, to which Faurecia responds in the form of a Request for Quotation (RFQ). Every contract entered into with a customer constitutes a "program" whose production phase, at the outcome of the development phase, may last from five to ten years. Over the course of its life cycle, a program may be exposed to hazards such as a shortage of qualified operators and workers, problems with component availability or quality, problems related to the quality of the assembly or transportation of finished products or difficulties linked to the rate of work imposed by the customer. The Group manages around 500 programs on a permanent basis.	Depending on the hazards encountered over the course of the life cycle of a program, there may be impacts on satisfaction among Group customers and this may have significant consequences for the reputation of the Group as well as its financial results (sales and/or operating income).

RISK MANAGEMENT

The Program Management Core System (PMCS) lays out a strict succession of steps for the entire duration of a program, from bid processing to the end of product life.

As part of the bid procedure, a risk assessment is done in order to determine in advance, based on a list of 28 preset criteria and with an established oversight structure, the nature and level of the risks that should be eliminated during the program's development phase.

Program reviews are carried out monthly within each division and Business Group to define and monitor action plans, including the plans to eliminate the execution risks that are identified during the acquisition phase. Programs deemed "high risk" are also subject to review by the Group's Executive Management. Each program is subject to a prospective financial analysis and is being monitored through Key Performance Indicators updated monthly. A Management Alert System on top of those indicators is being used to send alarms and perform corrective actions as soon as possible.

Each development center is also audited biannually by the Group on a representation sample of programs at different stages of development to formally evaluate the compliance of the PMCS.

2.2.1.6. EFPD Product Quality and Safety

	Probability	Impact
	●●○	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
With over 500 active programs on a permanent basis, Faurecia provides a very large number of vehicle components with a potential impact on driver and passenger safety. The products manufactured by the Group could be impacted by quality issues concerning both the level of quality with regard to customer expectations and also the level of compliance with regard to the regulations in force.	Faulty products that are delivered or manufactured may alter the production of Group customers or incur additional costs that have repercussions on the Group's business, results or financial position. In this respect, the Group is, among other things, exposed to warranty claims, particularly as part of vehicle recall campaigns.

RISK MANAGEMENT

The Faurecia group manages product quality and safety risks from the new order acquisition phase to manufacturing in the plants. The Group Quality department is responsible for this management at all stages of the process. It is present at all levels of organization from the multidisciplinary team developing new programs or the production plant up to the Group's management structure.

In 2018, Faurecia initiated its Total Customer Satisfaction program which has which has continued into this year. This program aims at getting a global picture of our customer satisfaction both in term of performance and perception on the overall value chain: from order taking to production start. Beyond those quality measures, customer feedbacks are now collected instantly and in a transparent way through a dedicated digital application.

The Faurecia Excellence System (FES) is defining how production and operations are being organized. It has been built to improve quality, cost, delivery and security on a continuous basis. Based on a common framework for all plants around the world it allows to guarantee the best possible operational performance. In 2018, the Group decided to improve the Faurecia Excellence System (now called FES X.0) and the roll out of this improved version has been performed throughout 2019.

For major problems, a management alert system is used. A structured problem-solving culture (response within 24 hours and identification of root causes, etc.) is constantly being developed by Faurecia's management: QRCI (Quick Response Continuous Improvement).

The Group's industrial management has an auditing structure that is independent of the operational organizations of the Business Groups, to conducts reviews on both production plants and R&D centers. They use a precise and rigorous questionnaire to assess the application and maturity of enforcement of the Faurecia Excellence System (FES). Each production site is rated either "Poor/Satisfactory/Excellent/Benchmark". If a site is rated "Poor", it is required to prepare a corrective action plan which is presented directly to Faurecia's CEO with a view to reaching a "Satisfactory" level within a maximum of three months.

2.2.1.7. Loss of a major industrial site

	Probability	Impact
	●○○	●●●

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
The Faurecia group has 248 manufacturing plants located in 37 different countries. Some of our plants are highly specialized in terms of manufacturing and it would therefore be difficult to set-up alternative solutions within a short period of time in the event of a major incident. In addition, some of our plants are located in "high-risk" areas in terms of natural disasters (earthquakes, flooding, etc.). The main causes identified that could potentially lead to the loss of a major industrial site are: ■ a fire or an explosion due to the presence of combustible materials (foam, plastics, etc.) and/or the handling of flammable chemicals (solvents, hydrogen); ■ a major natural disaster such as floods, earthquakes, cyclones or blizzards.	The total or partial loss of a major industrial site could lead to the interruption of supplies to a customer with major consequences for the automotive industry supply chain. An event of this kind would also have consequences for the Group's sales and operating income.

RISK MANAGEMENT

Faurecia has drawn up an industrial risk prevention policy aimed at limiting potential losses from fire or natural disasters, in partnership with its insurer.

The Faurecia group's industrial risk prevention policy is based on the following foundations:

- internal guidelines (the HPR grid – Highly Protected Risk) developed with the Group's insurer, based on 20 items which rank both the prevention management system (human resources) and the protection systems put in place (technical measures);
- the upstream integration of fire safety and natural disasters into industrial projects, new plants, or any significant redevelopment of existing sites. For example, an analysis of the natural disaster exposure profile forms an integral part of the decision-making matrix when selecting a new site;
- a schedule of periodic audits carried out by the insurer, following the HPR grid; Around one hundred prevention audits are completed each year, together with some fifteen specific flood or earthquake risk audits for those sites having the greatest exposure;
- key performance indicators which are monitored every six months by the Group Risk Committee. Sites are ranked according to fire prevention/protection performance and on the basis of their exposure to natural disasters. High-risk sites are monitored closely by Industrial Management within the relevant Business Group;
- recording and systematic analysis of fires or outbreaks of fire or losses linked to a natural event. The results of this analysis are shared with the plants' HSE network;
- the existence of a single database to manage all audit reports, action plans for improvements, the audit program as well as the status and key dates of projects;
- a monitoring system (24/7) in relation to hydrometeorological phenomena anywhere within the industrial park. This support service enables warnings of coming events to be sent to the sites' management teams via e-mail or SMS alerts in real time. Depending on the alert level, a series of reactions is defined in action sheets so that appropriate measures are taken to prepare for the event, send employees to safety and ensure the site's resilience.

2.2.1.8 Supply failure

	Probability	Impact
	●○○	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
The Faurecia group uses a large number of suppliers based in different countries for its raw materials and basic parts supplies. In 2019, the Group made total purchases (production and indirect, excluding monoliths) of €11,527 million from around 2,300 main suppliers. Given its business, the Group could be impacted in the event of supplier failures, for example, following a major loss in one of their production sites or production quality issues.	If one or more of the Group's main suppliers were to go bankrupt, or experience an unforeseen stock-out, quality problems, a strike or any other incident disrupting its supplies for which it were liable, this could impact Faurecia's production output or image, or lead to additional costs that would affect the Group's business, results and overall financial position. In addition, should the Group, or one of its suppliers or service providers, default at any stage of the manufacturing process, Faurecia could be held liable for failure to fulfill its contractual obligations or for technical problems.

RISK MANAGEMENT

Group Purchasing department of Faurecia closely monitors the quality and reliability of suppliers' production operations as well as their credit status and sustainability in order to ensure that the Group's supply chain is secure:

- Suppliers' operational and financial performance is monitored on an ongoing basis so that any restructuring and protection measures that may prove to be required in order to achieve security of supply (quantities and costs) can be successfully taken;
- Risk is also managed holistically, taking into account geopolitical, environmental, social, ethical, economic and financial risks, and monitoring specific factors related either to the supplier, such as management of fire risk, or to the management of the supplier itself, such as monitoring the level of business it handles.

This risk assessment is performed from the initial supplier selection process and can led to a refusal of adding a supplier to our panel.

Within this context, Faurecia's purchasing teams help suppliers to expand and to reduce their risks on both an industrial and a financial level, in particular, by providing operational support to improve their efficiency, quality, logistics, and cost control by means of specialist teams working with suppliers on their own premises. These teams also support suppliers in their international expansion.

2.2.1.9. EFPD Safety in the workplace [(1)]

IDENTIFICATION AND DESCRIPTION OF RISK	Probability ●○○	Impact ●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
Faurecia employs around 67,000 operators and workers worldwide, i.e., approximately 58% of its total headcount. As part of Faurecia's production activities, personnel are exposed to a variety of risks, including accidents, occupational illnesses or illnesses related to the workplace environment in general that may affect their health or physical safety.	The key potential impacts on the Group concern the harm caused to the individual(s) in question. Insufficient management of workplace conditions could also impact the Group's reputation as well as its finances in the event of financial penalties associated with this harm.

RISK MANAGEMENT

Safety in the workplace is one of the key elements of the excellence initiative embodied by the Faurecia Excellence System (FES). Faurecia's policy on health and safety in the workplace at the day-to-day level centers around two main goals: safeguarding staff health and improving staff safety in the workplace.

The Group has a dedicated organization in charge of this topic at every level of the organization (from Group to Plants).

The change in the frequency rate of work-related accidents is analyzed in order to measure the effectiveness of actions carried out in this area. After each accident, a "Quick Response Continuous Improvement" (QRCI) analysis is performed using a problem-solving method based on best practices in terms of solving quality problems to ensure that the primary causes of the accident are understood, that corrective actions have been effective and that preventative measures are implemented and shared across the various sites.

As such, Faurecia provides specialized internal training to its network of employees, including temporary employees, in 13 mandatory HSE rules and 13 logistical HSE recommendations. The training includes well-targeted theory and practice modules with practical scenarios which allow employees to learn or improve their knowledge of the HSE rules. The 13 mandatory HSE rules relate to personal safety. These rules were implemented at all Faurecia sites. Any plant reporting a serious HSE alert or an abnormally high work-related accident rate is audited by the Group's Quality department in order to ensure appropriate rules are properly implemented. An unsatisfactory audit systematically results in a report being sent to the Group's Chief Executive Officer. Faurecia ensures that these rules are applied at all other sites by means of production audits.

Moreover, in order to reduce occupational illnesses related to musculoskeletal problems, Faurecia has taken steps for several years to take the strain caused by workstations into greater consideration and to remedy the situation to the extent possible. Ergonomic reviews of workstations form part of the FES and the Group systematically carries out audits at each of its production plants on an annual basis. As a result of these reviews, a variety of solutions have been implemented for manufacturing workstations. The reviews are also used to prepare a list of recommendations that are systematically taken into account during the design of products and manufacturing tools.

(1) Excluding pandemic risk detailled in Section 2.2.1.1

2.2.1.10. EFPD Environmental impact of sites and climate change

	Probability	Impact
	●●○	●○○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
In light of its industrial activities as well as the use of a large number of potentially pollutant products and materials in the context of the product production process, Faurecia may be exposed to environmental risks such as the risk of accidental pollution or any risk related to the tightening of environmental regulations. Faurecia could also be exposed to operational risks related to poor energy management (generating excessive CO_2 emissions) or poor management of raw materials or waste.	Any failure to comply with environmental regulations could cause considerable damage to the Group's reputation and generate a significant financial impact (including in the form of criminal law sanctions as well as in terms of lost opportunities). Accidental pollution could also force the Group to pay significant amounts for the decontamination of the sites impacted.

RISK MANAGEMENT

In 2017, Faurecia formalized an environmental policy under which the Group commits to reducing the environmental impact of its facilities. Environmental risk analysis and control are based on ISO 14001. The Environment Committee, which holds monthly meetings and is chaired by the Group Operations department and includes business experts, implements and manages the Group's environmental policy.

Each Business Group has appointed an HSE Officer, who is assisted by a network of HSE managers at the division level (mainly regional) and HSE coordinators at each Faurecia site. These coordinators bring their expertise to the factory management team, are responsible for implementing procedures, and ensure compliance with regulations and Faurecia standards.

In late 2019, a "carbon neutrality" project manager was appointed in the Group, reporting to an Executive Committee member in charge of strategy. In 2020, this project manager's role will involve defining and implementing the Group's strategy to achieve carbon neutrality for Faurecia's Business Groups by 2030 (scope 1, 2 and, partially, 3). Energy use optimization across all sites will be one of the key drivers in reducing the footprint within scopes 1 and 2. These objectives are set out in the Group's 2019/2022 CSR roadmap (see Chapter 4) led by the CSR Officer.

The amount of investments reported by the sites for environmental protection, reducing pollutants, and the value of the provisions recorded for environmental contingencies, is indicated in Chapter 4 of this Universal Registration Document.

Faurecia has moreover transferred a portion of the risk to the insurance market in order to hedge against damage that may result from environmental pollution.

2.2.1.11. EFPD Talents attraction and retention

	Probability	Impact
	●●○	●○○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
The Faurecia group's strategy focuses on two priorities: the "Cockpit of the Future" and "Sustainable Mobility." The development of products connected to these two strategic priorities requires the use of previously-unseen technologies in the automotive sector and therefore requires specialized resources with expertise in these new technologies. The Group could experience difficulties in attracting and retaining the necessary talents able to provide the skills required for the development or production of its innovative products and services.	If positions remain unfilled for too long or again if turnover rates are too high, this could have an impact on the level of motivation and productivity of the teams. A risk of this type could also slow down the development and innovation of the Group's business and have a negative impact on the Group's reputation and results.

RISK MANAGEMENT

In 2019, Faurecia continued to focus on recruiting recent graduates and early-career skilled professionals in order to ensure that the Group recruits and retains the talent of the future. Therefore, the Group established preferential partnerships with more than 100 schools, post-secondary institutions and universities in the many countries where the Group operates.

All new hires benefit from a personal induction program enabling them to find out more about the Company, its values, strategy and organization.

Within this framework, Faurecia also offers its employees many international assignments as well as the opportunity to take part in international projects. To prepare the managers of tomorrow, talent identification starts as early as possible. The applicants are offered diverse career paths to realize their potential. These paths include inter-functions/inter-divisions mobility, project work, and short-term assignments. The plan aims to help employees step out of their comfort zone and provide them with general management skills.

Faurecia offers a large catalog of trainings. The Faurecia University has trained more than 7,300 employees in 2019 and its digital training (Leaning Lab) has reached more than 450,000 of delivered training hours since it was initially set-up in 2016. The Group uses VIE (International Volunteer Program) as a key driver to achieve its young graduate recruitment goals. The number of VIE employees has been constantly increasing for several years now.

Moreover, the Group's compensation policy is subject to an annual review by specialized firms in order to ensure, in particular, competitiveness with the local market. Compensation depends on several elements related to individual performance, but also to team performance. The variable portion of compensation rises increasingly with the level of responsibility exercised. These various subjects are monitored through dedicated Key Performance Indicators (KPI).

Following audits performed in 2018 by the "Top Employer Institute", Faurecia has been awarded "Top Employee Europe" label in 2019. This award comes in addition to the country specific "Top Employer" label that has been also received by many key countries within the Group (including France, Germany, Spain, Czech Republic but also China, India, United-States and Mexico). This label rewards company for their excellence in HR practices especially talent attraction and development.

2.2.2. Financial and market risks

2.2.2.1. Interest rate risk

	Probability	Impact
	●●●	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
As a significant part of the Group's debt (35%) is at a variable rate, the Group is exposed to significant risks related to changes in interest rates.	Any significant variation in interest rates combined with a poor application of the hedging policy for these rates would lead to an increase in finance costs and could have a noticeable impact on the Group's financial results.

RISK MANAGEMENT

Faurecia manages the hedging of interest rate risks on a central basis. Such management is implemented through the Group Financing and Treasury department, which reports to the Executive Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

As a significant part of the borrowings (syndicated credit facility – if drawn, short-term loans, commercial paper as applicable) are at variable rates. The aim of the Group's interest rate hedging policy is to reduce the impact on earnings from changes in short-term rates. The Group's interest rate position based on the nature of the instruments used and the sensitivity of interest expense to short-term rates are disclosed in Note 30 to the consolidated financial statements.

Before taking into account the impact of interest rate hedges, 35% of the Group's financial debt were at variable rates as of the end of December 2019, compared with 37,7% as of year-end 2018. The variable-rate financial debt primarily consists of short-term debt.

The main components of long-term fixed rate debt are:
- bonds maturing in June 2025, issued in March 2018 for a total amount of €700 millions;
- bonds maturing in June 2026, issued in March and October 2019 for a total amount of €750 million;
- bonds maturing in June 2027, issued in November 2019 for a total amount of €700 million;
- part of the *Schuldscheindarlehen* issued in December 2018 (see the description of this transaction in Note 26.3 paragraphs on "Financing the acquisition of Clarion Co., Ltd").

2.2.2.2. **Currency risk**

	Probability	Impact
	●●●	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
Given its international presence in a large number of countries outside of the Euro zone, the Group is of course faced with risks related to exchange rate fluctuations. Risk arises when Group subsidiaries have sales or costs denominated in a currency other than their functional currency. The Group is also subject to currency risk linked to the contribution of the subsidiaries, whose accounting currency is not the euro, to the consolidated results of the Group. The sales, results and cash flows of these subsidiaries, when converted into euros, are sensitive to fluctuations in their accounting currency against the euro.	Any overly significant fluctuation in exchange rates could have a positive or negative impact on the Group's financial results.

RISK MANAGEMENT

Note 30.2 to the consolidated financial statements gives the description of the underlying currency positions and the derivative instruments hedging them, as well as the sensitivity of the Group's net income and shareholders' equity to fluctuations against the euro of the various currencies to which it is exposed.

Faurecia centrally covers the exchange rate risk of its subsidiaries linked to their commercial operations by means of forward or optional foreign exchange transactions and foreign currency financing. This centralized management is implemented operated by the Group's Finance and Treasury department, under the responsibility of the general management. The management decisions are taken within a market risk management committee which meets monthly.

Future transactions are hedged on the basis of forecast cash flows established during the preparation of validated budgets. by general management, these forecasts are regularly updated.

Subsidiaries whose functional currency is not the euro are granted intra-group loans in their functional currencies. These loans are refinanced in euros and although they are eliminated in consolidation, they contribute to the exposure to risk exchange rate risk and this risk is hedged by means of currency swaps or financing in the currency in question.

2.2.2.3. Liquidity risk

	Probability	Impact
	●●●	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
To finance its investments and its other cash requirements, Faurecia is obliged to access finance sourced from both financial institutions and financial markets.	The inability to access such resources could have an impact on the profitability of the Group and on its viability.

RISK MANAGEMENT

The Group's liquidity is ensured mainly by its bond issues and its syndicated credit facility.
In 2018 and 2019, Faurecia made several bond issues, for a total amount of €2.150 million, reaching maturity between June 2025 and June 2027. Faurecia also holds a €1.2 billion line of credit with its banks that is scheduled to reach maturity at the end of June 2024.

As of December 31, 2019, this credit facility was not drawn.

This credit facility contains a single restrictive clause on consolidated financial ratios (as opposed to two in the previous credit facility): the net debt*/EBITDA** ratio must be lower than 2.79. Compliance with this ratio is a condition affecting the availability of this credit facility.

The various components of Faurecia's long-term debt and the maturities of the Group's liquidities are described in Notes 26.2 and 26.3 to the consolidated financial statements.

As is noted in Note 26.3 to the consolidated financial statements, as of December 31, 2019, Faurecia was compliant with the financial ratio required by the syndicated credit facility:

Ratio	Limit	Carrying amount as of 31/12/2019
Net Debt*/EBITDA**	< 2.79	1,05

* Consolidated net debt.
** Operating income plus depreciation, amortization and funding of provisions for impairment of property, plant and equipment and intangible assets, corresponding to the past 12 months.

2.2.2.4. Risk related to raw materials

	Probability	Impact
	●●●	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
The Group is exposed to raw material risk via its direct raw materials purchases or indirectly through components purchased from its suppliers. In 2019, direct plastics and steel purchases accounted for approximately 21% of the Group's total purchases. To the extent that the Group's sales contracts with customers do not include systematic price indexation clauses linked to the price of its raw materials, Faurecia is exposed to risks related to unfavorable fluctuations in raw material prices.	The Group's operating and net income can be adversely affected by changes in the prices of the raw materials it uses, notably steel and plastics.

RISK MANAGEMENT

Efforts are made to reduce this exposure by continually negotiating conditions with customers and strictly managing inventories. Faurecia does not use derivatives to hedge its purchases of raw materials or energy.

Faurecia still has a low level of exposure to this risk, however, since a large proportion of the raw material price fluctuation is passed on to customers on a "pass through basis". Faurecia's remaining exposure is, therefore, around 30% of the total raw materials exposure.

A 10% fluctuation in the price of raw materials, not including component purchases, would have a 0.36% impact on operating income (expressed as a percentage of total sales).

2.2.2.5. Customer credit risk

	Probability	Impact
	●●●	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
In view of the economic context in the automotive sector (emergence of new stakeholders, fall in volume, increasingly stringent environmental standards, etc.), Faurecia cannot rule out the possibility that one or more of its customers may not be able to honor certain agreements or suffer financial difficulties.	The failure to recover a customer receivable in the event of a payment default (for example, customer bankruptcy) could have a negative impact on the Group's financial results.

RISK MANAGEMENT

Trade accounts receivables are monitored on a regular basis by the Group's Finance department. In late 2019, a range of measures for assessing customer credit risk was put in place, enabling in particular this risk to be assessed whenever a new customer is acquired.

As of December 31, 2019, late payments represented €178 million, or 1% of consolidated sales for the year.

Details of trade accounts receivable and other receivables are provided in Note 18 to the consolidated financial statements.

2.2.3. Legal, regulatory, and reputational risks

2.2.3.1. Regulatory developments

	Probability	Impact
	●●●	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
Faurecia operates in over 37 countries and generates 49% of its sales in Europe, 25% in North America, 21% in Asia and 5% in South America and rest of the world. Due to the international nature of its business activities, Faurecia is exposed to economic, political, fiscal, legal and other types of risks: ■ any potential amendments to laws or regulations, or to commercial, monetary or fiscal policies; ■ customs regulations, foreign exchange controls, investment restrictions or requirements or any other constraint such as levies or other forms of taxation on settlements and other payments; ■ difficulties in enforcing agreements, collecting payments due and protecting property through foreign legal systems, in particular, where intellectual property protection is less stringent.	Inadequate planning or preparations for regulatory decisions or changes made to legal requirements could have a significant negative impact (particularly regarding finances) on the Group's business. For example, the government authorities in a country in which Faurecia conducts Business Groups could force Faurecia to carry out a product recall (potentially leading to a vehicle recall), could order the impounding of products, or impose sanctions which could have a significant impact on the reputation of the Group and negative consequences for its operating income.

RISK MANAGEMENT

The Group relies on the expertise of its Legal, Tax and Finance departments which permanently monitor legislation and regulations in France and abroad via local intermediaries (employees, networks of lawyers, tax specialists, etc.). Regular reviews are carried out regarding changes which may have a significant impact on the Group's business and specific measures are taken to hedge the associated risks.

2.2.3.2. Litigation

	Probability	Impact
	●●○	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
Given its key role in the global automotive industry, the Group may be subjected to class action lawsuits or the target of litigation or claims filed by its customers, suppliers, end users, or government authorities.	Major litigation could have a negative impact on the Group's financial position or cause harm to the Group's image.

RISK MANAGEMENT

Adequate provisions have been set aside to cover litigation facing the Group, in accordance with the facts and information available at the balance sheet date. Note 24.2 to the consolidated financial statements as at December 31, 2019 gives a description of ongoing claims and litigation and indicates the total amount of provisions for litigation.

Litigation is tracked quarterly at the Group level and monthly at the Business Group level through reporting prepared by the Legal department. Preventative measures, in particular via the provision of training to core teams, are implemented on a continuous basis.

2.2.3.3. EFPD Duty of care and responsible purchasing

	Probability	Impact
	●●●	●○○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
The Group accords particular importance to the risks related to fundamental rights (child labor, forced labor, non-respect for union freedom, environmental damages…) vis-à-vis its activities, all of its suppliers and subcontractors. Due to the large number of suppliers with which the Group works (more than 2,300 in 2019 in 54 countries), the Group is unable to completely exclude the existence of improper practices at these suppliers regarding compliance with environmental standards, business ethics, employment law, or human and fundamental rights.	Questioning the Group's integrity on these issues could have significant consequences to its reputation, business activity and financial position.

RISK MANAGEMENT

The Group's Purchasing department established a policy of sustainable buying, called "Buy Beyond," which reflects the Group's commitment to comply with the requirements of the Law n°2017-399 of March 27, 2017, related to the duty of care. This policy consists, in particular, of systematically review suppliers that are part of our production process prior to their selection. For existing suppliers, selection among the main suppliers is done. This analysis is conducted through our partner EcoVadis and addresses the following areas:

- Fair Business Practices: assessment of the organization's ability to implement tangible actions to ensure data protection, fight against corruption, fraud, anti-competitive practices, money laundering and to avoid conflicts of interest;
- Labor Practices and Human rights: assessment of the organization's level of maturity in terms of the actions on employee health and safety, working conditions, social relations, forced labor and child labor, discrimination and respect for fundamental rights;
- Environment and Sustainable Procurement: assessment of the formalized policy, verification mechanisms and certification obtained.

Since 2019, a score of at least 30 (out of 100) has been required. The required minimum score will be increased on a regular basis over the coming years. Moreover, supplier quality audits, which are a prerequisite to joining Faurecia's panel of suppliers, also include CSR issues.

Faurecia is committed to building close, long-term relationships with its suppliers, based on mutual growth and benefit. It requires its suppliers to abide by the Buy Beyond purchasing policy by enforcing, within their own organization and their own global supply chain, the Code of Conduct for Suppliers and Subcontractors, which was implemented by Faurecia in 2013 and which is always included in the mandatory bidding documents sent to suppliers.

Lastly, the Group has an external whistle-blowing system that makes it possible to report any breaches related to human rights and fundamental freedoms, or to individual health and safety as well as the environment.

2.2.3.4. Intellectual Property

	Probability	Impact
	●●●	●○○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
The Group conducts an active research and development policy and stresses protection of the resulting innovations. To this end, the Group files patents and designs for technologies, products and processes in many countries. In particular, 608 new patent applications and 673 territorial extensions were filed by the Group in 2019, i.e. 1,281 patent applications filed. There are more than 10,000 patents in the patent portfolio. Due to these significant volumes, the Group may be exposed to infringement of its intellectual property rights by third parties. Moreover, given its active innovation policy, the Group may also be exposed to the involuntary infringement of intellectual property rights held by third parties (unpublished or unidentified rights).	Such events are likely to negatively impact the Group's business and results, as well as its image and the quality of its products. In the event of any involuntary infringement by the Group, it may be required to modify its products or processes or negotiate rights of use with third parties generating significant financial consequences.

RISK MANAGEMENT

In order to support and accompany its innovation policy and reinforce the protection of its rights, the Group has a centralized organization that handles all technical and legal issues relating to intellectual property. Bi-monthly committee meetings organized for each Business Group allow strategic decisions to be made to protect transactions with all stakeholders. Twice a year, Intellectual Property Management Committees define the strategies for the Business Groups and their application, as well as the resources necessary.

The Group files patents and designs for technologies, products, and processes in many countries. The Group also protects its name and certain product ranges via trademark law. For example, the Faurecia trademark is protected in all countries of interest to the Group and this protection is monitored.

The Group holds a large, stable portfolio of intellectual property rights thanks to its internal teams of experts and specialists and a global network of advisers, who conduct searches of existing patents and technology watches and monitor the competition, as well as analyses of third-party shares regarding ongoing projects.

The Group undertakes actions to prevent, terminate and penalize infringements of its intellectual property rights. For instance, the Group may act against third parties that use its patents, know-how, designs and models or trademarks without its authorization, or it may file challenges or actions for invalidation against third-party patents whose issue the Group does not deem justified.

2.2.3.5. EFPD Business ethics

	Probability	Impact
	●○○	●●●

IDENTIFICATION AND DESCRIPTION OF RISK	*POTENTIAL IMPACT ON THE GROUP*
The automotive supplier market in which the Faurecia group is active is marked by a restricted number of customers and a potentially significant volume of business with each one. In addition, Faurecia is a decentralized Group operating in over 34 countries, and each of these countries may have anti-corruption legislation which is potentially extra-territorial in scope. This is in particular the case with regard to the Sapin II Law in France, the Bribery Act in the United Kingdom and also Foreign Corrupt Practices Act in the United States. These regulations, some of which are quite recent, and the specific nature of the sector, mean that the Group is exposed to sanctions in the event of any non-compliance. In addition, given the specific nature of the automotive sector (presence of a reduced number of stakeholders in certain markets), the Group may also be exposed to antitrust risks (for example, cartel arrangements).	Questioning the Group's integrity on these issues could have significant consequences to its reputation, business activity and financial position.

RISK MANAGEMENT

The Faurecia group's ethical commitments are formalized and detailed in the Code of Ethics, which establishes the essential rules of conduct and ethics applicable to all personnel as well as its partners. This Code of Ethics is given to each new employee, is available in a range of languages and may also be accessed on the Group's website and intranet. All Group employees are responsible for complying with the Code of Ethics and, if applicable, ensuring that it is circulated and complied with. The Group also has a Code of Conduct for the prevention of corruption. It contains internal rules that are widely distributed to employees. These rules cover in particular the subjects following: gift and hospitality policy; donations and sponsorship; conflict of interest management (via an electronic tool).

Since 2015, the Group has a Compliance department under the responsibility of the Chief Compliance Officer and his or her deputy, and which relies upon regional compliance managers in North America, Mexico, Asia, and the EMEA region (Europe, Middle East and Africa). It also relies on a network of compliance leaders, who are contact people in each operational division of the Business Groups.

In 2016, the Compliance department launched an on-line training program with the "Ethics MOOC" intended for the Group's community of Managers and Skilled Professionals (M&P) as well as the "Antitrust MOOC" and "Internal Control Basics." Deployment and monitoring of these training courses continued in 2019.

In 2018 and 2019, how-to guides on reporting and managing conflicts of interest and on the internal whistle-blowing procedure on allegations of noncompliance with the Code of Ethics were issued.

More specifically, a risk management program related to anti-competitive practices was rolled out across the Group with deployment of a guide dedicated to electronic or physical training with at-risk populations in the various countries where the Group operates.

The Group has a whistle-blowing system, which was reviewed as part of its compliance with the General Data Protection Regulation and the Sapin II Law, and which allows any employee or partner to flag a potential breach of rules defined in the Code of Ethics.

2.3. Insurance and coverage of risks

Faurecia does not have a self-insurance mechanism. The policy for safeguarding assets is based on the implementation and ongoing adaptation of its industrial risk prevention policy and, as described below, its strategy of transferring its principal risks to the insurance market.

2.3.1. Fire, property damage and business interruption insurance

Faurecia has taken out a fire, property damage and business interruption insurance policy with a co-insurance group of major insurers led by Allianz.

In 2019, the Group's expense corresponding to the coverage of property damage and business interruption resulting from this damage was approximately €10.2 million excluding tax (premium July 2019-July 2020).

Buildings and equipment are insured as replacement values. The guarantees are organized around a Master policy which directly covers the risks located in the area of freedom to provide services and local policies for subsidiaries located outside the this area.

The premium rates applicable to exposed capital (direct damage and annual gross margin) depend directly on the HRP classification assigned to the site, after audit by the insurer.

The Group was recently affected by several major incidents:

- January 2017: major claim for a supplier failure related to a fire at the Recticel plant in the Czech Republic: the destruction of molds severely disrupted production for several customers. This claim was closed in November 2017 with a co-insurance payment of €20 million;
- January 2018: The Doubs river overflowed, flooding the FCM plant in Beaulieu. The flood damaged numerous machines, destroyed inventory and led to a production stoppage of about 24 hours. The claim was settled for an amount of €4.8 million less deductible;
- May 2018: an explosion at the Meridian plant at Eaton Rapids in Michigan, which produces magnesium parts, disrupted several customers (GM, Chrysler, BMW, and Mercedes-Benz) for around one month. The claim was settled for €6.5 million less deductible on the basis of customer failure;PSA
- June 2019: destruction following a fire at the plant belonging to the FCM supplier MODULO in Poland. An advance payment of €2 million was paid for the repair of damaged tools;
- November 2019: a fire in a workshop used for the manufacturing of flooring and trim and door panels in the Abrera plant in Spain following an outbreak of a fire on a painting production line. This major incident is currently under investigation. The provisional estimated cost of the material damage, loss of operating income, and additional costs, is in excess of €30 million.

These incidents, as well as the changes in the insurance market more generally, have led to a significant tightening of the program's conditions for the July 2019 interim period as well as a change in conditions for the fiscal year on January 1, 2020, with the following main developments:

- considerable increase in deductibles, in particular for poorly protected major sites;
- €700 thousand increase in premiums over the first six months of 2020 in addition to the annual premium of €9.5 million (July 2019 – July 2020);
- increase in the deductible for failures, and reduction in the level of coverage provided for indirect failures (tier 2 and above suppliers, customer suppliers).

An invitation to tender is currently underway for the renewal in July 2020. A significant increase in premiums, the loss of the coverage for indirect failures (tier 2 and above suppliers, customer suppliers), as well as an increase in the deductibles applicable to natural risks for exposed sites, are now all unavoidable in the context of this renewal.

Further to the Recticel, Beaulieu, and Abrera incidents, preventative action has been increased:

- monitoring by the Risk Committee of the fire protection action plans for major but poorly protected sites;
- technical and economical assessment of the costs of securing sites exposed to a high risk of flooding;
- implementation with purchases of an assessment routine and reduction of fire or natural risks on critical supplier sites.

Damage insurance is supplemented by builder's risk insurance and insurance covering the transportation of goods or equipment and political risk.

Transport insurance for Europe was renewed with Allianz in 2020 under identical terms and conditions. A project regarding the consolidation of the various regional transport policies is currently ongoing.

2.3.2. **Liability insurance**

Since January 1, 2013, Faurecia's liability has been covered by a coinsurance group led by AXA. Liability insurance covers operating liability, product liability after delivery, including the risk of product recall. Liability insurance takes the form of a Master policy combined with local policies taken out in countries where Faurecia has subsidiaries.

Several major claims were filed in the United States and in Europe between 2014 and 2019; most of them are still under investigation. A surge in claims for physical injuries following an accident has also been recorded in the United States. This increase in claims affects the terms of the liability insurance plan.

The Groups' liability insurance schedule also includes specific policies such as environmental liability insurance and coverage of liability for damages resulting from accidents caused by employees' occupational illnesses.

In 2019, the Group paid approximately €13,1 million (excluding tax) in premiums for its civil liability policies. The high rate of claims as well as the worsening market conditions will lead to a significant increase in the deductibles applicable in the event of a recall and in premiums as at January 1, 2020.

2.3.3. **Insurance related to information systems**

On January 1, 2017, Faurecia took out a cyber risk policy from CHUBB and AXA that covers potential business interruption following a paralysis of the information systems and Faurecia's civil liability in the event of a claim following a cyber event.

3
Corporate governance

The information below constitutes the chapter relating to the corporate governance report as provided for by the last paragraph of Article L. 225-37 of the French Code of commerce.

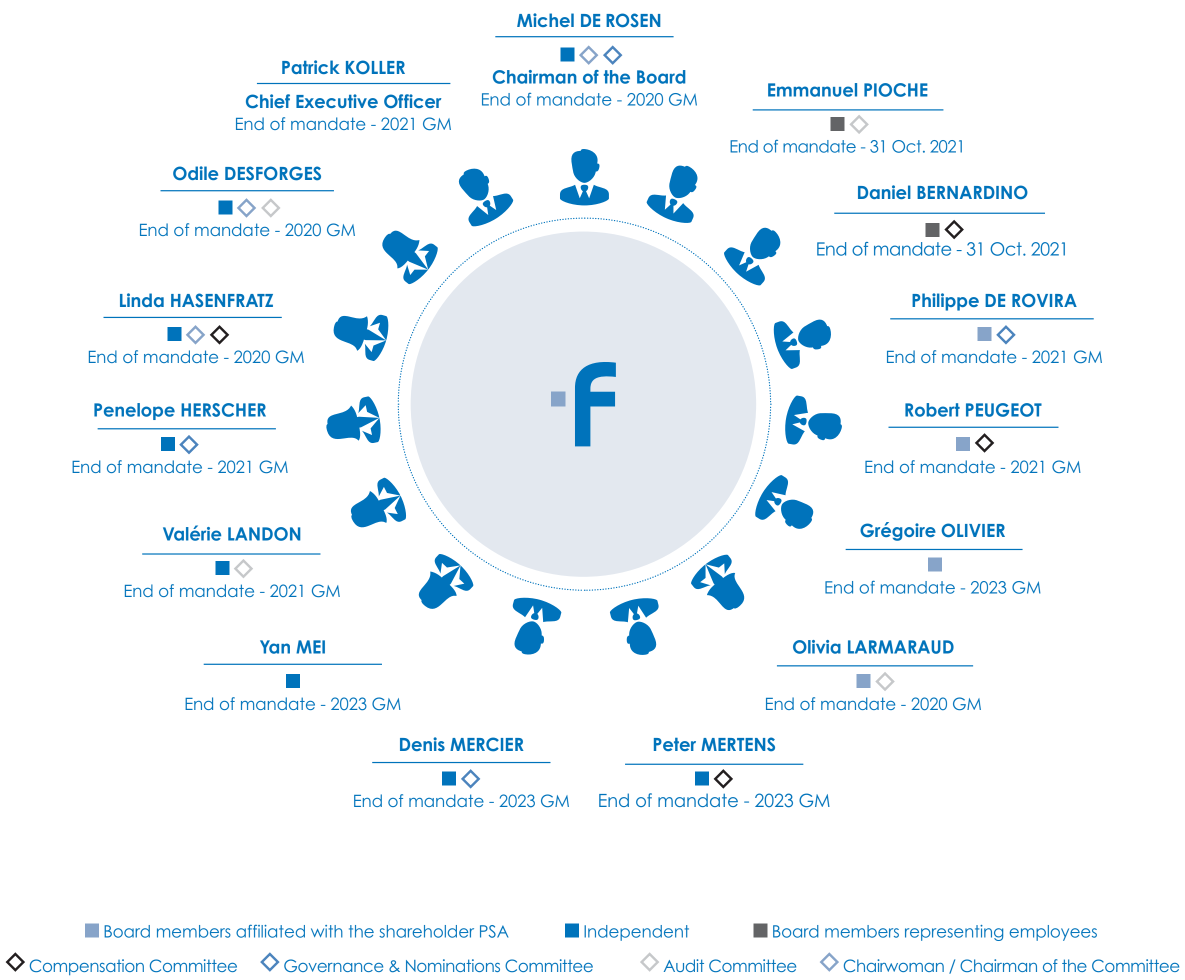
Certain information forming an integral part of the corporate governance report, as required by Articles L. 225-37-4 and L. 225-37-5 of the French Code of commerce, is shown in other chapters of this Universal Registration Document. The cross-references included in this section indicate the chapter of this Universal Registration Document in which the relevant information can be found.

This chapter has been prepared on the basis of the work carried out by the Group's Legal department and Human Resources department.

The AFEP-MEDEF Corporate Governance Code for listed companies is the Code used as a reference by the Company. It can be consulted on the MEDEF website (www.medef.fr).

3.1. Board of Directors

3.1.1. Summary presentation of the Board of Directors and key figures



15 Board members

61.5% Independent Board members(*)

46% Female Board members(*)

2 Board members representing employees

6 Nationalities

3.6 years Average tenure

59 years Average age

6 BOARD MEETINGS

+1 Meeting dedicated to Faurecia spin-off *(without members affiliated with PSA)*

+1 Meeting with independent members only

96.55% Attendance rate at Board meetings

15 Committee meetings

95% Attendance rate at Committee meetings

(*) Excluding board members representing employees

3.1.2. Composition of the Board of Directors

3.1.2.1. General information on the composition of the Board of Directors

In accordance with the Company's bylaws, Faurecia's Board of Directors comprises at least three members and a maximum of fifteen members, excluding Board members representing employees, appointed in accordance with Article L. 225-27-1 of the French Code of commerce.

Board members are appointed for a term of four years by the General Meeting, on the basis of proposals made by the Board of Directors, acting on the basis of recommendations made by the Governance and Nominations Committee. They may be re-elected and can be dismissed at any time by the General Meeting. Neither the bylaws nor the internal rules of the Board of Directors contain rules for staggered terms of office. However, in practice, appointments are renewed on a staggered basis, which helps avoid reappointing Board members all at once.

In addition, in accordance with the applicable provisions of the law and bylaws, the Company has two Board members representing employees appointed pursuant to Article L. 225-27-1 of the French Code of commerce. According to the methods stipulated in the bylaws, one Board member representing employees is appointed by the labor union having obtained the most votes in the first round of the elections referred to in Articles L. 2122-1 and L. 2122-4 of the French Labor Code in France, and a second Board member representing employees is appointed by the European Committee of employee representatives. They are also appointed for a term of four years.

Each Board member must hold at least 500 registered shares in the Company. This obligation is reduced to 20 shares for Board members who receive no compensation and does not apply to the Board members representing employees. A detailed presentation of the applicable share ownership rules can be found in Section 3.5.1 "Shares held by corporate officers" of this Universal Registration Document.

The Board of Directors has no advisors (*Censeurs*).

The table below sets out and completes the information presented in the graph above as well as the key figures regarding the composition of the Board of Directors and the Specialized Committees as at December 31, 2019:

	Age	Gender	Nationality	Number of shares	Number of corporate offices in listed companies (excluding Faurecia)	Independence	Date of first appointment	End of term	Length of time on Board (1)	Committees
1. EXECUTIVE CORPORATE OFFICER										
Patrick KOLLER Chief Executive Officer and Board member	60 years	M	French/German	42,168	1	No	GM of May 30, 2017	GM in 2021	3 years and 1 month	-
2. INDEPENDENT BOARD MEMBERS										
Michel de ROSEN Chairman of the Board of Directors	68 years	M	French	5,944	2	Yes	GM of May 27, 2016	GM in 2020	4 years and 1 month	Chairman of the Governance and Nominations Committee
Odile DESFORGES	69 years	W	French	500	3	Yes	GM of May 27, 2016	GM in 2020	4 years and 1 month	Chairwoman of the Audit Committee
Linda HASENFRATZ	53 years	W	Canadian	500	2	Yes	GM of May 26, 2011	GM in 2020	9 years and on month	Chairwoman of the Compensation Committee
Penelope HERSCHER	59 years	W	American	500	3	Yes	GM of May 30, 2017	GM in 2021	3 years and 1 month	Member of the Governance and Nominations Committee
Valérie LANDON	57 years	W	French	500	1	Yes	BD Meeting of October 12, 2017	GM in 2021	2 years and 8 months	Member of the Audit Committee
Yan MEI	64 years	W	Chinese	260 (2)	0	Yes	GM of May 28, 2019	GM in 2023	1 year and 1 month	-
Denis MERCIER	60 years	M	French	450 (3)	0	Yes	GM of May 28, 2019	GM in 2023	1 year and 1 month	Member of the Governance and Nominations Committee
Peter MERTENS	58 years	M	German	1,000	0	Yes	GM of May 28, 2019 (effective as from November 1, 2019)	GM in 2023	8 months	Member of the Compensation Committee
3. BOARD MEMBERS AFFILIATED WITH THE SHAREHOLDER PSA										
Olivia LARMARAUD	61 years	W	French	20	0	No	GM of May 27, 2016	GM in 2020	4 years and 1 month	Member of the Audit Committee
Grégoire OLIVIER	59 years	M	French	100	0	No	BD Meeting of October 10, 2018	GM in 2023	1 year and 8 months	-
Robert PEUGEOT	69 years	M	French	500	4 (4)	No	GM of May 29, 2007	GM in 2021	13 years and 1 month	Member of the Compensation Committee
Philippe de ROVIRA	46 years	M	French	20	0	No	BD Meeting of July 19, 2018	GM in 2021	1 year and 11 months	Member of the Governance and Nominations Committee
4. BOARD MEMBERS REPRESENTING EMPLOYEES										
Daniel BERNARDINO	49 years	M	Portuguese	-	0	- (5)	November 1, 2017	October 31, 2021	2 years and 8 months	Member of the Compensation Committee
Emmanuel PIOCHE	54 years	M	French	-	0	- (5)	November 1, 2017	October 31, 2021	2 years and 8 months	Member of the Audit Committee

(1) As of June 26, 2020, date of the next Annual General Meeting.
(2) Increased to 500 on January 7, 2020.
(3) Increased to 500 on February 23, 2020.
(4) Including two permanent representative corporate offices.
(5) In accordance with the AFEP-MEDEF Code, Board members representing employees are not included in the calculation of the percentage of independent Board members.

3.1.2.2. Board members' expertise, positions and corporate offices

Information provided below is given as of December 31, 2019.

The business address of Board members is that of Faurecia.

Daniel BERNARDINO

Date of birth: August 9, 1970

Nationality: Portuguese

Number of Faurecia shares: -

Skills:

Board member representing employees

Date of first appointment:	November 1, 2017
Date of expiry of term of office:	October 31, 2021

Member of the Compensation Committee

Daniel Bernardino is a method agent in the Logistics department at Faurecia's Palmela site (Portugal).

He is a sociology graduate.

He joined the Group in 1994 as Head of the logistics team. He held various employee representation offices between 1997 and 2017 and has been a member of Faurecia's European Works Council for 14 years.

Main position held outside Faurecia

-

Other positions and corporate offices in 2019 outside Faurecia

-

Positions and corporate offices held within the last five years and which have expired (2015-2019)

- Member of Faurecia's European Works Council (until 2017).

Experience in Faurecia's core businesses *Industry*

Odile DESFORGES

Date of birth: January 24, 1950

Nationality: French

Number of Faurecia shares: 500

Skills:

Independent Board member

Date of first appointment: May 27, 2016

Date of expiry of term of office: 2020 GM

Chairwoman of the Audit Committee

Odile Desforges is an engineer and graduate of *École Centrale de Paris* and of the European Center for Executive Development (CEDEP).

She began her career in 1973 as a research analyst at the Institut de Recherche des Transports before joining Renault in 1981, where she held several positions of responsibility in planning, product development, and purchasing. Subsequently, after serving as Executive Vice President of Renault-VI/Mack and as a member of the Executive Committee with responsibility for planning, purchasing and program development from 1999 until 2001, she was appointed President of the Volvo 3P business unit of AB Volvo, where she remained until 2003. From 2003 to 2009, Odile Desforges was a member of Renault's Management Committee and served as head of Worldwide Purchasing for Renault/Nissan. In 2009, she was named to Renault's Executive Committee and appointed as Group Director of Engineering and Quality. She exercised her rights to retire in July 2012.

She was made a *Chevalier de l'Ordre National du Mérite* and a *Chevalier de la Légion d'Honneur* by the French government.

Main position held outside Faurecia

- Companies Board member

Other positions and corporate offices in 2019 outside Faurecia

French listed companies

- Board member and member of the Audit Committee of Dassault Systèmes;
- Board member and Chairwoman of the Audit and Risks Committee of Safran;
- Board member of Imerys *(until the Shareholders' Meeting of May 2020)*.

French unlisted companies

-

Foreign listed companies

-

Foreign unlisted companies

-

Positions and corporate offices held within the last five years and which have expired (2015-2019)

- Board member and member of the Audit Committee, the Nomination Committee and the Compensation Committee of Johnson Matthey Plc. (Great Britain), until July 2019;
- Board member and member of the Appointments and Compensation Committee of Sequana (France), from 2012 to May 2016.

Experience in Faurecia's core businesses · *Industry* · *International experience* · *Banking/finance/risk management*

Linda HASENFRATZ

Date of birth: June 16, 1966

Nationality: Canadian

Number of Faurecia shares: 500

Skills:

Independent Board member

Date of first appointment: May 26, 2011

Date of expiry of term of office: 2020 GM

Chairwoman of the Compensation Committee

Linda Hasenfratz has been Chief Executive Officer of Linamar Corporation since August 2002. She was also its President from April 1999 to August 2004, and its Chief Operating Officer from September 1997 to September 1999. She has been a Board member since 1998.

She has a bachelor's degree and an Executive MBA from the Ivey School of Business at the University of Western Ontario (Canada) and has an Honors Bachelor of Science degree from the same institution.

Main position held outside Faurecia

- Chief Executive Officer and board member of Linamar Corporation (Canada) (foreign listed company)

Other positions and corporate offices in 2019 held outside Faurecia

French listed companies

-

French unlisted companies

-

Other foreign listed companies

- Board member of Canadian Imperial Bank of Commerce (CIBC) (Canada).

Foreign unlisted companies

- Member of the Board of Governors, Royal Ontario Museum (Canada);
- Board member of the Business Council of Canada (Canada) (Chairwoman until January 28, 2019);
- Member of the Catalyst Canadian Board of Advisors (Canada);
- Board member of the Association of Equipment Manufacturers (United States);
- Board member of Synaptive Medical (Canada).

Positions and corporate offices held within the last five years and which have expired (2015-2019)

- Board member of Original Equipment Suppliers Association (United States).

Experience in Faurecia's core businesses · *Industry* · *International experience* · *Automotive technologies* · *Governance/management of large companies* · *Specific knowledge of a geographic market*

Penelope HERSCHER

Date of birth: July 15, 1960

Nationality: América

Number of Faurecia shares: 500

Skills:

Independent Board member

Date of first appointment: May 30, 2017

Date of expiry of term of office: 2021 GM

Member of the Governance and Nominations Committee

Penelope Herscher is Chairwoman of the Board of Directors of Lumentum Operations LLC. (formerly JDSU) and member of its Governance Committee.

She has also been a Board member of Verint since April 2017 and a member of the Governance Committee.

Since January 2018, she has been a Board member of Pros, where she is a member of the Governance and Compensation Committees. She has also been a Board member of Delphix, an unlisted company, since August 2018.

Until April 2018, she was a Board member of the listed company Rambus, Inc., where she chaired the Strategy Committee and the Compensation Committee and was a member of the Governance Committee.

From March 2016 to October 2017, she chaired the Board of Savonix, Inc., a start-up in the digital health domain.

Until July 31, 2017, Penelope Herscher was Chairwoman of the Board of Directors at FirstRain, Inc., a software company, which she joined in 2004 and ran as President and CEO until 2015.

From 2002 to 2003, Penelope Herscher held the position of Executive Vice President and Chief Marketing Officer at Cadence Design Systems, Inc., an electronic design automation software company. From 1996 to 2002, she was Chairwoman and Chief Executive Officer of Simplex Solutions, which she led through an IPO in 2001 and which was acquired by Cadence in 2002. Before Simplex, she was an executive at Synopsys for eight years and started her career as an R&D engineer with Texas Instruments.

Penelope Herscher holds a Bachelor of Arts with honors and a Master of Arts in Mathematics from Cambridge University (England).

Main position held outside Faurecia

- Companies Board member/Chairwoman

Other positions and corporate offices held in 2019 outside Faurecia

French listed companies

-

French unlisted companies

-

Foreign listed companies

- Chairwoman of Lumentum Operations LLC (since 2019; previously Board member);
- Board member of Verint (since May 2017);
- Board member of Pros (since January 2018).

Foreign unlisted companies

- Board member of Delphix (since August 2018).

Positions and corporate offices held within the last five years and which have expired (2015-2019)

- Board member of Rambus Inc. (from 2006 to April 2018);
- Chairwoman of the Board of Directors of FirstRain, Inc. (from October 2015 to July 31, 2017);
- Chairwoman of the Board of Directors of Savonix, Inc. (from March 2016 to October 2017);
- Chairwoman and CEO of FirstRain, Inc. (from 2004 to 2015).

Industry *International experience* *Automotive technologies* *Governance/management of large companies* *Specific knowledge of a geographic market* *Artificial intelligence/digital* *CSR*

Patrick KOLLER

Date of birth: January 2, 1959

Nationality: Franco-German

Number of Faurecia shares: 42,168

Skills:

Board member

Date of first appointment:	May 30, 2017
Date of expiry of term of office:	2021 GM

Patrick Koller has been Chief Executive Officer of Faurecia since July 1, 2016.

He graduated from the *École Supérieure des Sciences et Technologies de l'Ingénieur de Nancy* (ESSTIN).

He has held various management positions with several major manufacturing groups (Valeo, Rhodia).

In 2006, he joined the Faurecia group as Executive Vice President of the Faurecia Automotive Seating Business Group (now Faurecia Seating), a position he held until February 2, 2015. During this period, he held various offices within the Group subsidiaries.

On February 2, 2015, he was appointed Deputy Chief Executive Officer, a position he held until June 30, 2016.

Main position held within Faurecia

- Chief Executive Officer

Main position held outside Faurecia

- Companies Board member

Other positions and corporate offices held in 2019 outside Faurecia

French listed companies

- Board member of Legrand S.A.

French unlisted companies

-

Foreign listed companies

-

Foreign unlisted companies

-

Others

- Board member (donors' committee) of the *Collège de France* Foundation.

Positions and corporate offices (held within Faurecia group), in the last five years and which have expired (2015-2019)

- Deputy Chief Executive Officer and Chief Operating Officer until June 30, 2016;
- Vice Chairman of the Board of Directors of Faurecia (China) Holding Co., Ltd (China) until March 12, 2015;
- General Manager of Faurecia Components Pisek, S.r.o. (Czech Republic) until April 21, 2015;
- General Manager of Faurecia Plzen (Czech Republic) until April 21, 2015;
- Member of the Supervisory Board of Faurecia Automotive GmbH (Germany) until May 31, 2015;
- Representative of Faurecia Investments, Board member and Vice Chairman of the Board of Directors of Faurecia Azin Pars Company (Iran) until September 15, 2015;
- Member of the Board of Directors of Faurecia NHK Co., Ltd (Japan) until April 28, 2015;
- Member of the Supervisory Board of Faurecia Automotive Polska S.A. (Poland) until March 30, 2015;
- Chairman of the Supervisory Board of Faurecia Walbrzych S.A. (Poland) until March 30, 2015;
- Chairman of the Supervisory Board of Faurecia Grojec R&D Center S.A. (Poland) until March 30, 2015;
- Chairman and Chief Executive Officer of Faurecia Asientos Para Automovil España, S.A. (Spain) until November 30, 2015;
- Vice Chairman of the Board of Directors of Teknik Malzeme Ticaret Ve Sanayi Anonim Sirketi (Turkey) until March 26, 2015;
- General Manager of Faurecia Automotive Seating, LLC (USA) until March 4, 2015;
- Board member of Faurecia Madison Automotive Seating, Inc. (USA) until March 2, 2015.

Experience in Faurecia's core businesses · *Industry* · *International experience* · *Automotive technologies* · *Governance/management of large companies* · *Specific knowledge of a geographic market* · *Leadership and crisis management*

Valérie LANDON

Date of birth: August 17, 1962

Nationality: French

Number of Faurecia shares: 500

Skills:

Independent Board member

Date of first appointment: October 12, 2017

Date of expiry of term of office: 2021 GM

Member of the Audit Committee

Valérie Landon is an engineering graduate of the *École Centrale de Paris.*

She began her career in 1985 at Air France. In 1990, she joined Credit Suisse as an investment banker. Before starting her current position, she served in particular as Head of Investment Banking & Capital Markets for France, Belgium and Luxembourg.

Main position held outside Faurecia

- Vice Chairman Investment Banking & Capital Markets at Credit Suisse (Foreign listed company)

Other positions and corporate offices held in 2019 outside Faurecia

-

Positions and corporate offices held within the last five years and which have expired (2015-2019)

- Independent Board member of Albioma, member of the Audit, Accounts and Risks Committee, member of the Commitments Committee (from 2016 to May 2019);
- Member of the European Advisory Board of Catalyst (2010-2016).

International experience *Banking/finance/risk management*

Olivia LARMARAUD

Date of birth: April 22, 1958

Nationality: French

Number of Faurecia shares: 20

Skills:

Board member

Date of first appointment:	May 27, 2016
Date of expiry of term of office:	2020 GM

Member of the Audit Committee

Olivia Larmaraud is a certified public accountant and earned an MSTCF (a Master's degree in accounting and finance) from Université Paris-Dauphine. She also holds a Company Director Certificate, awarded by the *Institut Français des Administrateurs* and the *Institut d'Études Politiques* in 2013.

She began her career at Deloitte, where she worked for three years as an external auditor. She followed this position with another three-year stint at Compagnie Générale des Eaux as a member of the consolidation team before joining Sanofi, where she served as a financial controller for eight years. Since 1995, she has been working within the Finance department of the PSA group, where she was promoted to the rank of senior manager in 2008.

Main position held outside Faurecia

- Groupe PSA Head of Consolidation and Accounting Standards *(French listed company)*

Other positions and corporate offices held in 2019 outside Faurecia

French listed companies

-

French unlisted companies

- Board member of the industrial company Delachaux S.A. and Chairwoman of the audit committee of this company since November 2018.

Foreign listed companies

-

Foreign unlisted companies

- Member of the IFRS Advisory Council since January 2017.

Positions and corporate offices held within the last five years and which have expired (2015-2019)

- Board member and Chairwoman of the Audit Committee of the industrail group SNEF, from July 2015 to December 2018;
- Board member of the association ACTEO, from 2008 to 2017;
- Member of the International Standards Committee of ANC (*Autorité des Normes Comptables*), from 2010 to 2016;
- Member of the Global Preparer Forum of the IASB (International Accounting Standards Board), from 2008 to 2017.

Experience in Faurecia's core businesses *Industry* *Banking/finance/risk management*

Yan MEI

Date of birth: July 12, 1955

Nationality: Chinese

Number of Faurecia shares: 260*

Skills:

Independent Board member

Date of first appointment:	May 28, 2019
Date of expiry of term of office:	2023 GM

Yan Mei is Senior Partner, Chair of China – Brunswick group (China) where she overseas Brunswick's China business groups and acts as a counselor to senior executives.

She holds a Master of Arts and Master Philosophy degree in International Relations and Political Science respectively from Columbia University in New-York, and a Master in Advanced Russian Area Studies from Hunter College at the City University of New York. She also holds a Bachelor of Arts degree in Russian Language and Literature from Beijing Normal University.

She started her career as a journalist for ITN Channel 4 News from 1988 to 1990.

From 1991 to 2001, she worked as International Assignment Editor and later as the Head of China Desk at CNN (USA). From 2001 to 2005, she joined Turner International Asia Pacific as Vice President. From 2005 to 2009, she held the position of Chief Strategy Officer and Chief Representative at News Corp (Beijing).

Before joining Brunswick group in 2013, she was Managing Director of MTV Networks Greater China and Chief Representative of Viacom Asia (Beijing).

Main position held outside Faurecia

- Senior Partner, Chair of China - Brunswick Group (China) *(Foreign listed group)*

Other positions and corporate offices held in 2019 outside Faurecia

French listed companies

-

French unlisted companies

-

Other foreign listed companies

- Senior Advisor at KKR & Co. Inc. (since March 2019).

Foreign unlisted companies

-

Others

- Vice Chair of the Board of the Golden Bridges Foundation.

Positions and corporate offices held within the last five years and which have expired (2015-2019)

-

* *500 since January 7, 2020.*

International experience *Specific knowledge of a geographic market*

Denis MERCIER

Date of birth: October 4, 1959

Nationality: French

Number of Faurecia shares: 450*

Skills:

Independent Board member

Date of first appointment:	May 28, 2019
Date of expiry of term of office:	2023 GM

Member of the Governance and Nominations Committee

Denis Mercier is an engineering graduate from the French Flying School (1979).

From 1979 to 2008, he held various positions within the French Air Armée.

After having been Commandant of the French Flying School at Salon de Provence (France) from 2008 to 2010, he became principal private secretary of the French Minister of Defense from 2010 to 2012.

Between 2012 and 2015, he held the position of Chief of Staff of the French Air Force and was promoted to the rank of General of the Air Force.

From 2015 to September 2018, he held the position of Supreme Allied Commander of the NATO's Transformation and joined Fives group in October 2018.

Denis Mercier was made *Grand Officier Légion d'Honneur* and *Officier de l'Ordre National du Mérite* by the French government.

Main position held outside Faurecia

- Deputy Chief Executive Officer of Fives group (*French listed company***), member of its Executive Committee.

Other positions and corporate offices held in 2019 outside Faurecia

French listed companies

-

French unlisted companies

-

Foreign listed companies

-

Foreign unlisted companies

- Chairman of the Board of Fives Vostok;
- Board member of Fives Engineering Shanghai Co., Ltd;
- Board member of Fives Automation & Processing Equipment Co., Ltd;
- Board member of AddUp (Fives-Michelin joint venture).

Others

- Chairman of the Board of *École de l'Air (EPSCP)*.

Positions and corporate offices held within the last five years and which have expired (2015-2019)

- Supreme Allied Commander of the NATO's Transformation (Norfolk naval base – USA), from 2015 to September 2018.

* *500 since February 23, 2020*
** *Company in which only the bonds are listed.*

Artificial intelligence/digital *Leadership and crisis management*

Peter MERTENS

Date of birth: March 30, 1961

Nationality: German

Number of Faurecia shares: 1,000

Skills:

Independent Board member

Date of first appointment:	2019 GM (effective as from November 1, 2019)
Date of expiry of term of office:	2023 GM

Member of the Compensation Committee

Dr. Peter Mertens was an executive at Audi AG until October 31, 2019, after having served as Chief Technical Officer from May 2017 to October 2018.

After completing his studies of Production Engineering at the Ostwestfalen-Lippe University of Applied Sciences, he earned a Master of Sciences degree in industrial engineering and operations research from Virginia Polytechnic Institute in the United States in 1985.

From 1985 to 1990, he supervised the Technology Transfer department at the University of Kaiserslautern (Germany) and received his Dr.-Ing. (Doctor of Engineering) degree.

In 1990, Dr. Peter Mertens started his career in the automotive industry. He held multiple management positions with Mercedes-Benz AG, prior to taking over management of Tegaron Telematics GmbH, a joint venture between Daimler Chrysler Services AG and Deutsche Telekom AG, in 1996.

In 2002, he joined Adam Opel AG as Executive Director for midsize and large product lines. In 2004, he became responsible for the compact product lines of General Motors Europe and, starting in 2005, for all compact product lines of General Motors worldwide.

In 2010, he joined the Management Board of Jaguar Land Rover and managed the Corporate Quality for the entire Tata Motors group, including the Jaguar Land Rover Brand.

From March 2011 to May 2017, he assumed responsibility for research and development as Senior Vice President, Research and Development for the Volvo Car Group (Gothenburg, Sweden).

Main position held outside of Faurecia

- Companies Board member

Other positions and corporate offices in 2019 outside Faurecia

French listed companies

-

French unlisted companies

-

Foreign listed companies

-

Foreign unlisted companies

- Board member of Recogni (United States) since November 6, 2019.

Positions and corporate offices held within the last five years and which have expired (2015-2019)

- Executive, Audi AG (Germany), from October 31, 2018 until October 31, 2019;
- Chief Technical Officer, Audi AG (Germany), from May 2017 to October 2018;
- Senior Vice President, Research and Development for the Volvo Car Group (Gothenburg, Sweden) from March 2011 to 2017;
- Member of the Supervisory Board of Volkswagen Financial Services, from October 2017 to October 2018.

Industry *International experience* *Automotive technologies* *Specific knowledge of a geographic market*

Grégoire OLIVIER

Date of birth: October 19, 1960

Nationality: French

Number of Faurecia shares: 100

Skills:

Board member

Date of first appointment:	October 10, 2018
Date of expiry of term of office:	2023 GM

Grégoire Olivier is chief engineer with the *Corps des Mines*, a graduate of *École Polytechnique* and holds an MBA from the University of Chicago.

After holding several positions within Pechiney and Alcatel between 1991 and 2001, he led Sagem between 2001 and 2006. He was appointed Chairman and Chief Executive Officer of Faurecia in 2006. He joined Groupe PSA in 2007 as a member of the Management Board and Executive Vice President of the Automobile Programs and Strategy department and became Executive Vice President, China and ASEAN. In September 2016, he joined the Executive Committee and became Executive Vice President of Mobility Services.

Main position held outside Faurecia

- General Secretary (since January 2018) and member of the Executive Committee of Groupe PSA *(French listed company)*

Other positions and corporate offices in 2019 outside Faurecia

French listed companies

-

French unlisted companies

- Board member of Automobiles Peugeot (since February 2018);
- Permanent Representative of Peugeot S.A., Board member of Automobiles Citroën (since February 2018).

Foreign listed companies

-

Foreign unlisted companies

- Board member of Changan PSA Automobiles Co., Ltd (CAPSA) – China – (since June 2019);
- Board member of PCMA Holding B.V. – The Netherlands – (since April 2018).

Positions and corporate offices held within the last five years and which have expired (2015-2019)

- Member of the Supervisory Board of Opel Automobile GmbH – Germany – (from 2017 to 2019);
- Board member and Chairman of the Audit Committee, Peugeot Citroën Automoviles Espana S.A. – Spain (from 2018 to 2019);
- Board member of Iran Khodro Automobiles Peugeot – Iran – (2018);
- Board member of Saipa Citroen Company – Iran – (2018);
- Board member of Free2move Iberia, S.A.U. (formerly EYSA-PSA Smart City Mobility Services S.A.) - Spain (from 2016 to 2018);
- Executive Vice President of Mobility Services, Groupe PSA (from September 2016 to January 2018);
- Board member of PSA (Shanghai) Management Company Co., Ltd – China – (from 2014 to 2016);
- Vice Chairman of Dongfeng Peugeot Citroën Automobiles Sales Company (DPCS) – China – (from 2014 to 2016);
- Vice Chairman and Board member of Dongfeng Peugeot Citroën Automobiles Company (DPCA) – China – (from 2013 to 2016);
- Board member of Changan PSA Automobiles Co., Ltd (CAPSA) – China – (from 2011 to 2016);
- Member of the Management Board, Executive Vice President China and ASEAN, Groupe PSA (from 2010 to 2016);
- Chairman and CEO of Peugeot Citroen (China) Automotive Trade Co. – China – (from 2010 to 2016).

Experience in Faurecia's core businesses *Industry* *International experience*
Governance/management of large companies *Specific knowledge of a geographic market*

Robert PEUGEOT

Date of birth: April 25, 1950

Nationality: French

Number of Faurecia shares: 500

Skills:

Board member

Date of first appointment:	May 29, 2007
Date of expiry of term of office:	2021 GM

Member of the Compensation Committee

Robert Peugeot studied at the *École Centrale de Paris* and *INSEAD*. He has held various senior positions within the Groupe PSA, and was a member of its Executive Committee from 1998 to 2007, in charge of Innovation and Quality. He is a permanent representative of FFP on the Supervisory Board of Peugeot S.A., a member of the Finance and Audit Committee and chairs the Strategy Committee. Since February 2002, he has been Chairman and CEO of FFP and has overseen its development.

He was made *Chevalier de l'Ordre National du Mérite* (2000) and a *Chevalier de la Légion d'Honneur* (2010) by the French Government.

Main position held outside Faurecia

- Chairman & CEO of FFP S.A. *(French listed company)*

Other positions and corporate offices in 2019 outside Faurecia

Other French listed companies

- Permanent representative of FFP S.A. on the Peugeot S.A. Supervisory Board;
- Permanent Representative of F&P SAS on the Safran S.A. Board of Directors.

French unlisted companies

- Board member of Établissements Peugeot Frères S.A.;
- Board member of Tikehau Capital Advisors SAS;
- Permanent representative of FFP Invest SAS, as Chairman and member of the Supervisory Board of Financière Guiraud SAS (France);
- General Manager of SC Rodom;
- General Manager of Sarl CHP Gestion;
- Permanent representative of FFP S.A., as President of FFP Invest SAS;
- Member of the Soparexo S.C.A. Supervisory Board;
- Chairman of F&P SAS;
- Permanent representative of FFP S.A., as President of FFP Invest SAS;
- Member of the ACE Management Supervisory Board;
- Permanent representative of Maillot I on the Board of Directors of SICAV ARMENE 2.

Foreign listed companies

- Board member of Sofina S.A. (Belgium).

Foreign unlisted companies

- Board member of FFP Investment UK Ltd (United Kingdom);
- Member of the Signa Prime Supervisory Board (Austria).

Positions and corporate offices held within the last five years and which have expired (2015-2019)

- Board member of DKSH S.A. (Switzerland);
- Member of the Hermès International S.C.A. Supervisory Board;
- Permanent representative of Maillot I on the Board of Directors of SICAV ARMENE;
- Permanent representative of FFP Invest SAS on the Board of Directors of Sanef S.A. (France);
- Board member of Imerys (France);
- Board member of Holding Reinier SAS;
- Permanent representative of FFP Invest on the Supervisory Board of IDI Emerging Markets S.A. (Luxembourg).

Experience in Faurecia's core businesses · *Industry* · *International experience* · *Automotive technologies* · *Governance/management of large companies* · *Banking/finance/risk management*

Emmanuel PIOCHE

Date of birth: December 4, 1965

Nationality: French

Number of Faurecia shares: -

Skills:

Board member representing employees

Date of first appointment: November 1, 2017

Date of expiry of term of office: October 31, 2021

Member of the Audit Committee

Emmanuel Pioche has been Head of R&D Frames at Faurecia (Brières-les-Scellés site, France) since July 2017. Previously, he was a prototype maker in the R&D trimlab at the same site.

He holds the professional title of thin-sheet metal worker, holds an Aerospace TIG Heavy and Light Metal Welding License, obtained a G2 *Baccalauréat* (management), and a level III programmer analyst's diploma.

Main position held outside Faurecia

-

Other positions and corporate offices in 2019 outside Faurecia

-

Positions and corporate offices held within Faurecia group, in the last five years and which have expired (2015-2019)

- Secretary of the Central Works Council of Faurecia Sièges d'Automobile (from 2007 to 2017);
- Secretary of the Works Committee at Brières-les-Scellés (from 2002 to 2017);
- Member of the Workplace Health and Safety Committee – CHSCT (from 2000 to 2017);
- CFDT union representative and employee representative (from 1999 to 2017).

Experience in Faurecia's core businesses *Industry*

Michel de ROSEN

Date of birth: February 18, 1951

Nationality: French

Number of Faurecia shares: 5,944

Skills:

Independent Board member

Date of first appointment:	May 27, 2016
Date of expiry of term of office:	2020 GM

Chairman of the Board of Directors

Date of appointment:	May 30, 2017

Chairman of the Governance and Nominations Committee

Michel de Rosen has been Chairman of the Board of Directors of Faurecia since May 30, 2017.

He is a graduate of the *École des Hautes Études Commerciales* (HEC) and the *École Nationale d'Administration* (ENA).

Over the course of his career, he has successively held positions first as a senior public official and then as a senior executive at companies in France and the United States.

He began his career at the Inspectorate General of Finance (IGF), a division of the French Ministry of Finance. He was a policy officer in the office of the French Minister of Defense in 1980 and 1981 and served as Chief of Staff for the French Minister for Industry and Telecommunications from 1986 to 1988.

Within the Rhône-Poulenc group, he served in particular as Chief Executive Officer of Pharmuka from 1983 to 1986 and of Rhône Poulenc Fibres et Polymères from 1988 to 1993, after which he was Chief Executive Officer and then Chairman and Chief Executive Officer of Rhône-Poulenc Rorer in the United States and in France and of Rhône-Poulenc Santé from 1993 to 1999. In 2000, Michel de Rosen was named Chairman and Chief Executive Officer of the US company ViroPharma. In 2008, he became Chairman and Chief Executive Officer of SGD.

He joined Eutelsat in 2009. On July 1, 2009, Michel de Rosen was appointed as Deputy Chief Executive Officer of Eutelsat and then as Chief Executive Officer and Board member on November 9 of the same year. From September 2013 to February 2016, he was Chairman and Chief Executive Officer. From March 1, 2016 to November 8, 2017, Michel de Rosen was the Chairman of the Board of Directors.

Main position held outside Faurecia

- Companies Board member/Chairman

Other positions and corporate offices in 2019 outside of Faurecia

French listed companies

- Non-Executive Chairman of the Board of Directors of Pharnext S.A.;
- Board member and, since March 5, 2019, non-executive Chairman of the Board of Directors of DBV Technologies.

French unlisted companies

-

Foreign listed companies

-

Foreign unlisted companies

-

Positions and corporate offices held within the last five years and which have expired (2015-2019)

- Member of the High Committee of Corporate Governance of AFEP-MEDEF until November 2019;
- Chairman and Chief Executive Officer of Eutelsat Communications S.A. until February 29, 2016 and Chairman of the Board of Directors until November 8, 2017;
- Board member of ABB Ltd (Switzerland) until April 13, 2017.

Industry *International experience* *Governance/management of large companies*
Specific knowledge of a geographic market *Banking/finance/risk management*

Philippe de ROVIRA

Date of birth: June 8, 1973

Nationality: French

Number of Faurecia shares: 20

Skills:

Board member

Date of first appointment:	July 19, 2018
Date of expiry of term of office:	2021 GM

Member of the Governance and Nominations Committee

Philippe de Rovira is graduated from ESSEC Business School.

He began his career in Groupe PSA in 1998 as an internal auditor, following which he held a number of financial or commercial positions including Head of Group Control. From August 1, 2017 to August 1, 2018, he was Vice President Finance, Chief Financial Officer and Member of the Management Board of Opel Automobiles GhmH.

Main position held outside Faurecia

Chief Financial Officer and member of the Executive Committee of Groupe PSA *(French listed company)*

Other positions and corporate offices in 2019 outside of Faurecia

French listed companies

-

French unlisted companies

- Chairman of Autobiz S.A.S.;
- Member of the Strategy Committee of Célor S.A.S.;
- Board member of Automobiles Citroën S.A.;
- Board member of Banque PSA Finance S.A.

Foreign listed companies

-

Foreign unlisted companies

- Board member of PSA International S.A.

Positions and corporate offices held within the last five years and which have expired (2015-2019)

- Vice President Finance, Chief Financial Officer and Member of the Management Board of Opel Automobiles GmbH (August 2017 to August 2018).

Experience in Faurecia's core businesses *Industry* *International experience* *Banking/finance/risk management*

3.1.2.3. Changes in the composition of the Board of Directors and Specialized Committees in 2019

The following changes were made to the composition of the Board of Directors and of the Specialized Committees during the 2019 fiscal year:

	Departure	Appointment (1)	Reappointment
Board of Directors	Éric BOURDAIS DE CHARBONNIÈRE (GM of May 28, 2019) (2)	-	-
	Hans-Georg HÄRTER (GM of May 28, 2019) (2)	-	-
	Bernadette SPINOY (GM of May 28, 2019) (2)	-	-
	-	Yan MEI (GM of May 28, 2019) (3)	-
	-	Denis MERCIER (GM of May 28, 2019) (3)	-
	-	Peter MERTENS (GM of May 28, 2019, effective as from November 1, 2019) (3)	-
	-	-	Grégoire OLIVIER (GM of May 28, 2019) (3)
Compensation Committee (previously the Management Committee)	Hans-Georg HÄRTER (GM of May 28, 2019) (2)	-	-
	Penelope HERSCHER (BD Meeting of April 19, 2019, effective as from the GM of May 28, 2019)	-	-
		Daniel BERNARDINO (BD Meeting of July 19, 2018, effective as from January 1, 2019)	
	-	Peter MERTENS (BD Meeting of April 19, 2019, effective as from November 1, 2019) (4)	-
Governance and Nominations Committee (previously the Governance Committee)	Éric BOURDAIS DE CHARBONNIÈRE (GM of May 28, 2019) (2)	-	-
	Bernadette SPINOY (GM of May 28, 2019) (2)	-	-
	-	Penelope HERSCHER (BD Meeting of April 19, 2019, effective as from the GM of May 28, 2019)	-
	-	Denis MERCIER (BD Meeting of April 19, 2019, effective as from the GM of May 28, 2019) (4)	-
Audit Committee	-	Emmanuel PIOCHE (BD Meeting of July 19, 2018, effective as from January 1, 2019)	-

(1) The cooptation of Philippe de Rovira, Chief Financial Officer of PSA, was also ratified at the General Meeting of May 28, 2019. He brings his skills in the following areas to the Board of Directors: experience in Faurecia's core businesses, international experience, banking/finance/risk management and industry.

(2) Date of end of term of office.

(3) The appointments of Yan Mei (Chinese national), Denis Mercier (French national) and Peter Mertens (German national), independent Board members, particularly improved diversity on the Board of Directors and bolstered the Board's skills notably in the following areas: the Asian market, German and international industry, automotive technologies as well as leadership, crisis management and digitization. Grégoire Olivier, General Secretary of PSA, is a Board member with connections to PSA. He brings his skills notably in the following areas to the Board of Directors: experience in Faurecia's core businesses, and international and industrial experience.

(4) The appointment was made subject to his appointment as Board member by the General Meeting of May 28, 2019.

3.1.2.4. **Governance structure**

SEPARATION OF THE POSITIONS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

In the context of a major change in its governance, since July 1, 2016, the positions of Chairman of the Board of Directors and Chief Executive Officer have been separated within the Company. The situation has remained unchanged since this date.

Chairman of the Board of Directors

Michel de Rosen has been Chairman of the Board of Directors since May 30, 2017. As his corporate offices as Board member and Chairman of the Board of Directors expire at the end of the General Meeting of June 26, 2020, the Board of Directors, further to the recommendation made by the Governance and Nominations Committee, resolved at the Meeting held on April 17, 2020 to:

- propose to the General Meeting of June 26, 2020 to renew the corporate office of Michel de Rosen as Board member for a new term of four years, i.e. until the end of the General Meeting to approve the financial statements for the fiscal year ended December 31, 2023; and
- renew the corporate office of Michel de Rosen as Chairman of the Board of Directors, for the same term as his corporate office as Board member, subject to the condition precedent of the renewal of his corporate office as Board member by the General Meeting of June 26, 2020 and to the approval, by the same General Meeting, of the extension of the age limit defined in the bylaws for holding the office of Chairman of the Board of Directors.

The Board of Directors will in fact propose to the General Meeting of June 26, 2020, further to the recommendation made by the Governance and Nominations Committee, to increase the age limit set for holding the position of Chairman of the Board of Directors from 70 to 75 and allow for the renewal of the corporate office of Michel de Rosen as Chairman of the Board of Directors. In the context of the potential change to the Company's shareholding structure related to the contemplated distribution of the Company's shares by PSA to its shareholders, the Board of Directors considers that the best way to ensure that governance remains effective, balanced, stable, and visible during this key period for the Company is to maintain the existing current governance and collaboration between the Chairman of the Board of Directors and the Chief Executive Officer.

Chief Executive Officer (CEO)

Patrick Koller has been Chief Executive Officer of Faurecia since July 1, 2016. He was appointed for an unlimited term. He has also been a member of the Company's Board since May 30, 2017.

ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The role of Chairman of the Board of Directors is defined in the internal rules of the Board of Directors, which are available on the governance page of the Company's website (www.faurecia.com).

According to the internal rules, the Chairman of the Board of Directors organizes and directs the work of the Board of Directors and ensures the effective operation of the Board of Directors and its committees, in accordance with good governance principles.

He must:

- promote the highest standards of integrity, probity and corporate governance across the Group, particularly at the Board level, thus ensuring the effectiveness thereof;
- manage the relations between Board members and the Chairs of the committees and, in this respect:
  - promote effective working relations and open communication, and foster an environment that enables constructive discussions and the sharing of information between members of the Board of Directors and the Chief Executive Officer, during and outside meetings,
  - lead and govern the Board so as to create the conditions required for the overall effectiveness of the Board of Directors and its members, and ensure that all key and relevant issues are adequately prepared and discussed by the Board of Directors and the various committees in a timely fashion,
  - schedule and set the agenda of the Board meetings, in consultation with the Chief Executive Officer and the Secretary of the Board, to take full account of the Group's major challenges and issues raised by Board members, and ensure that sufficient time is devoted to thoroughly discuss significant and strategic matters,
  - address any conflicts of interest,
  - conduct, with the assistance of the Governance and Nominations Committee, assessments of the Board of Directors, searches for new Board members and their induction program;
- organize, with the Chief Executive Officer and the Chairs of the various committees, the preparation of and chair General Meetings, oversee the relations and ensure effective communication with shareholders;
- manage the relation with the Chief Executive Officer:
  - act as a competent advisor for the Chief Executive Officer on all issues regarding the interests and management of the Company,
  - ensure that the strategies and policies adopted by the Board are effectively implemented by the Chief Executive Officer; without prejudice to the prerogatives of the Board of Directors and its committees, the Chairman is regularly informed by the Chief Executive Officer about significant events concerning the Company's strategy, in line with the objectives set by the Board of Directors, as well as about major external growth projects, significant financial transactions, societal actions, or appointments of Business Group managers and other key positions within the Company. The Chairman receives from the Chief Executive Officer all information necessary to coordinate the work of the Board of Directors and its committees;
- coordinate or conduct specific projects. In particular, at the request of the Chief Executive Officer, the Chairman may represent the Company before stakeholders, public

authorities, financial institutions, major shareholders and/or key business partners.

In 2019 and until the publication of this Universal Registration Document, Michel de Rosen coordinated the work of the Board of Directors in accordance with the bylaws and the internal rules and prioritized the introduction of practices to improve the way in which the Board operates. He took an active role in the following:

- committee work and reviews and attendance at certain committee meetings;
- the process of recruiting new Board members and, generally speaking, discussions about changes to the Board of Directors and its composition as well as the organization of committees;
- steering the assessment process of the Board of Directors;
- reviewing developments in governance-related issues in order to take into account legislative and regulatory changes;
- meetings with certain shareholders and investors, in particular during governance roadshows;
- monitoring the Group's strategic activities with the Chief Executive Officer, including on the contemplated proposed distribution of the Company's shares by PSA to its shareholders;
- meetings with independent Board members only, meetings with all Board members, except for members affiliated with PSA, on the contemplated proposed distribution of the Company's shares by PSA to its shareholders and executive sessions.

ROLE OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is vested with the widest possible powers to act under all circumstances in the name of the Company. He exercises these powers within the limits imposed by the corporate purpose and subject to those explicitly attributed by law to General Meetings of shareholders and to the Board of Directors.

He represents the Company in relations with third parties. The Company even remains bound by actions taken by the Chief Executive Officer that are not within the scope of the corporate purpose, unless it can evidence that the third party was aware that the action in question exceeded this scope or could not have been unaware of the fact given the circumstances, the simple publication of the bylaws not being sufficient proof.

It is specifed that the restrictions on the powers of the Chief Executive Officer are set out in the internal rules of the Board of Directors. The Chief Executive Officer must therefore obtain approval from the Board of Directors before carrying out any acquisition, disposal, or joint venture project representing a total asset value of over €100 million and/or with sales in excess of €300 million. These internal rules also state that any material transaction which is not integrated in the Company's current strategy plan will be submitted to the prior approval of the Board of Directors.

3.1.2.5. Diversity policy within the Board of Directors

PRINCIPLES

The Group's Board members come from a wide range of backgrounds and contribute a range of diverse but complementary skills to the Board of Directors. This wealth can also be found in terms of gender balance and the range of nationalities, as well as culture, of the Board members.

The Board of Directors, with the assistance of the Governance and Nominations Committee, ensures that a diversity policy is implemented within the Board, in accordance with the applicable regulations and the AFEP-MEDEF Code.

The purpose of the diversity policy put in place within the Board of Directors is to ensure:

- a rate of Board member independence which is at least in line with the recommendations made in the AFEP-MEDEF Code;
- gender balance within the Board of Directors, at least in line with the applicable law (at least 40%);
- the need for Board members to have the necessary expertise and experience to carry out their duties successfully in line with the strategy and interests of the Group (regions, Business Groups, etc.);
- the complementary nature of the skills required for the work of the Board of Directors;
- international diversity so as to reflect the Group's global footprint;
- the search for generational balance, going beyond the rules on age limits set out in the bylaws.

In order to evaluate the skills and profiles required for the membership of the Board of Directors, the Governance and Nominations Committee refers to a skills matrix (see below) and to the principles set out above, also taking into account the most appropriate size of the Board of Directors.

IMPLEMENTATION AND RESULTS OF THE DIVERSITY POLICY WITHIN FAURECIA'S BOARD OF DIRECTORS

Skills

	Experience in Faurecia's core businesses	Industry	International experience	Automotive technologies	Governance/management of large companies	Specific knowledge of a geographic market	Banking/finance/risk management	Artificial intelligence/digital	Leadership and crisis management	CSR
Daniel BERNARDINO	✓	✓								
Odile DESFORGES	✓	✓	✓				✓			
Linda HASENFRATZ	✓	✓	✓	✓	✓	✓				
Penelope HERSCHER		✓	✓	✓	✓	✓		✓		✓
Patrick KOLLER	✓	✓	✓	✓	✓	✓			✓	
Valérie LANDON			✓				✓			
Olivia LARMARAUD	✓	✓					✓			
Yan MEI			✓			✓				
Denis MERCIER								✓	✓	
Peter MERTENS		✓	✓	✓		✓				
Grégoire OLIVIER	✓	✓	✓		✓	✓				
Robert PEUGEOT	✓	✓	✓	✓	✓		✓			
Emmanuel PIOCHE	✓	✓								
Michel de ROSEN		✓	✓		✓	✓	✓			
Philippe de ROVIRA	✓	✓	✓				✓			

Experience in Faurecia's core businesses
Industry
International experience
Automotive technologies
Governance/management of large companies
Specific knowledge of a geographic market
Banking/finance/risk management
Artificial intelligence/digital
Leadership and crisis management
CSR

Independence

As of December 31, 2019, the Board of Directors had eight independent Board members, representing 61.5% of its members. This percentage is calculated excluding the Board members representing employees, as these are not included in the calculation in accordance with the recommendations made by the AFEP-MEDEF Code.

This percentage is greater than the one set by the AFEP-MEDEF Code, both for controlled companies (1/3) and non-controlled companies (50%).

For more information on how independence is analyzed, please refer to Section 3.1.2.6 "Independence of members of the Board of Directors".

Balanced representation of men and women

As of December 31, 2019, the Board of Directors had six women members, representing 46% of its membership. This percentage is calculated excluding the Board members representing employees, as they are not included in the calculation in accordance with the applicable law.

This percentage is greater than the one set by Article L. 225-18-1 of the French Code of commerce (40%).

Employee representation

As of December 31, 2019, the Board of Directors had two Board members representing employees, in accordance with Article L. 225-27-1 of the French Code of commerce.

The Board members representing employees mainly contribute to the Board of Directors through their in-depth knowledge of the Group and of the operational aspects of its businesses.

International diversity

As of December 31, 2019, the Board of Directors included members with six different nationalities (American, Canadian, Chinese, French, German, and Portuguese).

Most of the Board members have an international career and international responsibilities.

Six Board members are based outside of France.

Balance between the generations

As of December 31, 2019, Board members were aged between 46 and 69, with an average age of 59.

The renewal of the Board of Directors also continued with the arrival of three new independent Board members appointed by the General Meeting of May 28, 2019: Yan Mei, Denis Mercier and Peter Mertens. As of the date of the next General Meeting, the average seniority within the Board of Directors will be 3.6 years and ranges from 8 months to 13 years and 1 month.

Changes in the composition of the Board of Directors

Given the extensive renewal of the composition of the Board of Directors in recent years, the Board of Directors, further to a recommendation made by the Governance and Nominations Committee, suggests keeping the current composition of the Board of Directors unchanged and proposes that the General Meeting of June 26, 2020 renew the corporate offices of Board members whose terms of office are expiring, i.e. the terms of Michel de Rosen (independent Board member), Odile Desforges (independent Board member), Linda Hasenfratz (independent Board member) and Olivia Larmaraud (Board Member affiliated with PSA). The renewal of these corporate offices are part of the continued application of the framework defined by the diversity policy and, in particular, will allow the Board of Directors to continue to benefit from the experience and skills of Michel de Rosen, Odile Desforges, Linda Hasenfratz and Olivia Larmaraud, as described in the table of skills above.

It is also specified that the Board of Directors has decided:

- to renew the corporate office of Michel de Rosen as Chairman of the Board under condtion set ou in Section 3.1.2.4 "Governance structure" above;
- to renew the chairmanship of each of the Specialized Committees, repectively assumed by Michel de Rosen for the Governance and Nominations Committee, by Odile Desforges for the Audit Committee and by Linda Hasenfratz for the Compensation Committee, for the term of the corporate office of Board member, subject to the renewal of their corporate office by the General Meeting of June 26, 2020.

It is finally indicated that, given the potential changes to the Company's shareholding structure in connection with the contemplated distribution of the Company's shares by PSA to its shareholders, the composition of the Board of Directors may change in the event this distribution is completed.

3.1.2.6. Independence of members of the Board of Directors

In accordance with the AFEP-MEDEF Code, the Board of Directors, further to a recommendation from the Governance and Nominations Committee, examines the independence of each of its members at least once a year and whenever a new Board member is appointed.

The AFEP-MEDEF Code states that a Board member is independent when they have no relation of any kind whatsoever with the Company, its Group or its management which might compromise the exercise of their free judgment.

In order to analyze the independence of its members, the Board of Directors applies the criteria provided for in the AFEP-MEDEF Code, as reflected in the internal rules of the Board of Directors, as follows:

- not be an employee or executive corporate officer of the Company; an employee, executive corporate officer, or Board member of a company consolidated thereby; an employee, executive corporate officer, or Board member of the parent company or of any company consolidated by this parent company, and, in each of the cases in question, has not been in the past five years (**Criterion 1**);

- not be an executive corporate officer of a company in which the Company directly or indirectly holds a corporate office as Board member or in which an employee appointed as such or an executive corporate officer of the Company (currently or who has held such an office for less than five years) holds the corporate office of Board member (**Criterion 2**);
- not be a material client, supplier, corporate banker, investment banker, consultant: (i) of the Company or its group; or (ii) for which the Company or its group represents a significant part of its business. This criterion is examined on the basis of a multi-criteria approach (**Criterion 3**);
- not have close family ties with a corporate officer (**Criterion 4**);
- not have been the Company's Statutory Auditor in the past five years (**Criterion 5**);
- not have been a Company Board member for more than 12 years (**Criterion 6**).

The Chairman of the Board of Directors may not be considered as independent if he receives variable compensation or compensation in shares or any remuneration linked to the performance of the Company or of the Faurecia group (**Criterion 7**).

Board members representing significant shareholders of the Company or of its parent company may be considered as independent when these shareholders are not involved in the control of the Company. However, beyond a threshold of 10% of the share capital or voting rights, the Board, further to a report by the Governance and Nominations Committee, systematically questions independence, taking into account the composition of the Company's share capital and the existence of any potential conflicts of interest (**Criterion 8**).

At a meeting held on February 14, 2020, the Board of Directors therefore examined, further to a recommendation by the Governance and Nominations Committee, the situation of each of the Board members with regard to the criteria set out above.

Regarding the criterion of business relationships more specifically, this was examined using a multi-criteria approach including a quantitative and qualitative analysis intended to assess the significance thereof. The analysis includes a review of the relationships, contracts, and partnerships existing between Faurecia and the company or group in which the Board member holds an executive function or corporate office. This review was carried out with the Group's departments responsible for purchasing, sales, R&D, M&A, and finance, and also on the basis of a specific questionnaire addressed to Board members including a section on conflicts of interest.

Regarding Board members who may be considered independent, it would appear, from a quantitative point of view, that if the Faurecia group:

- could purchase products and take advantage of services from companies or groups in which certain of its Board members, who may potentially be considered independent, held roles during the 2019 fiscal year and still held such roles as at December 31, 2019, the amounts paid were determined under ordinary and normal conditions and represented not significant amounts for these groups;
- holds a minority stake in the share capital of a start-up in which one of its Board members, who may potentially be considered independent, also holds a minority stake (less than 1%) and held a non-executive role as at December 31, 2019, the amount invested represents an amount which is extremely insignificant on the scale of the Faurecia group (0.03% of sales) and, upon completion, the investment had been made jointly with other minority investors under conditions which were similar for all, including the Board member in question.

These quantitative elements are not liable to confirm any suspicions regarding the independence of the Board members.

In addition, in the context of this analysis, the Board of Directors also examined from a qualitative point of view the nature and intensity of the business relationship (potential economic dependence and exclusivity, distribution of negotiation power) as well as the organization of the relationship (position of the relevant Board member within the contracting group, direct or indirect decision-making powers or influence on the business relationship, level on which decisions are made within the Group, absence of any representatives of the Group having voting rights on the Board of Directors of the start-up, and shareholding structure of the start-up).

This analysis shows that none of the Board members liable to be considered independent has any significant business relationship with the Faurecia group.

As required, please note that if a conflict of interest were to arise, the rules defined for the management of such conflicts in the internal rules would then apply. Therefore, in the event of a one-off conflict of interest, even a potential one, the Board member in question cannot take part in the voting on the corresponding deliberation or attend any meetings of the Board of Directors in the period during which he has a conflict of interests, or even resign from the Board. In case of non-compliance with these rules of abstention or withdrawal, the Board member could be held liable. In case of conflict of interest, the Board member will not receive the documentation relating to the meeting(s) of the Board of Directors in question.

The Board of Directors, upon recommendation made by the Governance and Nominations Committee, and based on the analysis carried out, has therefore considered that, as at December 31, 2019, eight Board members are independent: Michel de Rosen, Odile Desforges, Linda Hasenfratz, Penelope Herscher, Valérie Landon, Yan Mei, Peter Mertens and Denis Mercier, i.e. a rate of 61.5% (excluding Board members representing employees in accodance with the AFEP-MEDEF Code), which is above the percentage set by the AFEP-MEDEF Code, either for controlled companies (1/3) or uncontrolled companies (50%).

The results of the examination of independence of the Board members as at December 31, 2019 are set out in the summary table below:

Criteria	Odile DESFORGES	Linda HASENFRATZ	Penelope HERSCHER	Patrick KOLLER	Valérie LANDON	Olivia LARMARAUD	Yan MEI	Denis MERCIER	Peter MERTENS	Grégoire OLIVIER	Robert PEUGEOT	Michel de ROSEN	Philippe de ROVIRA	Daniel BERNARDINO [1]	Emmanuel PIOCHE [1]
Criterion 1: employee and corporate officer over the course of the previous five years	■	■	■	*	■	*	■	■	■	*	*	■	*	-	-
Criterion 2: cross-directorships	■	■	■	■	■	■	■	■	■	■	■	■	■	-	-
Criterion 3: significant business relationship	■	■	■	■	■	■	■	■	■	*	■	■	*	-	-
Criterion 4: family relationship	■	■	■	■	■	■	■	■	■	■	■	■	■	-	-
Criterion 5: Statutory Auditor	■	■	■	■	■	■	■	■	■	■	■	■	■	-	-
Criterion 6: term of office more than 12 years	■	■	■	■	■	■	■	■	■	■	*	■	■	-	-
Criterion 7: status of non-executive corporate officer	-	-	-	-	-	-	-	-	-	-	-	■	-	-	-
Criterion 8: major shareholder status	■	■	■	■	■	*	■	■	■	*	*	■	*	-	-
Independence of the Board member	**Yes**	**Yes**	**Yes**	**No**	**Yes**	**No**	**Yes**	**Yes**	**Yes**	**No**	**No**	**Yes**	**No**	**-**	**-**

■ *means independence criterion met* * *means independence criterion not met.*

(1) In accordance with the AFEP-MEDEF Code, Board members representing employees are not included in the calculation of the percentage of independent Board members.

3.1.3. Organization and functioning of the Board of Directors

The functioning of the Board of Directors is governed by the laws and regulations and by internal provisions, i.e. the bylaws and internal rules of the Board of Directors, most recently modified on October 9, 2019.

The Board's internal rules detail the roles and responsibilities of the Board of Directors and its committees. They describe the roles of the Chairman, the Chief Executive Officer and the Secretary of the Board. They detail the Board's modus operandi and rules and specify that its work must be assessed on an annual basis. They also describe the roles and responsibilities of the Board members. The internal rules are available on the governance page of the Company's website (www.faurecia.com).

3.1.3.1. Organization of the Board of Directors

Onboarding of new members and training

The Board of Directors pays particular attention to the onboarding of new Board members. To provide the Board members with optimal conditions for the performance of their corporate office, an induction program has been put in place to present the Group, regarding organizational, functional, and governance matters. In particular, this program includes an operational section aimed at providing an understanding of the Group's business and products via visits to sites and plants in various parts of the world. These visits are completed by meetings with members of the Executive Committee, during which the organization of the Group, its business, and the challenges it faces are presented. The program also includes training provided by the Secretary of the Board of

Directors on subjects related to the governance of listed companies, and more specifically on Faurecia's governance.

When appointed or at any time during their term of corporate office, Board members may also take advantage, if they consider it necessary, of additional training on specific aspects relating to the Group, its core businesses and business sector, and the challenges in terms of social and environmental responsibility.

It is specified that Board members representing employees follow the same induction program as the other Board members. SciencesPo Paris, in partnership with France's Institute of Directors (*Institut Français des Administrateurs* – IFA), also provided them with training tailored to the responsibilities of their corporate offices, including training on Board member duties that granted them certification.

Number of meetings and duration

The Chairman convenes the Board meetings and communicates their agendas.

The internal rules state that the Board of Directors must meet at least four times per year, as provided by the bylaws, to discuss the agenda items listed by the Chairman. By way of exception, the Board of Directors meets at least once per year without the Chief Executive Officer in attendance to assess the performance of said officer and discuss governance issues.

Sufficient time must be devoted during each Board meeting to usefully and thoroughly discuss the agenda items.

Finally, it is specified that, following the recommendation made during the external assessment of the Board of Directors' operations for the 2018 financial year, a meeting of only independent Board members is scheduled at least once a year at the initiative of the Chairman of the Board of Directors.

Information

The Chairman, assisted by the Secretary of the Board of Directors, is responsible for communicating the information and documents required for the Board meetings to the Board members in a timely manner. Outside their meetings, Board members receive from the Chairman important or urgent information relevant to the Company and the Group. They also receive press releases distributed by the Company.

Any additional information or document requested by a Board member is automatically communicated to all other Board members.

Such information and documents may be provided during a Board meeting should privacy or timeliness considerations so require.

Representation

In accordance with the laws, a Board member may specifically designate another Board member to represent him at Board meetings. According to the European Regulation n°2157/2001 relating to European companies, the Board member represented is included in the calculation of the quorum and majority.

The internal rules also state that attendance at Board meetings is also possible via video conference or other means of telecommunication, in particular to allow for the actual participation of Board members who are unable to attend meetings in person. Board members using these methods are considered present for the purpose of the calculation of the quorum and the majority.

The above provisions on representation via video conference or other means of telecommunication do not apply to the adoption of the decisions, referred to in Articles L. 232-1 and L. 233-16 of the French Code of commerce, relating to the preparation of the parent company and consolidated financial statements as well as the management report of the Company and the Group.

Quorum and majority

The Board validly deliberates if at least half of its members attend the Meeting in person or by video conference or any other means of telecommunication or is represented

Decisions are adopted on the basis of a majority of those members in attendance (or deemed to be in attendance, as in the case of the use of video conference or other means of telecommunication) or represented. The Chairman of the meeting has a casting vote.

Board members' obligations

The internal rules impose certain obligations on members of the Board with the aim to mainly ensure that they are familiar with the provisions that apply to them, avoid conflicts of interest, guarantee that they devote the time and attention needed to perform their duties and that they comply with the rules that apply to holding several corporate offices as well regulated agreements.

To properly manage conflicts of interest, each Board member must inform the Board of Directors of any temporary, even if it is only potential, conflicts of interest and abstain from voting in the corresponding deliberation and attending the Board's meetings for the period during which the said Board member has a conflict of interest, or even resign from the position as a Board member. If these rules calling for the Board member to abstain or even withdraw are not followed, the said Board member could be held liable. In the event of a conflict of interest, the Board member will not receive the supporting documentation for the Board of Directors' meetings in question.

Regarding information, Board members must request information that they believe is necessary to fulfill their assignments and to allow them to make informed decisions on the topics covered by the Board of Directors. Concerning non-public information obtained during the course of their work, they must act as though they are bound to a confidentiality obligation, which goes beyond the mere duty of discretion provided for by law, and not share this information with a third party outside the Board of Directors.

The internal rules also stipulate that Board members must act in the Company's best interest and participate in Board of Directors' meetings as well as the committee on which the Board member sits.

These obligations also concern the ownerships of a minimum number of the Company's shares (this obligation only applies to Board members representing employees), the method for holding the shares and compliance with rules that apply to security transactions and the holding of shares (see Section 3.5 "Shareholding by corporate officers and transactions in the Company's securities" in this Universal Registration Document.

Specialized Committees

To optimize its discussions, the Board of Directors set up Specialized Committees which have a purely internal role in preparing some of the Board's deliberations. They issue proposals, opinions, and recommendations within their field of competence. Each Specialized Committee has its own internal rules approved by the Board of Directors which sets its composition, membership rules and operating procedures, and specific roles.

The Committees report on their work to the Board of Directors after each meeting and perform a self-assessment of their activities on an annual basis.

As of December 31, 2019, the Board of Directors had three permanent Specialized Committees:

- the Audit Committee;
- the Governance and Nominations Committee;
- the Compensation Committee.

In the context of the external assessment of the Board of Directors for fiscal year 2018, it emerged that improvements could be made to the organization of two of the Committees in place at that time, i.e., the Governance Committee and the Management Committee. The chairmen of these two committees discussed the planned changes and, at the request of the Board of Directors, formulated a proposal regarding the new organization of the Committees. With regard to the market practices observed and in the context of the measures taken for the continuous improvement of the Company's governance, a proposal was made to re-organize the Management and Governance Committees as follows:

- the Management Committee, initially in charge of the appointment and of matters regarding the compensation paid to executive corporate officers, became the Compensation Committee. The Compensation Committee, the composition of which did not changed during this reorganization, is in charge of issues relating to the compensation paid to all corporate officers (executive and non-executive);
- the Governance Committee, initially in charge of governance matters as well as the nomination and compensation of non-executive corporate officers, became the Governance and Nominations Committee. The Governance and Nominations Committee, the composition of which did not change during this reorganization, is in charge of nominations as well as the succession of all corporate officers (executive and non-executive) and remains in charge of governance. Moreover, given the key role played by corporate and social responsibility in the Group's strategy, this additional responsibility has been given to the Committee.

These modifications were approved by the meetings of the Board of Directors held on July 22, 2019 and October 9, 2019, further to a recommendation from the two Committees in question, with effect as from October 1, 2019.

The composition, assignments and activities of the three committees during the fiscal year 2019 are described in sections 3.1.4.1 "The Audit Committee", 3.1.4.2 "The Governance and Nominations Committee" and 3.1.4.3 "The Compensation Committee" of this current chapter in the Universal Registration Document.

Finally, it should be noted that in the context of the potential change to the Company's shareholding structure in connection with the contemplated distribution of the Company's shares by PSA to its shareholders, the Board of Directors, acting on the basis of a recommendation from the Governance and Nominations Committee, decided at a meeting held on December 18, 2019 and in accordance with best practices in terms of governance, to create an ad hoc committee. This committee, the creation of which is one of the measures to manage any potential conflicts of interest in connection with the transaction, is in charge of (i) discussing issues related to governance and the shareholders following the share distribution and (ii) initiating discussions with the future major shareholders. It is composed of four independent Board members and of one Board member representing employees.

3.1.3.2. Number of meetings of the Board of Directors and of the Specialized Committees and attendance rate

The Board of Directors met six times in the fiscal year ended December 31, 2019. Meetings of the Board of Directors lasted four hours on average. Attendance at these meetings, by Board member and overall, is indicated in the table below. Please note that Board members (present) were physically present at all meetings. Furthermore, two additional meetings were also held in 2019: one meeting with the independent Board members only, in accordance with the recommendations made during the external assessment of the Board of Directors for the 2018 financial year, and one meeting with all of the Board members, excluding those affiliated with PSA, on the contemplated distribution of the Company's shares by PSA to its shareholders. Attendance at these two meetings was 100%. Finally, three executive sessions (without the Chief Executive Officer) took place in 2019 to discuss the compensation and performance of Chief Executive Officer.

The Specialized Committees (Audit Committee, Governance and Nominations Committee, and Compensation Committee) met five times each (these figures include meetings of the Management Committee and of the Governance Committee before they were converted into the Compensation Committee and the Governance and Nominations Committee respectively), i.e., a total of 15 meetings. The duration of Committee meetings ranges between two and five hours. Attendance at these meetings, by Board member and overall, is indicated in the table below.

The intervals and frequency of the meetings of the Board of Directors and specialized Committees allow for the submitted topics to be thoroughly discussed and examined.

The table below indicates, for each Board member, attendance during the fiscal year 2019 at meetings of the Board of Directors and of any Specialized Committees of which he is a member.

	Attendance at meetings of the Board of Directors (1)	Attendance at meetings of the Audit Committee	Attendance at meetings of the Governance and Nominations Committee (2)	Attendance at meetings of the Compensation Committee (3)
Michel de ROSEN	100%	n/a	100%	n/a
Daniel BERNARDINO	100%	n/a	n/a	100%
Éric BOURDAIS DE CHARBONNIÈRE (4)	100%	n/a	100%	n/a
Odile DESFORGES	100%	100%	n/a	n/a
Hans-Georg HÄRTER (4)	100%	n/a	n/a	100%
Linda HASENFRATZ	83.33%	n/a	n/a	100%
Penelope HERSCHER	100%	n/a	100% (7)	100% (8)
Patrick KOLLER	100%	n/a	n/a	n/a
Valérie LANDON	100%	100%	n/a	n/a
Olivia LARMARAUD	100%	100%	n/a	n/a
Yan MEI (5)	100%	n/a	n/a	n/a
Denis MERCIER (5)	100%	n/a	100%	n/a
Peter MERTENS (6)	100%	n/a	n/a	100%
Grégoire OLIVIER	83.33%	n/a	n/a	n/a
Robert PEUGEOT	100%	n/a	n/a	60%
Emmanuel PIOCHE	100%	100%	n/a	n/a
Philippe de ROVIRA	83.33%	n/a	80%	n/a
Bernadette SPINOY (4)	100%	n/a	100%	n/a
TOTAL	**96.55%**	**100%**	**95%**	**90%**

n/a: not applicable

(1) Attendance is calculated on the basis of six plenary meetings of the Board of Directors. This figure does not include the two additional meetings which also took place in 2019 (one meeting with the independent Board members only, in accordance with the recommendation made during the external assessment of the Board of Directors for the 2018 financial year, and one meeting with all Board members other than those affiliated with PSA, on the contemplated distribution of the Company's shares by PSA to its shareholders) for which the attendance rate was 100%. Please note that Board members (present) were physically present at all plenary meetings.

(2) This figure also includes attendance by members of the Governance Committee before it was converted into the Governance and Nominations Committee, the composition of which remained unchanged during this reorganization.

(3) This figure also includes attendance by members of the Management Committee before it was converted into the Compensation Committee, the composition of which remained unchanged during this reorganization.

(4) Up until the General Meeting of May 28, 2019, date on which the term of his corporate office as Board member expired.

(5) Since the General Meeting of May 28, 2019, date of his appointment.

(6) Since November 1, 2019, date on which his appointment by the General Meeting of May 28, 2019 came into force.

(7) Since May 28, 2019, date on which his appointment came into force.

(8) Up until May 28, 2019, date on which his office as member of the Compensation Committee came to an end.

3.1.3.3. Roles and responsibilities of the Board of Directors and report on its activity

3.1.3.3.1. ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is a collective body that determines Faurecia's business strategy and oversees its implementation, in accordance with the corporate purpose, taking the social and environmental challenges created by its business into consideration. Subject to the powers explicitly attributed to shareholder's meetings and within the limits of the business purpose, the Board considers any questions affecting the proper operation of the Company, and Board decisions settle matters concerning it. The Chairman consults it on all Company and Group strategic decisions.

The internal rules provide for the following tasks in particular to be carried out by the Board of Directors:

Strategy	■ Determining strategic priorities: determining and monitoring the implementation of decisions regarding the Company's main strategic, economic, social, financial, technological and environmental priorities. The medium-term direction of the Group's activities is defined by a strategic plan. The draft plan is prepared and presented by the Chief Executive Officer before being adopted by the Board of Directors; ■ Prior authorization to be granted to the Chief Executive Officer for (i) any proposed acquisition, disposal, or joint venture project representing a total asset value of over €100 million and/or with sales in excess of €300 million and (ii) any significant transaction that is not included in the Company's strategic;
Financial statements and relations with Statutory Auditors	■ Settlement of annual statutory financial statements and annual and interim consolidated financial statements and preparation of the Company management and Group management reports; ■ Verification of the relevance, consistency and proper application of the accounting policies used to prepare the financial statements; ■ Monitoring of the process for preparing the financial information; ■ Selection of the Statutory Auditors whose appointment submitted for shareholder approval at the General Meeting, and verification of compliance with the rules that guarantee their independence especially regarding the amount of their compensation;
Budget and planning	■ Approval of the annual budget; ■ Periodic review of the Group's business and of budget execution; ■ Approval of planning items and related reports;
Financial position, financing and security issues	■ Quarterly review of the Group's financial and cash position as well as contingent liabilities; ■ Decision to carry out bond and other complex security issues that are not likely to involve a capital increase; ■ Carrying out transactions impacting the capital under the authority delegated by the Extraordinary General Meeting;
Internal control and risk management	■ Monitoring the effectiveness of the internal control and risk management systems and the regular review of opportunities and risks (financial, legal, operational, social and environmental); ■ Supervising the introduction of a system to prevent and detect corruption and influence peddling; ■ Review of risk monitoring and management at least annually following a presentation by the Audit Committee;
Compensation	■ Compensation for the Chairman, Chief Executive Officer and Board members; ■ Implementation of stock subscription or purchase option plans, performance share plans and any other type of long-term compensation, and approval of lists of beneficiaries thereof;
Governance	■ Review of governance structure: determination of Faurecia's executive management procedures, creation of committees of the Board of Directors, appointment of their members, determination of their tasks and operating procedures; ■ Co-option of, and proposals to appoint or reappoint, Board members, appointment or reappointment of the Chairman and Chief Exectutive Officer; ■ Preparation and regular monitoring of the succession plan for executive and non-executive corporate officers; ■ Governance assessment: work of the Board and its committees; assessment of the independence of Board members; ■ Authorization of "regulated" agreements and undertakings within the meaning of French law; ■ Authorization of sureties, endorsements and guarantees, allocation of an annual amount of sureties to be issued by the Chief Executive Officer and determination of the terms and conditions thereof; ■ Notice prior to the acceptance of a new term of office in a listed company by an executive corporate officer; ■ Monitoring of the implementation of the policy on non-discrimination and diversity within the Company's management bodies in accordance with the AFEP-MEDEF Code and applicable regulations;
General Meeting	■ Convening General Meeting and setting the agenda and finalizing the draft resolutions; ■ Response to written questions, with the option to delegate to a Board member, the Chief Executive Officer, or a Deputy Chief Executive Officer to respond thereto.

3.1.3.3.2. REPORT ON THE ACTIVITY OF THE BOARD OF DIRECTORS IN 2019

The number of meetings of the Board of Directors and the attendance rate are indicated in Section 3.1.3.2 "Number of meetings of the Board of Directors and of the Specialized Committees and attendance rate" above.

During the 2019 fiscal year, the main points examined at meetings of the Board of Directors were as follows, given that the issues discussed related (i) to the compensation of executive and non-executive corporate officers, who were not in attendance at those meetings, and (ii) the assessment of the Chief Executive Officer without him being present:

Topics	Main items discussed
Strategy	■ Updates on strategic projects (in particular, the integration of Clarion, Symbio (joint venture with Michelin), the acquisition of the remaining stake in SAS (50%), the contemplated proposed distribution of the Company's shares by PSA to its shareholders); ■ Reviews of Faurecia's strategic and business plans, with two meetings, one of which is entirely devoted to the Group's long-term strategy; ■ Review of Faurecia's CSR measures;
Financial statements and relations with Statutory Auditors	■ Review and settlement of the annual (statutory and consolidated) and half-year (consolidated) financial statements; ■ Proposal to pay a cash dividend of €1.25 for the fiscal year ended December 31, 2018; ■ Validation of the press releases relating to (i) the 2018 results and the 2019 annual guidance, (ii) the results for the first half of 2019 and (iii) sales for the first and third quarters of 2019;
Budget and planning	■ Review of the budget and strategic plan; ■ Delegations of authority granted to the Chief Executive Officer to establish planning documents; ■ Regular examination of the Company's figures and results; ■ Communication for the Capital Markets Day; ■ Review of the forecast results and guidance for 2019;
Financial position, financing and security issues	■ Authorization of bond issues with a maximum value of €1 billion; ■ Renewal of the authorization given to the Chief Executive Officer to grant sureties, endorsements, and guarantees. ■ Review of the performance in terms of share price;
Risks	■ Risk review (Chinese market, Brexit, hypothesis of a crisis in the automotive sector, etc.) and opportunities;
Compensation	■ Approval of the compensation policies applicable to executive and non-executive corporate officers and their implementation (including setting the targets for the variable compensation payable to the Chief Executive Officer); ■ Approval of the variable compensation of the Chief Executive Officer for 2019; ■ Awarding of performance share plans Nos. 11 and 11b, acknowledgment of the fulfillment of the conditions applicable to plan No. 8 and adjustment to plan No. 10; ■ Review of the pension schemes with services defined further to the changes in the law and approval of the modification of the age for retention of rights accrued in the event of departure (additional Executive Committee scheme).
Governance	■ Review of the results of the external assessment of the work of the Board of Directors and its committees for 2018 and preparation of the 2019 evaluation; ■ Assessment of the Board members' independence status; ■ Proposed re-appointment and appointment of Board members; ■ Review of the succession plans (including information on the succession of the Group's key corporate officers); ■ Changes to the roles of the Committees responsible for governance and compensation, and corresponding modifications to the internal rules; ■ Modification of the Code of Conduct relating to the management of inside information and trading in shares; ■ Creation of an ad hoc committee in the context of the conteplated proposed distribution of Faurecia shares by PSA to its shareholders; ■ Approval of the 2018 Registration Document and of the management reports;
General Meeting	■ Convening the Combined General Meeting of May 28, 2019, agreeing the agenda and resolutions submitted to shareholders for approval and the explanatory notes;
Other points	■ Continuation of the liquidity contract subject to renewal of the share buy-back authorization by the General Meeting of May 28, 2019.

3.1.4. Committees of the Board of Directors

3.1.4.1. The Audit Committee

The Audit Committee has internal rules which define its composition, tasks, and detailed operating methods. These internal rules are available on the governance page of the Company's website (www.faurecia.com).

3.1.4.1.1. COMPOSITION OF THE AUDIT COMMITTEE

Rules governing composition

The composition of the Committee is decided by the Board and it can change the composition at any time.

Committee members must have special expertise in finance, accounting or auditing. Required expertise is assessed based on professional experience, academic training and/or specific knowledge of the Company's business.

The Committee is composed of at least three members and no more than five members and at least two thirds of its members must be independent Board members. Members are selected from among the Board members. The Committee may only be composed of members of Faurecia's Board of Directors who are not executives. It must also not include individuals with cross-directorships (within the meaning of Article 15.1 of the AFEP-MEDEF Code).

The term of office of Committee members is the same as that of their term of office as Board members. The Committee member's term of office may be renewed at the same time as their term of office as Board member.

The Board of Directors appoints a Committee Chairman from among its members for a term identical to that of their term of office. The Secretary of the Committee is appointed by the Committee Chairman.

When convened or invited by the Committee Chairman:

- the Statutory Auditors attend committee meetings when an agenda item requires their presence;
- the Chief Financial Officer, certain representatives of the Finance department (such as the directors of Financial Control, Internal Audit, Internal Control, and Treasury) or members of the Executive Committee attend committee meetings.

Composition

As of December 31, 2019, the four members of the Audit Committee are:

- Odile Desforges, independent Board member, Chairwoman;
- Valérie Landon, independent Board member;
- Olivia Larmaraud, Board member affiliated with PSA;
- Emmanuel Pioche, Board member representing employees.

The changes in the composition of the Committee during the 2019 fiscal year are set out in the table featured in Section 3.1.2.3 "Changes in the composition of the Board of Directors and Specialized Committees in 2019".

All of the Board members appointed by the General Meeting who are members of the Audit Committee are financial/accounting experts as can be seen from their profiles which appear in Section 3.1.2.2 "Expertise, positions and corporate offices of Board members" in this Universal Registration Document. In this regard, it should be noted that the Chairwoman is Chairwoman of Safran's Audit and Risk Committee.

The Audit Committee also includes one Board member representing employees. In accordance with the AFEP-MEDEF Code, this Board member is not included when calculating the percentage of independent Board members sitting on the Committee.

Given these elements, the composition of the Committee is in line with the two-thirds threshold recommended by the AFEP-MEDEF Code and as reflected in the Committee's internal rules.

3.1.4.1.2. OPERATION OF THE AUDIT COMMITTEE

The Committee meets at least twice per year, before the approval of the annual and interim financial statements and as needed to carry out its duties.

The time between the review of the financial statements by the Committee and their review by the Board must be at least two days. Exceptionally, the Committee Chairman may decide to shorten this period to take into account the participation of members who are not based in France.

The Committee informs the Chairman of the Board of Directors without delay of any issues encountered during the course of its work.

Meetings are held at the registered office upon convening notice sent by the Chairman and/or the Secretary of the Committee. They may also be held by video conference or any other means of telecommunication. A Committee duly deliberates if at least half of its members attend the Meeting in person or by video conference or any other means of telecommunication.

The members of the Committee cannot be represented at the Committee meetings.

The Committee reports on its work at the next meeting of the Board of Directors.

The Secretary is responsible for organizing and attending the Committee meetings, as well as for preparing meeting minutes to be submitted to the Committee for approval at the next meeting.

The Committee may also call on external experts, as necessary, ensuring their competence and independence.

The Committee establishes its annual work program based on the results of its prior work and the current context of the Company.

3.1.4.1.3. MISSIONS OF THE AUDIT COMMITTEE

The Committee studies and prepares some of the Board's deliberations. It issues proposals, opinions, and recommendations within its field of competence. The Committee only has a consultative role and acts under the authority of the Board of Directors to which it reports whenever necessary and for which it cannot serve as a substitute.

In general, the Committee reviews, when necessary, any financial or accounting matter submitted to it by the Chairman of the Board of Directors.

The Committee's internal rules specifically provide for the following responsibilities:

Audits of financial statements	■ The Committee is responsible for reviewing the annual statutory financial statements and annual and interim consolidated financial statements of the Faurecia group so as to report to the Board on the results of the statutory audit, the contribution of the audit to the integrity of the financial and non-financial information related to the statement of performance contained in the management report and the role the Committee played in this process. In this regard, the Committee must: i. review the financial statements and related management reports; ii. ensure the relevance, permanence and proper application of the accounting policies used in the preparation of the financial statements, primarily by monitoring their preparation and assessing the validity of the methods selected for processing major transactions; iii. monitor the preparation of the financial information and, where necessary, formulate recommendations to safeguard its integrity; iv. during the review of the financial statements, examine the major transactions likely to give rise to a conflict of interests; v. ensure the adequate processing of major transactions at the Faurecia group level; vi. review the consolidation scope and, where necessary, the reasons for excluding certain companies therefrom; vii. monitor the Statutory Auditors work (where applicable, by taking into account the findings and conclusions of the French Auditors supervisory body – *Haut Conseil du Commissariat aux Comptes*), ensure the implementation of Statutory Auditors' recommendations, and call on Statutory Auditors during the meetings reviewing the financial statements and the preparation of the financial information to report on the execution of their audit and the conclusions of their work; viii. examine the financial communication media and formulate appropriate recommendations to the Board of Directors. The Committee's review of the financial statements must be supported by (i) a presentation by management describing exposure to risks, including those of a social and environmental nature, and the Company's off-balance-sheet commitments and (ii) a presentation by the Statutory Auditors highlighting the main items in both the results of the statutory audit, particularly adjustments arising from the audit and significant internal control weaknesses identified during the work, and the accounting options selected.
Relationship with Statutory Auditors	■ The Committee manages the Statutory Auditors selection process and submits to the Board of Directors recommendations on the Statutory Auditors to be appointed or reappointed by the General Meeting, in accordance with Article 16 of Regulation (EU) No. 537-2014 dated April 16, 2014. It develops the Statutory Auditors selection principles and procedure (in particular through a call for tender, if necessary). It oversees any call for tender and approves its technical specifications and the list of firms consulted, ensuring that the best and not the lowest bidder is selected; ■ The Committee ensures that Statutory Auditors meet the independence criteria, in particular those defined in the French Code of commerce and Regulation (EU) No. 537-2014 dated April 16, 2014. In this respect, it reviews risks to their independence and the safeguards implemented to mitigate them with the Statutory Auditors. The Committee must specifically ensure that the fees paid by the Company and its Group, or the proportion that they represent of the sales of the firms and their networks, are not likely to adversely impact the Statutory Auditors' independence under the terms of Regulation (EU) No. 537-2014 dated April 16, 2014; ■ The Committee approves the provision of non-audit services. ■ The Statutory Auditors must give a presentation to the Committee on the following: i. their general work program and the tests performed; ii. changes they believe should be made to the financial statements or accounting records and their observations on the measurement methods used; iii. any non-conformities or misstatements found; iv. conclusions resulting from the observations and corrections mentioned above; v. by no later than the date of presentation of the audit report, a supplementary audit report prepared pursuant to (i) Article 11 of Regulation (EU) No. 537-2014 dated April 16, 2014 and (ii) to Article L. 823-16 III of the French Code of commerce and that discloses the results of the statutory audit. Every year they provide the Committee with the following: i. a statement of independence; ii. the amount of fees paid to the network of Statutory Auditors by entities controlled by the Company or its controlling entity for non-audit services, as well as the nature of those services; iii. information related to services carried out in respec of audits directly related to their assignment as Statutory Auditors.

Internal control and risk management	■ The Committee must obtain an understanding of and assess the internal control procedures and more specifically monitor the effectiveness of the systems for internal control and systems to manage risks, including those risks of a social and environmental nature, and, where appropriate, Internal Audit systems, concerning the procedures for the preparation and processing of accounting, financial and non-financial information related to the declaration of performance contained in the management report, without prejudice to its independence; ■ The Committee must ensure the existence of internal control and risk management systems, the deployment and implementation thereof, and the implementation of corrective actions in the event of material weaknesses or misstatements of which it must inform the Board of Directors; ■ In this context, the Committee is kept informed of the main findings of the Statutory Auditors and internal auditors. Therefore: i. the Statutory Auditors inform the Committee of any material weaknesses identified in the course of their work, concerning the procedures for the preparation and processing of accounting and financial information; ii. the Committee hears the directors of Internal Audit and Risk Management and advises on the organization of their departments. It must be informed of the Internal Audit Program and receive Internal Audit reports or periodic summaries of these reports. ■ At least once per year, the Committee must make a presentation to the Board of Directors on risk monitoring and control; ■ The Committee is also required to formulate recommendations to the Board of Directors to assist in the preparation of the Chairman's report on internal control and risk management procedures.
Budget and planning	■ The Committee examines and makes recommendations to the Board of Directors for the annual budget and carries out periodic reviews of the Group's business and budget execution; ■ It reviews planning documents and related reports;
Financial position, financing and security issues	■ The Committee carries out periodic reviews of the Group's financial and cash position as well as its material off-balance sheet commitments; ■ It examines and makes recommendations to the Board of Directors required for complex bond and other security issues not involving a capital increase, for share issues, or for carrying out transactions impacting the capital stock.

3.1.4.1.4. REPORT ON THE ACTIVITY OF THE AUDIT COMMITTEE IN 2019

In 2019, the Audit Committee met five times with an attendance rate of 100% (see Section 3.1.3.2 "Number of meetings of the Board of Directors and of the Specialized Committees and attendance rate" which presents the attendance rate for each member of the Audit Committee at its meetings).

The main items discussed at these meetings were as follows and the Statutory Auditors reported to the Committee at each of these meetings:

Topics	Main items discussed
Audits of financial statements	■ Review of the 2018 annual (parent company and consolidated) and 2019 half-year (consolidated) financial statements; ■ Review of the proposal to pay a cash dividend of €1.25 for the fiscal year ended December 31, 2018; ■ Review of the press releases relating to (i) the 2018 results and the 2019 annual guidance, (ii) the results for the first half of 2019 and (iii) sales for the first and third quarters; ■ Regular examination of the Company's figures and results;
Budget and planning	■ Review of the budget;
Financial position, financing and security issues	■ Review of the performance in terms of the Faurecia share price; ■ Review of the Group's financial position and net cash; ■ Review of proposed bond issues with a maximum value of €1 billion; ■ Review of proposed financial authorizations in preparation for the General Meeting of May 28, 2019;
Relationship with Statutory Auditors	■ Independence of the Statutory Auditors (disclosure of their declaration); ■ Presentation of the additional report from the Statutory Auditors and their fees for the 2018 fiscal year; ■ Statutory Auditors' presentation of the work carried out in 2019 and their work on closing the fiscal year; ■ Information on any non-audit services supplied by the Statutory Auditors in 2019;
Internal control and risk management	■ Review of the Internal Audit operations; ■ Review of the internal control operations; ■ Review of the compliance program and Faurecia action plan on the fight against corruption; ■ Regular review of specific risks and a general review of risk management by Faurecia; ■ Review of the Risks and Corporate and Social Responsibility sections of the 2018 Registration Document;
Others	■ Update on the performance of the liquidity contract and its renewal; ■ Integration of Clarion; ■ Study of the accounting impacts on Faurecia of the FCA/PSA merger (completion of additional work connected with USGAAS and PCAOB standards).

3.1.4.2. Governance and Nominations Committee

The Governance and Nominations Committee has internal rules which define its composition, tasks, and detailed operating methods. These internal rules are available on the governance page of the Company's website (www.faurecia.com).

In the context of the extension of the external assessment of the Board of Directors in respect of 2018, the Board of Directors decided, with regard to the market practices observed and in the context of steps taken for the continuous improvement of the governance of the Company, to have the Governance Committee (initially responsible for governance matters such as the appointment and compensation of non-executive corporate officers) become the Governance and Nominations Committee, the missions of which are described below, it being specified that the Committee's composition remained unchanged during this reorganization.

These modifications were approved by the meetings of the Board of Directors held on July 22, 2019 and October 9, 2019, further to a recommendation from the two Committees concerned, by this reorganization, with effect as from October 1, 2019.

3.1.4.2.1. COMPOSITION OF THE GOVERNANCE AND NOMINATIONS COMMITTEE

Rules governing composition

The composition of the Committee is decided by the Board and it can change the composition at any time.

The Committee is composed of at least three members and no more than five members. Members are selected from among the Board members. The Committee should not include any executive corporate officer or Board members with cross-directorships (within the meaning of Article 15.1 of the AFEP-MEDEF Code) and must have a majority of independent Board members, including the Board's Chairman.

The term of office of Committee members is the same as that of their term of office as Board members. The Committee member's term of office may be renewed at the same time as their term of office as Board member.

The Board of Directors appoints a Committee Chairman from among its members, who must be independent, for a term identical to that of their term of office as Board member. The Secretary of the Committee is appointed by the Committee Chairman.

By invitation of the Committee Chairman, the Chief Executive Officer, certain management representatives (such as the Head of Human Resources) or members of the Executive Committee attend committee meetings. The Chairman may also, at his discretion, decide to invite any other guests as considered appropriate.

Composition

As of December 31, 2019, the four members of the Governance and Nominations Committee are:

- Michel de Rosen, independent Board member, Chairman;
- Penelope Herscher, independent Board member;
- Denis Mercier, independent Board member;
- Philippe de Rovira, Board member affiliated with PSA.

The changes in the composition of the Committee during the 2019 fiscal year are set out in the table featured in Section 3.1.2.3 "Changes in the composition of the Board of Directors and Specialized Committees in 2019".

As the Committee is comprised of three independent Board members, including its Chairman, its composition is compliant with the AFEP-MEDEF Code.

3.1.4.2.2. OPERATION OF THE GOVERNANCE AND NOMINATIONS COMMITTEE

The Committee meets at least twice per year and as needed to carry out its duties.

The Committee informs the Chairman of the Board of Directors without delay of any issues encountered during the course of its work.

Meetings are held at the registered office upon convening notice sent by the Chairman and/or the Secretary of the Committee. They may also be held by video conference or any other means of telecommunication. The Committee duly deliberates if at least half of its members attend the Meeting in person or by video conference or any other means of telecommunication. opinions, proposals, and recommendations are adopted on the basis of a majority of those members in attendance. The Committee Chairman has a casting vote in the event of a tie.

The members of the Committee cannot be represented at the Committee meetings.

The Committee reports on its work at the next meeting of the Board of Directors.

The Secretary of the Committee is responsible for organizing and attending the Committee meetings, as well as for preparing meeting minutes to be submitted to the Committee for approval at the next meeting.

The Committee may request external technical reports on subjects within its jurisdiction, paid for by the Company, after having informed the Chairman of the Board of Directors or the Board of Directors itself and subject to reporting thereupon to the Board. If the Committee uses the services of external consultants, it must ensure that they are objective.

The Committee establishes its annual work program based on the results of its prior work and the current context of the Company.

3.1.4.2.3. MISSIONS OF THE GOVERNANCE AND NOMINATIONS COMMITTEE

The Committee studies and prepares some of the Board's deliberations. It issues proposals, opinions, and recommendations within its field of competence, in particular on any matter submitted to it by the Chairman of the Board of Directors. The Committee only has a consultative role and acts under the authority of the Board of Directors to which it reports whenever necessary and for which it cannot serve as a substitute.

The Committee's internal rules specifically provide for the following responsibilities:

Governance structure	■ Examining all issues related to the Company's governance structure, in particular the segregation or combination of the duties of the Chairman of the Board of Directors and the Chief Executive Officer, and formulation of related recommendations to the Board of Directors; ■ Ensuring that the Company complies with the laws and regulations relevant to corporate governance and the provisions of the AFEP-MEDEF Code which the Company chose to abide by, and in this respect formulating all recommendations required, as applicable, to amend the bylaws and internal rules of the Board of Directors and its committees; ■ Reviewing the issues related to the Company's governance structure submitted to it by the Chairman of the Board of Directors; ■ Formulating recommendations to the Board of Directors related to the creation, composition, tasks and operation of committees of the Board of Directors; ■ Carrying out an annual assessment of the operation of the Board of Directors and its committees and a thorough assessment at least every three years (with the potential help of a consulting firm), and formulating related recommendations to the Board of Directors; ■ Reviewing the independence status of each of the members of the Board of Directors on an annual basis (prior to the publication of the Company's Universal Registration Document). This review is also carried out when a Board member is appointed;
Selection, nomination, and succession for executive and non-executive corporate officers and Board members/Selection and succession of members of the Executive Committee	■ Formulating recommendations to the Board of Directors related to the appointment and reappointment of executive and non-executive corporate officers and Board members, it being specified that, for the latter, the Committee will consider the following: the independence of Board members, the requirement for the Board of Directors to have the expertise and experience necessary for their work, international diversity in order to reflect the Group's global footprint, and gender balance on the Board of Directors; ■ Preparing a succession plan for the executive and non-executive corporate officers and Board members so that it can advise the Board in particular on succession plans in particular in the event of unforeseen vacancies; ■ Carrying out an annual review of the selection and succession plans for members of the Executive Committee;
Ethics and compliance	■ Examining the Company's ethics and compliance policy with respect to best governance practices;
Corporate and social responsibility	■ Review the priorities related to the Faurecia group's corporate and social responsibility as well as the associated goals; ■ Monitor the deployment of the corporate and social responsibility policy, commitments, and initiatives taken by the Faurecia group; ■ Assessing the results recorded in terms of extra-financial performance; ■ In conjunction with the Audit Committee, familiarizing itself with the risks connected to the challenges in terms of sustainable development featured in the extra-financial performance declaration contained in the management report; ■ Obtaining information regarding the resources available to the Faurecia group for the implementation and continuation of its corporate and social responsibility strategy.

3.1.4.2.4. REPORT ON THE ACTIVITY OF THE GOVERNANCE AND NOMINATIONS COMMITTEE IN 2019

In 2019, the Governance and Nominations Committee met five times with an average attendance rate of 95% (see Section 3.1.3.2 "Number of meetings of the Board of Directors and of the Specialized Committees and attendance rate" which presents the average attendance rate for each member of the Governance and Nominations Committee at its meetings). It should be noted that the number of meetings and achievements of the Governance and Nominations Committee include those of the Governance Committee.

The main items discussed at these meetings were as follows:

Topics	Main items discussed
Governance structure	■ Review of the results of the external assessment of the operations of the Board and its committees for 2018 and preparation of the 2019 evaluation; ■ Assessment of the Board members' independence status; ■ Doctrine on the role played by Board members representing employees in the Board of Directors; ■ Reflections on the Board of Directors' policy for covering expenses incurred by corporate officers and the proposed procedure; ■ Changes to the roles of the Committees in charge of governance and compensation;
Selection, nomination, and succession for executive and non-executive corporate officers and Board members/Selection and succession of members of the Executive Committee	■ Proposed re-appointment and appointment of Board members; ■ Changes in the composition of the Committees; ■ Review of the succession plan (including information on the succession plan for key corporate officers of the Group). Each year, the Governance and Nominations Committee in fact reviews the succession plan prepared in conjunction with Company Management (more specifically, the Chief Executive Offier and the Head of Human Resources for the part devoted to the succession of executive corporate officer), and reports back to the Board of Directors. During this process, the Governance and Nominations Committee reviews the list of talents identified within the Group by name who could potentially succeed executive and non-executive corporate officers, members of the Executive Committee, within a given time-frame. The Committee also reviews the Group policy implemented to identify, support, and train high-potential employees and create a pool of talent.
Ethics and compliance	■ Modification of the Code of Good Conduct relating to the management of inside information and trading in shares;
Corporate and social responsibility	■ Review of the Group's CSR approach (including on diversity);
Others	■ Review of the chapter on governance in the 2018 Registration Document; ■ Proposal to set up an ad hoc Committee in the context of the distribution of the Company's shares by PSA to its shareholders; ■ Review of draft resolutions on governance and on compensation paid to non-executive corporate officers in preparation for the General Meeting of May 28, 2019; ■ Compensation paid to the Chairman of the Board of Directors (2019 compensation policy, implementation and ex post 2018).

3.1.4.3. Compensation Committee

The Compensation Committee has internal rules which define its composition, tasks, and detailed operating methods. These internal rules are available on the governance page of the Company's website (www.faurecia.com).

In the context of the extension of the external assessment of the Board of Directors in respect of 2018, the Board of Directors decided, with regard to the market practices observed and in the context of steps taken for the continuous improvement of the governance of the Company, to have the Management Committee (initially responsible for matters such as the appointment and compensation of executive corporate officers) become the Compensation Committee, the missions of which are described below, it being specified that the Committee's composition remained unchanged during this reorganization.

These modifications were approved by the meetings of the Board of Directors held on July 22, 2019 and October 9, 2019, further to a recommendation from the two Committees concerned by this reorganization, with effect as from October 1, 2019.

3.1.4.3.1. COMPOSITION OF THE COMPENSATION COMMITTEE

Rules governing composition

The composition of the Committee is decided by the Board and it can change the composition at any time.

The Committee is composed of at least three members and no more than five members. Members are selected from among the Board members. The Committee should not include any executive corporate officer or Board members with cross-directorships (within the meaning of Article 15.1 of the AFEP-MEDEF Code) and must have a majority of independent Board members, including the Board's Chairman.

The term of office of Committee members is the same as that of their term of office as Board members. The Committee member's term of office may be renewed at the same time as their term of office as Board member.

The Board of Directors appoints a Committee Chairman from among its members, who must be independent, for a term identical to that of their term of office as Board member. The Secretary of the Committee is appointed by the Committee Chairman.

By invitation of the Committee Chairman, the Chief Executive Officer, certain management representatives (such as the Head of Human Resources) or members of the Executive Committee attend committee meetings. The Chairman may also, at his discretion, decide to invite any other guests as considered appropriate.

Composition

As of December 31, 2019, the four members of the Compensation Committee are:

- Linda Hasenfratz, independent Board member, Chairwoman;
- Daniel Bernardino, Board member representing employees;
- Peter Mertens, independent Board member;
- Robert Peugeot, Board member affiliated with PSA.

The changes in the composition of the Committee during the 2019 fiscal year are set out in the table featured in Section 3.1.2.3 "Changes in the composition of the Board of Directors and Specialized Committees in 2019."

As the Committee is comprised of two independent Board members and a Board member representing employees, its composition is compliant with the AFEP-MEDEF Code. It is reminded, for information, that, in accordance with the AFEP-MEDEF Code, this Board member representing employees is not included when calculating the percentage of independent Board members sitting on Committees.

3.1.4.3.2. OPERATION OF THE COMPENSATION COMMITTEE

The Committee meets at least twice per year and as needed to carry out its duties.

The Committee informs the Chairman of the Board of Directors without delay of any issues encountered during the course of its work.

Meetings are held at the registered office upon convening notice sent by the Chairman and/or the Secretary of the Committee. They may also be held by video conference or any other means of telecommunication. The Committee duly deliberates if at least half of its members attend the Meeting in person or by video conference or any other means of telecommunication. opinions, proposals, and recommendations are adopted on the basis of a majority of those members in attendance. The Committee Chairman has a casting vote in the event of a tie.

The members of the Committee cannot be represented at the Committee meetings.

The Committee reports on its work at the next meeting of the Board of Directors.

The Secretary of the Committee is responsible for organizing and attending the Committee meetings, as well as for preparing meeting minutes to be submitted to the Committee for approval at the next meeting.

The Committee may request external technical reports on subjects within its jurisdiction, paid for by the Company, after having informed the Chairman of the Board of Directors or the Board of Directors itself and subject to reporting thereupon to the Board. If the Committee uses the services of external consultants, it must ensure that they are objective.

The Committee establishes its annual work program based on the results of its prior work and the current context of the Company.

3.1.4.3.3. MISSIONS OF THE COMPENSATION COMMITTEE

The Committee studies and prepares some of the Board's deliberations. It issues proposals, opinions, and recommendations within its field of competence, in particular on any matter submitted to it by the Chairman of the Board of Directors. The Committee only has a consultative role and acts under the authority of the Board of Directors to which it reports whenever necessary and for which it cannot serve as a substitute.

The Committee's internal rules specifically provide for the following responsibilities:

Compensation of executive and non-executive corporate officers	■ Formulating recommendations each year to the Board of Directors related to the elements comprising the compensation paid to the non-executive corporate officer. ■ Formulating, on an annual basis, recommendations to the Board of Directors related to the fixed component and the performance-based criteria for the variable component of Executive Management members' compensation with reference to the general compensation practices of equivalent French or foreign groups, as well as other types of compensation and benefits in kind to be awarded. ■ Formulating recommendations to the Board of Directors on the achievement of the criteria for the variable component for executive corporate officers. ■ Formulating recommendations related to the other elements comprising the compensation paid to the executive corporate officers including the pension and personal risk insurance policies, supplemental pensions, benefits in kind and other financial benefits, in particular, in the event of termination of duties. ■ Ensuring that the commitments falling under the regulated agreements procedure strictly comply with applicable regulations.
Board members' compensation	■ Formulating annual recommendations to the Board of Directors related to the compensation paid to Board members (total amount and allocation mechanism). In addition, each year, it sets the amount of compensation owed to the Board members.
Long-term compensation policy (long term incentive plans)	■ Discussing the general policy for awarding stock subscription or purchase options, performance shares and any other type of long-term compensation; ■ Reviewing proposed stock subscription or purchase option plans, performance share plans and any other type of long-term compensation, as well as their allocation to beneficiaries; ■ Formulating recommendations to the Board of Directions related to the award of stock subscription or purchase options, performance shares and any other type of long-term compensation to executive corporate officers and issuing opinions on the lists of other prospective beneficiaries.
Performance and compensation of the main managers of the Faurecia group (other than executive officers)	■ Be annually informed of the performance and of the compensation of the members of the Executive Committee; ■ Review, on a regular basis, the evolution of the compensation policy applicable to the Faurecia group main managers (Executive Committee and Group Leadership Committee).

3.1.4.3.4. REPORT ON THE ACTIVITY OF THE COMPENSATION COMMITTEE IN 2019

In 2019, the Compensation Committee met five times with an average attendance rate of 90% (see Section 3.1.3.2 "Number of meetings of the Board of Directors and of the Specialized Committees and attendance rate" which presents the average attendance rate for each member of the Compensation Committee at its meetings). It should be noted that the number of meetings and achievements of the Compensation Committee include those of the Management Committee.

The main items discussed at these meetings were as follows:

Topics	Main items discussed
Compensation of executive and non-executive corporate officers	■ Review of the achievement of the performance criteria applicable to the Chief Executive Officer's variable compensation for 2018; ■ Review of the Chief Executive Officer's compensation (2019 compensation policy for the Chief Executive Officer, implementation for 2019 (fixed compensation and setting of the targets applicable to the Chief Executive Officer's variable compensation)) and ex post 2018; ■ Multi-annual review of 2019 qualitative targets attached to the Chief Executive Officer's variable compensation; ■ Consideration of changes to the Chief Executive Officer's compensation structure for 2020;
Board members' compensation	■ Review of the expected compensation and the overall compensation paid to Board members for the 2019 fiscal year;
Long-term compensation policy (long term incentive plans)	■ Review of performance share plans Nos. 11 and 11b, acknowledgment of the fulfillment of the conditions applicable to plan No. 8 and consideration of the adjustment to plan No. 10;
Others	■ Review of the draft resolutions on the compensation paid to the Chief Executive Officer in preparation for the General Meeting of May 28, 2019; ■ Review of the proposed procedure for covering expenses incurred by corporate officers; ■ Review of regulated agreements and undertakings in preparation for the General Meeting of June 26, 2020; ■ Review of the pension schemes with services defined further to the changes in the law and review of the modification of the age for retention of rights accrued in the event of departure (additional Executive Committee scheme).

3.1.5. Assessment of the Board of Directors and Specialized Committees

In order to assess its capacity to meet the expectations of the shareholders, the Board of Directors carries out regular assessments of its composition, organization and running of the Board and its committees. The assessment is carried out annually, it being specified that a formal assessment is carried out every three years with the assistance of an external service provider, in accordance with the recommendations made in the AFEP-MEDEF Code.

As the most recent external assessment was completed in relation to the 2018 fiscal year, the assessment of the Board of Directors for the 2019 fiscal year was carried out in-house, on the basis of a detailed questionnaire prepared by the Secretary of the Board of Directors and reviewed with the Chairman of the Governance and Nominations Committee, then validated by the Board of Directors, further to recommendations made by the Governance and Nominations Committee.

This questionnaire covers in particular the operations, structure, governance, composition, and missions of the Board and its Specialized Committees, and also the information provided to Board members, the subjects discussed, the contribution made by Board members (it being stipulated that a detailed and in-depth analysis of this point is carried out via the external assessment), the quality of the discussions, the implementation of the recommendations made in the previous assessment. The questionnaire was sent to the Board members and their replies were summarized by the Secretary of the Board of Directors.

The summary of the assessment was examined by the Governance and Nominations Committee on February 12, 2020 before being presented and discussed at the meeting of the Board of Directors on February 14, 2020.

This assessment shows that the Board members are very satisfied with the organization and operation of the Board of Directors and its committees thanks to governance which is tailored to the needs of the Company, the quality of the relations and exchanges between the Chairman of the Board, the Chief Executive Officer, and the Board members as well as to the composition of the management bodies, which enable the challenges being faced by the automotive industry to be fully understood.

The principal findings of this exercise were as follows:

- the main improvement measures identified by the Board of Directors in 2018 were implemented in 2019, i.e. (i) executive sessions (meetings not attended by Group Executive Management) continued and a meeting attended only by independent Board members only was organized, (ii) succession plans and the risk analysis were reviewed in greater depth in 2019, (iii) two meetings of the Board were devoted to strategic matters (one of which was entirely devoted to the long-term strategy), (iv) the Specialized Committees responsible for governance and compensation were reorganized, and (v) discussions took place between the Board members and Executive Committee members, and these discussions should continue to be reinforced;
- given in particular the implementation of the above recommendations, improvements have been made to the organization of the work of the Board and the committees, to the conduct of meetings, and to meeting content.

The areas for improvement identified are notably the following:

- in terms of information, continue to improve the legibility of the documentation and add detail to the review of the strategic subjects via theme-based analysis (structural changes to the industry and competition);
- in terms of the organization of the work of the Board of Directors, (i) strengthen exchanges between key operational managers and the Board of Directors, and continue executive sessions (at the beginning rather than at the end of Board meetings);
- in terms of the composition of the Board of Directors, continue to reflect on changes to the composition of the Board of Directors, in particular in the context of potential changes to the Company's shareholding structure linked to PSA's plan to distribute Company shares to its shareholders and the diversity policy;
- regularly review Board members' compensation with regard to practices in France and Europe in order to ensure that the Board of Directors remains attractive, in particular, with regard to foreign Board members.

3.2. Operational management of the Group

Other than Executive Management, the details of which are set out in Section 3.1.2.4 “Governance structure”, the Group also has an Executive Committee and is also supported by the Group Leadership Committee. The diversity policy within the management bodies is described in Chapter 4, Section 4.2.5 “Promotion of diversity” of this Universal Registration Document.

3.2.1. Executive Committee

The Faurecia group’s executive management function is performed under the responsibility of the Chief Executive Officer by an Executive Committee that meets every month to review the Group’s results and consider general matters concerning the Group.

As of January 2, 2020, the composition of the Executive Committee is as follows:

Patrick KOLLER
Chief Executive Officer

Yann BRILLAT-SAVARIN
Executive Vice President, Group Strategy

Nolwenn DELAUNAY
Executive Vice President, Group General Counsel and Board Secretary

Michel FAVRE
Executive Vice President, Group Chief Financial Officer

Jean-Paul MICHEL
Executive Vice President, Faurecia Clarion Electronics

Mathias MIEDREICH
Executive Vice President, Faurecia Clean Mobility

Thorsten MUSCHAL
Executive Vice President, Sales and Program Management

Kate PHILIPPS
Executive Vice President, Group Communications

Patrick POPP
Executive Vice President, Faurecia Interiors

Christophe SCHMITT
Executive Vice President, Group Operations

Jean-Pierre SOUNILLAC
Executive Vice President, Group Human Resources

Eelco SPOELDER
Executive Vice President, Faurecia Seating

François TARDIF
Executive Vice President, Faurecia China

Hagen WIESNER
Executive Vice President, Cockpit Modules and SAS

3.2.2. Group Leadership Committee

Each of the four Business Groups is organized into geographic divisions (Europe, divided when appropriate into North and South Europe, North America, South America, and Asia or China) which manage operations in their region and also coordinate operations with customers headquartered in their region.

The four Business Groups also have a central staff that handles the main operational functions (sales and marketing, programs, manufacturing support, purchasing, quality, human resources and finance). These functions are also managed within the geographic divisions by equivalent teams. Additionally, some specialized areas are managed by worldwide product lines within the four businesses, such as seat mechanisms, acoustic treatments and decorative interior trims.

Faurecia’s Group Leadership Committee consists of all of the aforementioned management teams along with the Executive Committee and the key headquarters managers of the manufacturing and quality staff and from the Human Resources, Finance and Legal departments.

As of December 31, 2019, Faurecia’s Group Leadership Committee had 263 members. This is Faurecia’s operational management, responsible for the Company’s operations, growth and performance.

3.3. Compensation of corporate officers

3.3.1. Compensation of executive and non-executive corporate officers for fiscal years 2018 and 2019

The Board of Directors, further to a proposal from the Compensation Committee, sets the compensation for executive and non-executive corporate officers in accordance with the applicable legal provisions and the compensation policy.

3.3.1.1. Compensation of the Chairman of the Board of Directors

3.3.1.1.1. 2019 COMPENSATION POLICY

The compensation policy setting the structure as well as the principles and criteria defined in order to determine the compensation and all benefits granted to the Chairman of the Board of Directors for the fiscal year ended December 31, 2019, which received 99.68% approval at the Company's General Meeting held on May 28, 2019 pursuant to the twelfth resolution, is set out in Section 5.2.1.5. of the Company's 2018 registration document.

It should be briefly noted that the 2019 compensation policy for the Chairman of the Board of Directors provided for fixed compensation and benefits in kind.

The application of the compensation policy in 2019, as described below, reflects the willingness of the Company to put in place a compensation system that is simple, stable, and compliant with market practices as presented to the shareholders. The total compensation paid to the Chairman of the Board of Directors, which integrates these principles, achieves the objectives set by the compensation policy.

3.3.1.1.2. COMPENSATION PAID DURING 2019 FISCAL YEAR 2019 OR AWARDED FOR THE SAME FISCAL YEAR

3.3.1.1.2.1. Fixed annual compensation

On February 15, 2019, the Board of Directors resolved to maintain the fixed annual compensation paid to the Chairman of the Board of Directors at €300,000. This has remained unchanged since 2017. However, it was decided that the benefit in kind corresponding to the time spent by the Chairman's personal assistant on activities other than those related to the office of Chairman of Faurecia was to be included in this €300,000 ceiling.

Therefore, the fixed annual compensation paid to the Chairman of the Board of Directors (after deduction of this benefit in kind) totaled €275,253.34 in 2019.

3.3.1.1.2.2. Benefits in kind

Other than the provision of a personal assistant for activities unrelated to the office of Chairman of Faurecia (see section above), for a total of €24,650, the Chairman of the Board of Directors is entitled to a company car. This benefit is valued at €4,982.40.

The total value of all benefits in kind is €29,632.40.

3.3.1.1.2.3. Other components of compensation

Other than those elements described above, the Chairman of the Board of Directors did not receive any other elements of compensation.

It is hereby stipulated, for the avoidance of doubt, that he receives no compensation from any company within the consolidation scope as per Article L. 233-16 of the French Code of commerce.

3.3.1.1.3. COMPENSATION PAID DURING FISCAL YEARS 2018 AND 2019 OR AWARDED FOR THE SAME FISCAL YEARS

The tables below present the compensation and benefits paid during fiscal years 2018 and 2019 or awarded on the basis of these fiscal years to the Chairman of the Board of Directors.

It is however hereby stipulated that, to the extent that the Chairman of the Board of Directors receives fixed compensation and benefits in kind only, to the exclusion of any other compensation, tables No. 4, No. 5, No. 6, and No. 7 provided by AFEP-MEDEF Code and AMF recommendation No. 2009-16 are not applicable and neither is table No. 10 provided by AFEP-MEDEF Code.

SUMMARY OF COMPENSATION, OPTIONS AND SHARES GRANTED TO MICHEL DE ROSEN

Table No. 1 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

(in €)	Fiscal year 2018	Fiscal year 2019
Compensation awarded for the fiscal year (see table 2)	304,982.40	304,885.74
Value of stock options granted during the fiscal year	-	-
Value of performance shares granted during the year	-	-
Value of other long-term compensation plans	-	-
TOTAL	**304,982.40**	**304,885.74**

SUMMARY OF COMPENSATION PAYABLE TO MICHEL DE ROSEN

Table No. 2 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

	Fiscal year 2018		Fiscal year 2019	
(gross in €)	Amount granted	Amount paid	Amount granted	Amount paid
Fixed compensation	300,000	300,000	275,253.34	275,253.34
Annual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Compensation awarded for Board members		-	-	-
Benefits in kind	4,982.40	4,982.40	29,632.40	29,632.40
TOTAL	**304,982.40**	**304,982.40**	**304,885.74**	**304,885.74**

Table No. 11 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

	Employment Contract		Supplementary pension scheme		Compensation or benefits due or that may be due on termination or change in position		Compensation due under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Name: Michel de ROSEN Position: Chairman of the Board of Directors since May 30, 2017 Corporate office end date: 2020 GM		No		No		No		No

3.3.1.2. Compensation of the Chief Executive Officer

3.3.1.2.1. 2019 COMPENSATION POLICY

The compensation policy setting the structure as well as the principles and criteria defined in order to determine the compensation and all benefits granted to the Chief Executive Officer for the fiscal year ended December 31, 2019, which received 96.51% approval at the Company's General Meeting held on May 28, 2019 pursuant to the thirteenth resolution, is set out in Section 5.2.1.5. of the Company's 2018 registration document.

To summarize, please note that the 2019 compensation policy for the Chief Executive Officer provided for:

- fixed annual compensation;
- short-term variable compensation, subject to performance conditions and representing up to a maximum of 180% of the fixed annual compensation;
- allocation of free shares, subject to attendance and performance conditions, representing a share equivalent to the short-term variable compensation at most;
- termination payment;
- additional defined contributions and services pension scheme;
- benefits in kind.

The application of the compensation policy in 2019, as described below, reflects the willingness of the Company to put in place a compensation system which is legible, competitive and includes predominantly compensation which is based on clear and precise performance criteria relating to the implementation of the strategy, the fulfillment of which is beneficial to all stakeholders. The total compensation paid to the Chief Executive Officer, which integrates these principles including in the amount of each component of compensation, addresses the objectives of the compensation policy.

3.3.1.2.2. COMPENSATION AWARDED OR PAID FOR/DURING FISCAL YEAR 2019

3.3.1.2.2.1 Fixed annual compensation

At the meeting held on February 15, 2019, on the recommendation of the Management Committee (now designated the Compensation Committee), the Board of Directors decided to increase the Chief Executive Officer's fixed annual compensation from €825,000 to €900,000, with effect from July 1, 2019, an increase of approximately 9%.

The Board of Directors set this new compensation by assessing several operating factors:

- the Group's excellent performance in fiscal year 2018 and the fulfillment of the financial targets set for the fiscal year, despite an unfavorable economic context in the second half of 2018;
- the continuing transformation of the Group with the integration of new high-value technological activities and in particular the creation of a fourth Business Group, Faurecia Clarion Electronics, following the acquisition of Clarion.

The Board of Directors, which is mindful of ensuring that the compensation of its Chief Executive Officer is competitive, also took into account the results of a comparative study, covering France and Europe, carried out by external consultants on the basis of a group of industrial companies that are comparable in terms of sales, market capitalization and headcounts.

The fixed annual compensation, as set by the Board of Directors, corresponded to the median compensation paid by a group of industrial companies listed in Paris and was 11% below the median compensation paid by the European companies used for the comparative study.

The fixed annual compensation paid to the Chief Executive Officer was therefore €862,500 for fiscal year 2019.

3.3.1.2.2.2. Annual variable compensation

At the meeting held on February 15, 2019, on the recommendation of the Management Committee (now designated the Compensation Committee), the Board of Directors set the methods for calculating the Chief Executive Officer's annual variable compensation for 2019, in accordance with the detailed methods of the Chief Executive Officer's 2019 compensation policy, as follows:

- the variable compensation ranges from 0% to 180% of the Chief Executive Officer's fixed annual compensation based on quantifiable and qualitative criteria;
- the quantifiable criteria entitle the Chief Executive Officer to variable compensation ranging from 0% to 150% of the fixed annual compensation. As indicated in the 2019 compensation policy, these criteria are operating income (40%) and net cash flow (60%), the targets for which are set with reference to the 2019 budget;
- the qualitative criteria relate to (i) the integration of Clarion (50%), assessed mainly with regard to the deployment of a clear organization structure and the responsibilities related thereto, to talent identification and retention, to the identification of synergies, the finalization of the integration plan in the second half of 2019, and the implementation of the budget, and (ii) the enforcement of the strategy (50%), mainly assessed with regard to the order book and, in particular, the New Value Spaces, and the adoption of the Group's "Convictions" in terms of corporate, social and environmental matters, as communicated by Faurecia in 2018;
- the qualitative criteria act as multipliers for the quantifiable criteria. Once all or parts of the targets of the quantifiable criteria have been achieved, the level of achievement of the objectives of the qualitative criteria will determine a multiplier effect for the achievement of the quantifiable criteria ranging between 0.70 and 1.20. If the achievement of the targets of the quantifiable criteria is equal to 0, the multiplier effect of the qualitative criteria will not be taken into account.

On the recommendation of the Compensation Committee, on February 14, 2020, the Board of Directors reviewed the extent to which the targets of the quantifiable and qualitative criteria had been met. According to this analysis, the annual variable compensation for fiscal year 2019 totals €1,302,480.

The table below summarizes the principles and results of the analysis carried out by the Board of Directors, on the recommendation of the Compensation Committee, of the annual variable compensation paid to the Chief Executive Officer for the fiscal year ended December 31, 2019:

		Weighting given to the criteria	Maximum as a% of the criterion (1)	Achieved as a% of the criterion	Corresponding amount in €
Quantifiable criteria **From 0% to 150% of 100% of the fixed annual compensation if the levels of achievement of these targets set with reference to the 2019 budget are reached**	Operating income	40%	150%	105%	378,000
	Net cash flow	60%	150%	131%	707,400
	Total quantifiable	**100%**	**150%**	**120.6%**	**1,085,400**
Qualitative criteria **Multiplier effect (ranging from 0.70 to 1.20) of the achievement of the quantifiable targets, which may increase variable compensation**	Integration of Clarion	50%	120%	120%	n/a
	Strategy execution	50%	120%	120%	n/a
	Total qualitative	**100%**	**120%**	**120%**	**217,080 (2)**
TOTAL VARIABLE COMPENSATION			**180%**	**144.72%**	**1,302,480**

(1) The objectives in terms of figures for the quantifiable targets, which are pre-established and set precisely, are not made public for confidential reasons.

(2) This figure provides an understanding of the share of the annual variable compensation represented by qualitative criteria. It corresponds to the difference between (i) the total amount obtained by applying the multiplier coefficient of 1.2 (i.e. 120%) connected to the achievement rate of the two qualitative criteria, multiplied by the amount obtained on the basis of the quantifiable criteria, i.e. €1,085,400, and (ii) the total obtained on the basis of the quantifiable criteria, i.e. €1,085,400.

The elements taken into consideration by the Board of Directors in the context of the assessment of the level of fulfillment of the qualitative criteria are as follows:

- integration of Clarion: in order to consider that this criterion had been fulfilled at maximum, it was in particular noted that (i) the new organization defined with the creation of a fourth Business Group was successfully deployed and the individuals holding key positions were identified, successfully retained, and their loyalty to the structure confirmed, in the context of the integration and organization of Clarion within the new Business Group, (ii) synergies had been identified and their deployment scheduled in accordance with the terms of the execution plan which was finalized during the second quarter of 2019, and (iii) the 2019 budget was finalized during the second quarter of 2019 and implemented, and the level of operating income was assessed on the basis of the targets set;
- strategy execution: in order to consider that this criterion had been fulfilled at maximum, it was in particular noted that (i) 2019 had been a record year in terms of orders, with €25.3 billion, taking aggregate sales over three years (2017-2019) to €68 billion, (ii) that orders relating to New Value Spaces, allowing higher operating income to be generated for the Group, are up and represent 17% of total orders (compared with 12% in 2018), and (iii) that in terms of CSR linked to the adoption of the Convictions of the Group, indicators have been identified for each of the Convictions on the subject of the environment (greenhouse gases, energy efficiency, environmentally-friendly product design, and waste management), business (patents, assessment of high-risk plants, mitigation measures, customer satisfaction, and supplier satisfaction) and Group employees (diversity and inclusion, employee satisfaction, safety in the workplace, employability, and social engagement), with ambitious targets set for 2022.

After the acknowledgment by the Board of Directors at a meeting on February 14, 2020 of the achievement of the annual variable compensation criteria for fiscal year 2019, the proportion in terms of fixed and annual variable compensation is as follows: 39.84% for fixed annual compensation and 60.16% for annual variable compensation.

In accordance with the provisions of Article L. 225-100 of the French Code of commerce, the variable compensation for the fiscal year ended December 31, 2019 shall be paid only once the shareholders, in a meeting to be held on June 26, 2020, have approved the components of compensation paid during the course of fiscal year 2019 or awarded in respect of this fiscal year to Patrick Koller, Chief Executive Officer.

It is also acknowledged that the payment of Patrick Koller's annual variable compensation for fiscal year 2018, which totaled €1,210,300, was, in accordance with the law, made subject to a vote in favor at the General Meeting of May 28, 2019 on the components of compensation paid or awarded in respect of fiscal year 2018 (fifteenth resolution). Since the vote in favor of this resolution was 99.03%, payment of Patrick Koller's annual variable compensation for fiscal year 2018 was made after this General Meeting.

3.3.1.2.2.3. Performance shares

At a meeting held on October 9, 2019, the Board of Directors, on a recommendation from the Compensation Committee, resolved, on the basis of the twenty-third resolution of the General Meeting of May 28, 2019, to allocate a maximum of 56,220 shares (or 0.041% of the capital stock as at December 31, 2019) to Patrick Koller.

The maximum amount granted (assessed at target), in accordance with IFRS, is €1,534,078, i.e. 170% of fixed reference compensation.

The internal and external conditions and the targets are presented in the table below. Given the growing importance of the challenges in terms of corporate and social responsibility for all stakeholders and for the Group, it appeared appropriate, in order to integrate this trend into long-term compensation, to add in comparison with the 2019 compensation policy a new internal performance condition linked to the gender diversity within the Group and therefore to adjust the weighting given to the various criteria, as is shown below:

Type of condition	Description	Weighting	Objectives [1]
Internal	Group net income after tax (excluding exceptional tax credits) at December 31, 2021, before taking into account the capital gains from asset disposals and change in scope of consolidation, as decided by the Board of Directors (**2021 Net Income**), assessed against the same income anticipated for the same fiscal year by the Group's strategic plan reviewed by the Board of Directors on the date of the share grant (**SP Net Income**).	60%	Min.: 2021 Net Income = 90% of SP Net Income; Target: 2021 Net Income = SP Net Income; Max.: 2021 Net Income ≥ 110% of SP Net Income;
Internal (CSR)	Gender diversity (% of women) in the "Managers and Professionals" category within the Group as at December 31, 2021 in accordance with the objectives set by the Board of Directors (10% weighting)	10%	Min.: -1 point; Target: 100% of the objective; Max.: ≥ +2 points.
External	Growth in Faurecia's net earnings per share between fiscal year 2018 and fiscal year 2021 **(Faurecia EPS)**, assessed against the weighted growth of a reference group comprised of 12 comparable international automotive suppliers [2] **(Benchmark EPS).**	30%	Benchmark EPS ≤ -20% (therefore negative) Min.: Faurecia EPS = 125% Benchmark EPS; Target: Faurecia EPS = Benchmark EPS Max.: Faurecia EPS ≥ 75% Benchmark EPS. -20% < Benchmark EPS < +20% Min.: Faurecia EPS = Benchmark EPS -5%; Target: Faurecia EPS = Benchmark EPS; Max.: Faurecia EPS ≥ Benchmark EPS +5%. Benchmark EPS ≥ +20% Min.: Faurecia EPS = 75% Benchmark EPS; Target: Faurecia EPS = Benchmark EPS; Max.: Faurecia EPS ≥ 125% Benchmark EPS.

(1) *The objectives in terms of figures for internal conditions (and, more specifically, those for the internal condition related to net income), which are pre-established and set precisely, are not made public for confidential reasons.*

(2) *The benchmark group is comprised of the following European and North American automotive suppliers: Adient (Ireland/United States), Aptiv (formerly Delphi) (United States), Autoliv (Sweden), Autoneum (Switzerland), Borg Warner (United States), Continental (Germany), Hella (United Kingdom), Lear (United States), Magna (Canada), Plastic Omnium (France), Tenneco (United States) and Valeo (France).*

An attendance condition (subject to standard exceptions) applies to all beneficiaries including the Chief Executive Officer. The vesting is completed after a four-year vesting period, it being stipulated that no holding period is stipulated by the plan.

The Chief Executive Officer must retain, in registered form and while he continues to hold office, at least 30% of all shares actually acquired under each plan. This threshold requirement ceases to apply when the Chief Executive Officer holds a number of shares corresponding to three years of base gross compensation, factoring in all the previously established plans, and becomes applicable again if the Chief Executive Officer no longer holds the number of target shares corresponding to this level of base gross compensation.

According to the rules of the plan in question, Patrick Koller made a formal commitment not to hedge the risks associated with the performance shares allocated to him.

3.3.1.2.2.4. Pensions

In 2019, Patrick Koller was covered by the pension scheme set up for all of Faurecia's managers which comprises a defined contributions pension scheme and a defined benefits pension scheme consisting of two parts:

- one part available to all Group executives in France, subject to eligibility. For the Chief Executive Officer, the potential benefits may increase each year by 1% of tranche C subject to the achievement of at least 80% of the annual variable compensation objectives;
- an additional part decided by the Board of Directors of meeting of February 11, 2015, in favor of members of Faurecia's Executive Committee, based on a performance condition linked to the achievement of the operating income generated by the Company in comparison with the budget, as approved by the Board of Directors.

In order to comply with French law No. 2019-486 of May 22, 2019 known as the "Loi Pacte" and with order No. 2019-697 of July 3, 2019 on supplemental professional pension schemes, in transposition of Directive 2014/50/EU of the European Parliament and of the Council of April 16, 2014 on minimum requirements for enhancing worker mobility between member states by improving the acquisition and preservation of supplementary pension rights, the two parts of the defined benefits pension scheme applicable to the Members of the Executive Committee, and which benefit to the Chief Executive Officer, were closed as of July 4, 2019 and the potential rights acquired have been frozen as of December 31, 2019. Due to the freeze of the rights as of December 31, 2019, the Chief Executive Officer cannot acquire additional rights under these schemes since January, 1st 2020.

The main characteristics of these regimes are described in the summary table below:

	Defined contribution pension scheme	Defined benefits pension scheme (Tranche C)	Specific supplementary pension scheme (members of the Executive Committee (France))
Applicable law	Article 83 of the French General Tax Code	Article 39 of the French General Tax Code	Article 39 of the French General Tax Code
Scheme entry conditions and other conditions giving entitlement to benefit from it	One year's seniority in the Group at the time of retirement	Having an employment contract or a position a corporate officer and five years' seniority in the Group at the time of retirement	■ Having an employment contract (active or suspended) or a position as a corporate officer in France ■ Three-year seniority within Faurecia's Executive Committee as from January 1, 2015
Method for determining the reference compensation used to calculate entitlements	Contributions to tranche A and tranche B of the current year (amount of contributions paid by the Company in 2019: €7,699.56)	Average Tranche C compensation over the past three years	Average total compensation over the past three years (fixed + variable), excluding special compensation
Vesting formula	1% of the compensation in tranche A and 6% of the compensation in tranche B	1% of the compensation in tranche C and performance conditions linked to the degree of the achievement of variable compensation targets*	Depending on Faurecia's performance, from 1% to 3% of total compensation (fixed + variable), excluding special compensation**
Ceiling, amount or terms and conditions for determining it	Not applicable	According to the leaving age, between 65-70% of the average salary of the last three years	■ Eight times the annual French social security ceiling ■ The total retirement amounts paid by Faurecia must be less than 25% of the reference compensation ■ In addition, the replacement rate across all pension schemes (mandatory and specific) must also be less than 45%
Funding of rights	Outsourced	Outsourced	Outsourced
Estimated amount of the pension for the Chief Executive Officer at the end of the fiscal year	€4,086 per annum	€24,348 per annum***	€262,319 per annum****
Associated tax and payroll expenses	Not applicable	Tax on annuity	Tax on contribution

* *For the Chief Executive Officer, if the annual variable compensation targets are met at a level of: (i) 80% or above, a 1% increase in potential rights (capped at tranche C of the compensation) shall be awarded for the fiscal year in question, and (ii) less than 80%, the increase in rights will be reduced in direct proportion to the achievement of the targets (e.g. a target that is 30% achieved will result in a 0.30% increase in potential rights).The 2019 annual variable compensation representing 144.7% of the reference fixed annual compensation, the increase of rights for 2019 amounted to 1%.*

** *For the Chief Executive Officer and Executive Committee members, level of annual pension determined according to the Company's operating income, in relation to the budget, as approved by the Board of Directors on the basis of the following formula: ∑ Xi* R where R = annual reference compensation and Xi = rights granted for each year of seniority, i being equal to (i) 3% if the operating income for the year is strictly greater than 105% of the budgeted operating income, (ii) 2% if the operating income for the year is between 95% and 105% of the budgeted operating income, and (iii) 1% if the operating income for the year is strictly lower than 95% of the budgeted operating income. Given the 2019 operating income, the rights granted in respect of 2019 were 1%.*

*** *Seniority starting from December 18, 2006.*

**** *Seniority starting from January 1, 2015.*

Further information on these pension schemes can be found in Note 25-2 to the consolidated financial statements.

3.3.1.2.2.5. Termination payment

The Chief Executive Officer is entitled to termination payment in accordance with the recommendations of the AFEP-MEDEF Code which was authorized by the Board of Directors on July 25, 2016, in accordance with the procedure set out in Articles L. 225-38 et seq. of the French Code of commerce, and approved by the General Meeting of May 30, 2017 via the fifth resolution.

This payment was not triggered during fiscal year 2019.

Please note that the characteristics of this payment are as follows:

- the payment is due in case of termination of the Chief Executive Officer's term of office on the Company's initiative, subject to his not being terminated due to serious or gross misconduct;
- the payment is not be due in case of resignation or retirement;
- the payment is subject to the achievement of the following performance conditions:
  - achievement of a positive operating income during each of the three fiscal years preceding the termination of the Chief Executive Officer's term of office,
  - achievement of a positive net cash flow during each of the three fiscal years preceding the termination of the Chief Executive Officer's term of office;
- the amount of the payment is equal to 24 months of the reference compensation (fixed compensation and variable target-based compensation) insofar as both of the conditions described above are met during each of the three fiscal years in question; in practice, this is equal to the fulfillment of six criteria;
- should one of the six criteria not be met, the termination payment is reduced proportionally by 1/6 and may equal to 0 should none of these six criteria be fulfilled;
- should the Chief Executive Officer's term of office be shorter than three years, the method of calculating the termination payment is identical, but the number of criteria is adjusted to take into account the actual length of the term of office.

3.3.1.2.2.6. Benefits in kind

In accordance with the 2019 compensation policy in force at the Company, Patrick Koller has been provided with a company car. The total value of all benefits in kind is €15,350.

It is also stipulated, for information, that the Company has paid €7,293 under the medical/life/disability insurance scheme.

3.3.1.2.2.7. Other components of compensation

Other than those elements described above, the Chief Executive Officer did not receive any other components of compensation.

It is hereby stipulated, as required, that he receives no compensation from any company within the consolidation scope as per Article L. 233-16 of the French Code of commerce.

3.3.1.2.3. COMPENSATION PAID DURING FISCAL YEARS 2018 AND 2019 OR AWARDED FOR THE SAME FISCAL YEARS

The tables below present the compensation and benefits paid during fiscal years 2018 and 2019 or awarded in respect of these fiscal years to the Chief Executive Officer.

To the extent that all stock subscription options ceased to be in force on April 16, 2017, tables No. 4 and No. 5 on options awarded or exercised during the fiscal year as defined by the AFEP-MEDEF Code and AMF recommendation No. 2009-16 are not applicable. This is also the case with regard to table No. 10 of the AFEP-MEDEF Code given that Patrick Koller does not receive multi-annual variable compensation.

Finally, the table setting out the past record on the granting of performance shares (table No. 9 of the AFEP-MEDEF Code and table No. 10 of AMF recommendation No. 2009-16) are set out in Chapter 5, Section 5.2.2."Potential capital stock".

SUMMARY OF COMPENSATION, OPTIONS AND SHARES GRANTED TO PATRICK KOLLER

Table No. 1 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

(in €)	Fiscal year 2018	Fiscal year 2019
Compensation awarded for the fiscal year (see table 2)	2,035,300	2,180,330
Value of stock options granted during the fiscal year	-	-
Value of performance shares granted during the fiscal year (set out in table 6)	1,237,788	1,534,078
Value of other long-term compensation plans	-	-
TOTAL	**3,273,088**	**3,622,228**

SUMMARY OF PATRICK KOLLER'S COMPENSATION

Table No. 2 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

	Fiscal year 2018		Fiscal year 2019	
(gross in €)	Amount granted	Amount paid	Amount granted	Amount paid
Fixed compensation	825,000	825,000	862,500	862,500
Annual variable compensation	1,210,300 (1)	1,293,750 (2)	1,302,480 (3)	1,210,300 (4)
Exceptional compensation	-	-	-	-
Compensation for Board members	-	-	-	-
Benefits in kind	14,400 (5)	14,400	15,350 (5)	15,350
TOTAL	**2,035,300**	**2,133,150**	**2,180,330**	**2,088,150**

(1) Amount granted for fiscal year 2018.
(2) Amount paid in 2018 in respect of fiscal year 2017.
(3) Amount to be granted for fiscal year 2019 to be paid subject to approval at the General Meeting of June 26, 2020.
(4) Amount paid in 2019 in respect of fiscal year 2018 further to the approval of the 15th resolution in relation to ex post voting by the Chief Executive Officer at the General Meeting of May 28, 2019.
(5) Availability of a company car.

PERFORMANCE SHARES GRANTED TO PATRICK KOLLER DURING THE FISCAL YEAR

Table No. 6 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

	Number and date of plan	Maximum number of shares granted during the relevant period (1)	Valuation of shares according to the method used for the consolidated financial statements *(in euros)*	Acquisition date	Vesting date	Performance conditions (2)
Plan No. 11 (3)	Plan No. 11 of October 9, 2019	56,220	1,534,078	10/09/2023	10/09/2023	An internal condition, linked to the Group's net income after tax (weighting of 60%) Internal condition linked to gender diversity (% of women) within the Group "Managers and Professionals" category (weighting of 10%) External condition linked to weighted growth in net earnings per Faurecia share (weighting of 30%)
TOTAL	-	**56,200**	**1,534,078**	-	-	-

(1) The number of performance shares given in this table is the maximum number and corresponds to 130% of the number of shares used in the valuation.
(2) Details on the performance conditions as well as the set targets can be found in Section 3.3.1.2.2.3 "Performance shares".
(3) Since it is not known whether the conditions of this plan were met, the value expressed is the target value.

PERFORMANCE SHARES THAT BECAME AVAILABLE TO PATRICK KOLLER DURING THE FISCAL YEAR.

Table No. 7 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

Number and date of plan	Number of shares that became available during the fiscal year (1)	Vesting conditions
Plan No. 7 of July 23, 2015	23,643	Patrick KOLLER must retain, in registered form and while he continues to hold office, at least 30% of all shares actually acquired under each plan. This percentage threshold obligation for each plan will cease to apply once Patrick KOLLER owns a number of shares that corresponds to three years' gross base compensation, factoring in all the plans already vested, and will again become applicable in the event that Patrick KOLLER no longer holds the target number of shares corresponding to this level of base gross compensation.
TOTAL -	**23,643**	

(1) The initial grant related to a maximum of 26,383 shares. The achievement rate of performance conditions is the following: the rate for the internal performance condition relating to Group net income (pre-tax) was 107.5% and the rate for the external performance condition was 130%, i.e. an overall performance rate of 116.5%.

The total number of performance shares outstanding as of December 31, 2019 which may vest to Patrick Koller, minus the number of shares already vested represents a total of 168,391 shares, i.e. 0.12% of Faurecia's capital as of that date.

Table No. 11 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

	Employment contract	Supplementary pension scheme	Compensation or benefits due or that may be due on termination or change in position	Compensation due under a non-competition clause
Name: Patrick KOLLER Position: Chief Executive Officer since July 1, 2016 Date of end of corporate office: undetermined, Patrick Koller's appointment as Chief Executive Officer being without a specified term	No	Yes (1)	Yes (2)	No (3)

(1) The key aspects of the supplementary pension scheme are described in Section 3.3.1.2.2.4 "Pension" of this Universal Registration Document.

(2) The details regarding the termination payment are described in Section 3.3.1.2.2.5 "Termination payment"of this Universal Registration Document.

(3) Please note, for information purposes, that the 2020 compensation policy, which is to be submitted to the General Meeting on June 26, 2020, includes a 12-month non-compete commitment in the event of resignation, accompanied by monthly compensation equal to 50% of the reference compensation (fixed compensation and annual variable compensation) paid over the last 12 months preceding the termination of position.

3.3.1.3. Information on the compensation policy for executive and non-executive corporate officers and changes over the course of the last five fiscal years

3.3.1.3.1. MULTIPLES OF COMPENSATION BETWEEN THE LEVEL OF COMPENSATION OF EXECUTIVE CORPORATE OFFICERS AND THE LEVEL OF AVERAGE AND MEDIAN COMPENSATION OF GROUP EMPLOYEES IN FRANCE

Since mid-2016, the Group's governance structure has been composed of a Chairman of the Board of Directors and a Chief Executive Officer. The ratios and annual change are therefore presented for the 2016-2019 period, it being stipulated that the compensation received in exchange for these corporate offices in the second half of 2016 were annualized for comparison purposes.

The corporate office of the Chairman of the Board of Directors was held by Yann Delabrière from July 1, 2016 through May 30, 2017, and then by Michel de Rosen since this date. The corporate office of Chief Executive Officer has been held by Patrick Koller since July 1, 2016.

The scope taken into consideration to assess the compensation paid to employees includes, in accordance with the AFEP guidelines on compensation multiples of January 28, 2020, all of the Group's French legal entities, with the exception of those companies having joined or left the Group in the five years in question[1]. On average, over the four years studied, the scope taken into consideration represents nearly 97% of French employees. Please note that the Group's French headcount represents just 10% of the Group's total headcount and includes nearly 65% of non-managerial employees. The compensations taken into account in calculations are those of Faurecia employees who were present throughout the entire year in question, compensation for part-time employees being recalculated to the full-time equivalent.

The components of the compensations used for these ratios have been calculated on the basis of the fixed and variable compensation paid over the course of the fiscal years in question, including the incentive plans and profit-sharing, as well as the performance shares granted, to the target, over the same periods and recorded at fair value[2]. For 2016, as the two corporate offices began mid-year, the compensation paid to the two corporate officers was annualized to calculate the ratios.

The table below shows, on the basis of the hypotheses stated above, the ratios between the level of compensation paid to the Chairman of the Board of Directors and to the Chief Executive Officer and the average compensation paid to employees for the scope in question (other than the corporate officers), as well as the median compensation on a full-time equivalent basis paid to employees for the scope in question (other than the corporate officers):

	2016	2017	2018	2019
Chairman of the Board of Directors				
Average compensation (France) ratio	6.6	6.3	6.0	5.8
Median compensation (France) ratio	8.9	8.5	8.2	7.9
Chief Executive Officer (CEO)				
Average compensation (France) ratio	61.4	63.7	66.5	70.0
Median compensation (France) ratio	83.5	86.1	90.9	94.6

(1) The following companies are excluded from the scope of the calculation: FBA (1,230 employees) sold in 2016, Faurecia Clarion Electronics Europe (formerly Parrot) consolidated in 2018 (230 employees), and Clarion Europe consolidated in 2019 (100 employees).

(2) Please note that the valuation of the performance shares when granted is not necessarily representative of the value at the time of delivery.

3.3.1.3.2. ANNUAL CHANGE IN THE COMPENSATION POLICY FOR EXECUTIVE AND NON-EXECUTIVE CORPORATE OFFICERS, COMPANY PERFORMANCE, AND EMPLOYEE COMPENSATION

The compensation and scope taken into account are the same as those used to calculate the ratios set out above in Section 3.3.1.3.1 of the Universal Registration Document. They therefore only include Group employees working in France.

The performance criterion used to assess Group performance is the operating income. This criterion is established on a consolidated basis.

The table below shows, on the basis of the hypotheses stated above, the annual change in compensation, Company performance, the average compensation paid to employees (other than the corporate officers) on a full-time equivalent basis, as well as the ratios referred to in Section 3.3.1.3.1 of this Universal Registration Document since 2016:

	2016-2017	2017-2018	2018-2019
Change in compensation			
Compensation payable to the Chairman of the Board of Directors	-0.7%	-0.1%	0.0%
Compensation of the Chief Executive Officer	7.7%	8.9%	8.6%
Average compensation (France)	3.8%	4.4%	3.1%
Change in ratios			
Chairman of the Board of Directors and average compensation	-4.4%	-4.3%	-3.0%
Chairman of the Board of Directors and median compensation	-4.8%	-3.2%	-4.2%
Chief Executive Officer and average compensation	3.7%	4.4%	5.3%
Chief Executive Officer and median compensation	6.1%	5.3%	7.3%
Change in the Performance indicator			
Operating income (1)	19.3%	10.0%	0.7%

(1) Operating income - Annual figures (2016: €970.2 million; 2017: €1,157.6 million; 2018: €1,273.9 million; 2019: €1,283.3 million). Despite a decrease in the worldwide automotive production in 2018 and 2019, Faurecia group operating income, in value, is in constant progression thanks to an increase of its sales. In 2019, in a difficult context impacted by a 5.8% decrease in the worldwide automotive production, the Faurecia group, outperforming the market and showing a good level of resilience, succeeded again in improving its level of operating income.

3.3.1.4. Tables summarizing the elements of compensation paid or awarded for the past fiscal year ended to executive and non-executive corporate officers

The tables below present a summary of the compensation and benefits paid during fiscal year 2019 or awarded in respect of this same fiscal year to the executive and non-executive corporate officers.

3.3.1.4.1. SUMMARY OF THE COMPONENTS OF COMPENSATION PAID TO THE CHAIRMAN OF THE BOARD OF DIRECTORS DURING FISCAL YEAR 2019 OR AWARDED IN RESPECT OF THIS SAME FISCAL YEAR

Components of compensation	Amount granted in respect of the past fiscal year or accounting valuation	Presentation
Fixed compensation	€275,253.34	The fixed annual compensation of Michel de Rosen in 2019 was unchanged from 2018. It is however noted that the benefit in kind corresponding to the time spent by the Chairman's personal assistant on activities other than those related to the office of Chairman of Faurecia is included in this €300,000 ceiling, which is why the fixed compensation is less than €300,000.
Annual variable compensation	Not applicable	No annual variable compensation
Variable compensation multi-year	Not applicable	No multi-annual variable compensation
Exceptional compensation	Not applicable	No exceptional compensation
Stock options, performance shares or any other long-term benefit	Not applicable	No stock subscription or purchase options grant, performance shares, or any other long-term benefits
Compensation for Board members	Not applicable	No compensation awarded for Board members
All benefits	€29,632.40 (accounting valuation)	Availability of an assistant and a company car
Termination payment	Not applicable	No termination payment
Non-competition indemnity	Not applicable	No non-competition indemnity
Supplementary pension schemes	Not applicable	No supplementary pension scheme benefit

3.3.1.4.2. SUMMARY OF THE COMPONENTS OF COMPENSATION PAID TO THE CHIEF EXECUTIVE OFFICER DURING FISCAL YEAR 2019 OR AWARDED IN RESPECT OF THIS SAME FISCAL YEAR.

Components of compensation	Amount granted in respect of the past fiscal year or accounting valuation	Presentation
Fixed compensation	€862,500	The fixed annual compensation paid to Patrick KOLLER was €862,500. The Board of Directors decided to increase the fixed annual compensation paid to Patrick KOLLER from €825,000 to €900,000 with effect as from July 1, 2019. The Boards of Directors set this compensation by assessing several factors: ■ the Group's excellent performance in fiscal year 2018 and fulfillment of the financial targets set for the fiscal year, despite an unfavorable economic context in the second half of the year; ■ the continuing transformation of the Group with the integration of new high value technological activities and in particular the creation of a fourth Business Group, Faurecia Clarion Electronics, following the acquisition of Clarion; ■ the results of a comparative study, prepared for France and Europe by outside consultants based on a group of manufacturers comparable in terms of revenue, capitalization and headcount.
Annual variable compensation	€1,302,480 (amount to be paid subject to a favorable vote by the General Meeting)	At a meeting held on February 14, 2020, the Board of Directors, on the recommendation of the Compensation Committee, determined and finalized the total annual variable compensation to be awarded to Patrick KOLLER for fiscal year 2019. The details of the annual variable compensation, which may range from 0% to 180% of the fixed annual compensation, had been set by the Board of Directors at a meeting on February 15, 2019. The achievement rate of the quantifiable and qualitative criteria is set out below: ■ the quantifiable criteria grant entitlement to variable compensation ranging from 0% to 150% of the fixed annual compensation: **(i)** the operating income criterion (weighting of 40%), the objectives for which were set on the basis of the 2019 budget, was reached at a level of **105%;** **(ii)** the net cash flow criterion (weighting of 60%), the objectives for which are set using the 2019 budget as a reference, was reached at a level of **131%;** These two achievements correspond to a rate of achievement of **120.6%**, granting entitlement to **€1,085,400.** ■ the qualitative criteria which, once all or parts of the objectives of the quantifiable criteria have been achieved, will determine a multiplier effect for the achievement of the objectives of the quantifiable criteria ranging between 0.70 and 1.20. If the achievement of the objectives of the quantifiable criteria is equal to 0, the multiplier effect of the qualitative criteria will not be taken into account. **(i)** the integration of Clarion (weighting of 50%), assessed mainly with regard to the implementation of a clear structure and associated accountabilities, to identifying and retaining talents, to the identification of synergies, the finalization of the integration plan in the second half of 2019 and the implementation of the budget. The Board of Directors considered that **120%** of this criterion had been met. **(ii)** the application of the strategy (50%), assessed mainly with regard to the growth of the order book, and in particular the New Value Spaces order book, and monitoring of the Group's "Convictions" on corporate, social and environmental matters announced by Faurecia in 2018. The Board of Directors considered that **120%** of this criterion had been met. The Board of Directors therefore considered that the result of the implementation of these two qualitative criteria (120%) correspond to an achievement such as the multiplier of 1.2 should apply to the two quantifiable criteria. The annual variable compensation is equal to €1,085,400 x 1.2, i.e. **€1,302,480** corresponding to 144.7% of the reference fixed compensation for 2019 in the capacity of Chief Executive Officer In accordance with the provisions of Article L. 225-100 of the French Code of commerce, the variable compensation for the fiscal year ended December 31, 2019 shall be paid only once the shareholders, in a meeting to be held on June 26, 2020, have approved the components of compensation paid during the course of fiscal year 2019 or awarded in respect of this fiscal year to Patrick KOLLER, Chief Executive Officer. It is also acknowledged that the payment of Patrick KOLLER's annual variable compensation for fiscal year 2018, which totaled €1,210,300, was, in accordance with the law, made subject to a vote in favor at the General Meeting of May 28, 2019 on the components of compensation paid or awarded in respect of fiscal year 2018 (fifteenth resolution). Since the vote in favor of this resolution was 99.03%, payment of Patrick KOLLER's annual variable compensation for fiscal year 2018 was made after this General Meeting.

Components of compensation	Amount granted in respect of the past fiscal year or accounting valuation	Presentation
Variable compensation Multi-year	Not applicable	No multi-annual variable compensation
Exceptional compensation	Not applicable	No exceptional compensation
Stock options, performance shares or any other long-term benefit	Options = not applicable	No stock subscription or purchase options grant
	Performance shares = €1,534,078 (accounting valuation at target)	At a meeting held on October 9, 2019, the Board of Directors, on a recommendation from the Compensation Committee, resolved, in the context of performance share grant scheme No. 11 and on the basis of the authorization from the General Meeting of May 28, 2019 (twenty-third resolution) to allocate a maximum of 56,220 shares to Patrick KOLLER (it being stipulated that, in the event of the achievement of the targets set, the number of shares to be delivered will be 43,250). These 56,220 shares correspond to 0.041% of the Company's capital stock as of December 31, 2019. The vesting of these shares is subject to the following performance conditions: ■ for 60% of the grant, an internal performance condition relating to the Group's pre-tax level of net income (excluding exceptional tax credits) for the fiscal year ended December 31, 2021, before inclusion of capital gains from the sale of assets and variations in scope, as approved by the Board of Directors, compared with the same result anticipated for the same fiscal year by the strategic plan examined by the Board of Directors on the date on which the shares are granted; ■ for 10% of the grant, an internal performance condition relating to corporate and social responsibility related to gender diversity (% of women) within the "Managers and Professionals" category within the Group as at December 31, 2021 in accordance with the objectives set by the Board of Directors; ■ for 30% on an external performance condition relating to the level of growth in net earnings per Faurecia share measured between fiscal years 2018 and 2021 and compared with the weighted growth of a reference group of 12 comparable international automotive suppliers over the same period. The final vesting of these shares is also subject to an attendance condition applicable to all beneficiaries of the plan and accompanied by the usual exceptions. The term of the vesting period is four years, and no holding period is stipulated. The Chief Executive Officer must however retain, in registered form and while he continues to hold office, at least 30% of all shares actually acquired under each plan. This threshold requirement ceases to apply when the Chief Executive Officer holds a number of shares corresponding to three years of base gross compensation, factoring in all the previously established plans, and becomes applicable again if the Chief Executive Officer no longer holds the number of target shares corresponding to this level of base gross compensation. It is moreover indicated, for information only, that 23,643 shares granted to Patrick KOLLER in the context of performance share grant plan No. 7 vested during the fiscal year.
	Other long-term benefits = not applicable	No other long-term benefits grant

Components of compensation	Amount granted in respect of the past fiscal year or accounting valuation	Presentation
Compensation as Board member	Not applicable	No compensation awarded as Board member
All benefits	€15,350 (accounting valuation)	Availability of a company car
Termination payment	No payment made during the fiscal year	Since July 25, 2016, Patrick KOLLER benefits from a termination payment meeting the following requirements: ■ this payment will be due in case of termination of Patrick Koller's term of office as Chief Executive Officer, on Faurecia's initiative, subject to this termination not occurring due to Patrick KOLLER's serious or gross misconduct; ■ this payment will not be due in case of resignation or retirement; ■ the remittance of this payment is subject to the achievement of the following performance conditions: (i) achieving positive operating income over each of the three fiscal years prior to the end of Patrick KOLLER's term of office as Chief Executive Officer, (ii) achieving positive net cash flow over each of the three fiscal years prior to the end of Patrick KOLLER's term of corporate office as Chief Executive Officer, ■ the amount of the payment will be equal to twenty-four months of the reference compensation (fixed and variable target-based compensation) insofar as both of the conditions described above are met during each of the three fiscal years in question which, in practice, is equal to the fulfillment of six criteria; ■ should one of the six criteria not be met, the termination payment will be reduced proportionally by 1/6 and may equal 0 should none of these six criteria be fulfilled; ■ should Patrick KOLLER's term of office as Chief Executive Officer be less than three years, the termination payment would be calculated using the same method, but the number of criteria would be adjusted to take into account the actual duration of his term of corporate office. ■ This scheme, which was authorized for Patrick KOLLER, Chief Executive Officer, by the Board of Directors' decision of July 25, 2016 under the conditions set forth under Article L.225-38 of the French Code of commerce, was approved by the General Meeting of May 30, 2017 (fifth resolution).
Non-competition indemnity	Not applicable	No non-competition indemnity

Components of compensation	Amounts allocated in respect of the past fiscal year or accounting valuation	Presentation
Supplementary defined contribution pension scheme (Article 83 of the French General Tax Code) and supplementary defined benefits pension scheme (Article 39 of the French General Tax Code)	No payment made during the fiscal year	On July 25, 2016, the Board of Directors confirmed that although Patrick KOLLER no longer had an employment contract, he would continue to benefit from both schemes after July 1, 2016, in his capacity as Chief Executive Officer. The terms and conditions for the defined contributions pension scheme are as follows: ■ defined contribution pension scheme relating to tranches A and B, amounting to 1% for tranche A and 6% for tranche B of the compensation without the beneficiary's participation; ■ estimated annual pension as of December 31, 2019: €4,086; ■ scheme available to all Group executives who have at least one year's seniority upon their retirement. The terms and conditions for the defined benefits pension scheme are as follows: ■ scheme available to all Group executives who have at least five years' seniority upon their retirement; ■ progressive increase in potential rights in relation to seniority and compensation: potential rights increase each year by 1% in tranche C; ■ reference compensation and maximum percentage of income permitted under the supplementary pension scheme: the reference compensation taken into account is the average of the annual compensation collected over the last three years, while benefits are calculated only for the C tranche; ■ estimated annual pension as of December 31, 2019: €24,348; ■ performance condition to determine the increase in rights which is tied to his annual variable compensation: **(i)** in case of 80% or greater achievement of the annual variable compensation targets, a 1% increase in potential rights (restricted to tranche C of the compensation) will be granted for the fiscal year in question, **(ii)** in case of 80% or lower achievement of the annual variable compensation targets, the increase in rights will be reduced in proportion to the achievement of the targets (e.g., a target that is 30% achieved will result in a 0.30% increase in potential rights). During its meeting of February 14, 2020, the Board of Directors noted that the amount of annual variable compensation was €1,302,480, or 144.7% of the reference fixed annual compensation, with the increase in potential rights amounting for 2019 to 1%. For information purposes, it is specified that in accordance with the provisions of the Ordinance of July 3, 2019, the past non-vested rights are frozen (as a percentage) in the plan existing as at December 31, 2019 (crystallization). This scheme, which was authorized for Patrick KOLLER, Chief Executive Officer, by the Board of Directors' decision of July 25, 2016, was approved by the General Meeting of May 30, 2017 (fifth resolution).
Additional defined benefits pension scheme (Article 39 of the French General Tax Code)	No payment made during the fiscal year	The terms and conditions for the additional defined benefits pension scheme are as follows: ■ this scheme benefits Faurecia's Executive Committee members holding an employment contract (current or suspended) or a term of office in France, having been on the Executive Committee for a minimum term of three consecutive calendar years as of the implementation of this scheme (January 1, 2015) or accession to the Executive Committee; ■ level of annual pension determined according to the Company's operating income, in relation to the budget, as approved by the Board of Directors on the basis of the following formula: ∑ Xi* R where R = annual reference compensation and Xi = rights granted for each year of seniority, i being equal to (i) 3% if the operating income for the year is strictly greater than 105% of the budgeted operating income, (ii) 2% if the operating income for the year is between 95% and 105% of the budgeted operating income, and (iii) 1% if the operating income for the year is strictly lower than 95% of the budgeted operating income. At its meeting held on February 14, 2020, the Board of Directors noted that, given the 2019 operating income, the rights granted in respect of 2019 were 1%; ■ estimated annual pension as of December 31, 2019: €262,319; For information purposes, it is specified that in accordance with the provisions of the Ordinance of July 3, 2019, the past non vested rights are frozen (as a percentage) in the plan existing as at December 31, 2019 (crystallization). This scheme, which was authorized for Patrick KOLLER, Chief Executive Officer, by the Board of Directors' decision of July 25, 2016, was approved by the General Meeting of May 30, 2017 (fifth resolution).

3.3.2. Board members' compensation in respect of the 2018 and 2019 fiscal years

3.3.2.1. Principles for Board members' compensation

In accordance with legal, statutory and internal provisions, Board members receive a fixed annual amount (budget) determined by the General Meeting as compensation for their activities. Its allocation between the Board members is determined by the Board of Directors, upon the recommendation of the Compensation Committee.

Since the General Meeting of May 29, 2018 (eleventh resolution), the maximum amount of compensation that may be paid to Board members is €700,000.

The principles and rules for the compensation of Board members, which were approved by the Board of Directors at its meeting on April 13, 2016, then adjusted including for the last time at its meeting of February 15, 2018, are as follows:

	Fixed compensation (1)	Variable compensation per session	Compensation for Board members not residing in France
Board of Directors	€12,000	€3,000	€3,000 per Board meeting attendance
Committees			
■ Member	€10,000	€2,500	-
■ Chairman	€15,000	€3,500	-

(1) Share on a pro rata basis for Board members that have joined or left the Board during the year. The amount is then divided by the number of Board and committee meetings (giving the right to compensation) organized during the year.

The members of the Board of Directors holding executive or management positions within PSA do not receive any compensation in respect of their corporate office as a Board member. This is also the case for the Chairman of the Board of Directors and the Chief Executive Officer of Faurecia.

The payment of compensation for the Board members generally takes place at the start of the following year.

It is stipulated that Board members do not receive any other compensation or benefits from the Faurecia group (with the exception of the Chairman of the Board of Directors, the Chief Executive Officer and the Board members representing employees who hold an employment contract).

3.3.2.2. Compensation paid during fiscal years 2018 and 2019 or awarded for the same fiscal years

The table below presents the gross amounts that were paid during/awarded in respect of fiscal years 2018 and 2019:

Table No. 3 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

	Fiscal year 2018		Fiscal year 2019	
Board members *(gross amounts in €)*	**Amount granted**	**Amount paid***	**Amount granted**	**Amount paid****
Daniel BERNARDINO	45,000	5,400	73,500	45,000
Éric BOURDAIS de CHARBONNIÈRE	52,500	47,000	18,430	52,500
Jean-Baptiste CHASSELOUP de CHATILLON	-	-	-	-
Jean-Pierre CLAMADIEU	29,000	56,000	-	29,000
Odile DESFORGES	66,000	51,500	62,000	66,000
Lee GARDNER	-	10,800	-	-
Hans-Georg HÄRTER	65,000	49,500	24,430	65,000
Linda HASENFRATZ	65,000	62,500	77,500	65,000
Penelope HERSCHER	62,000	38,700	73,500	62,000
Patrick KOLLER	-	-	-	-
Valérie LANDON	73,000	10,400	71,000	73,000
Olivia LARMARAUD	-	-	-	-
Ross Mc INNES	-	25,300	-	-
Yan MEI	-	-	35,575	-
Denis MERCIER	-	-	37,075	-
Peter MERTENS	-	-	16,930	-
Amparo MORALEDA	-	36,600	-	-
Grégoire OLIVIER	-	-	-	-
Robert PEUGEOT	50,000	46,500	47,500	50,000
Emmanuel PIOCHE	30,000	5,400	53,000	30,000
Michel de ROSEN	-	19,800	-	-
Philippe de ROVIRA	-	-	-	-
Bernadette SPINOY	58,500	47,000	24,430	58,500
Carlos TAVARES	-	-	-	-
TOTAL	**596,000**	**512,400**	**614,870**	**596,000**

* *Amount paid for fiscal year 2017.*
** *Amount paid for fiscal year 2018.*

The relative proportion between the fixed and variable portion of compensation allocated to corporate officers in respect of fiscal year 2019 is as follows: 34.95% for the fixed portion and 65.05% for the variable portion.

Lastly, no compensation other than the amounts of compensation indicated above was paid during the past fiscal year or allocated in respect of the same fiscal year to any of its Board members by Faurecia group (except for the Chairman of the Board of Directors, the Chief Executive Officer and the Board members representing employees holding an employment contract).

3.3.3. Compensation for the Group's operational management

3.3.3.1. Executive Committee

The total amount of compensation paid during fiscal year 2019 to the Executive Committee members in office at December 31, 2019, including the Chief Executive Officer, was €12,026,502.

The compensation of the Executive Committee, excluding the Chief Executive Officer, includes a variable bonus. Performing on target can result in a bonus worth 50% of the base salary. Should targets be exceeded, this percentage can rise to 100% of the base salary. 80% of the bonus is based on targets related to operating income and cash generation within the scope of responsibility, and 20% on the same targets measured across the Group. For operation management, the targets are based at the Group's level for 100%.

In 2017, this bonus changed to be better aligned with the corporate officer's compensation: it switched from a half-yearly payment to an annual payment, and a multiplier factor ranging from 0.7 to 1.2 and based on four or five individual weighted targets was added.

If the employment contract of an Executive Committee member (excluding the Chief Executive Officer) is terminated, he may receive contractual severance pay of up to 12 months' compensation, depending on their position. This amount is not payable in the event of gross or serious misconduct.

Members of the Executive Committee also benefit from the performance share plans instituted by the Board of Directors. As of December 31, 2019, plan Nos. 8, 9, 10 and 11 are being vested. They were granted by the Board of Directors' decisions of July 25, 2016, July 20, 2017, July 19, 2018 and October 9, 2019.

The Board of Directors' meeting of October 12, 2017, decided that starting with plan No. 6 and for all plans established subsequently, all Executive Committee members must retain at least 20% of the shares acquired under each plan. This requirement of a percentage threshold for each plan will cease to apply once the Executive Committee member in question holds a number of shares that corresponds to one year of base gross compensation, factoring in all the plans already established, and it will again become applicable in the event that the member no longer holds the target number of shares corresponding to one year of base gross compensation. In any event, this ownership requirement will no longer apply when the Executive Committee member in question steps down from the Committee.

3.3.3.2. Group Leadership Committee

The members of Faurecia's Group Leadership Committee have an interest in the short-term results, through a variable system of target bonuses. 80% of the bonus is based on targets related to operating income and cash generation within their scope of responsibility, and 20% on the same targets measured for the scope immediately above. For operation management, the targets are based at the Group's level for 100%.

Since 2018, a multiplying factor has been added for members that report to a member of the Executive Committee. This increases the variable compensation by a maximum of 1.1 on the basis of individual weighted targets.

Members of this team also benefit from the performance share plan instituted by the Board of Directors, according to the same terms and conditions as the members of the Executive Committee (see Section 3.3.1 "Executive Committee" above)[1].

3.3.4. Compensation policy for corporate officers and implementation for 2020

3.3.4.1. Compensation policy for corporate officers

The compensation policy described below is determined in accordance with Article L. 225-37-2 of the French Code of commerce.

The compensation policy for corporate officers is set by the Board of Directors on the recommendation of the Compensation Committee and is reviewed annually to determine any potential adjustments to be made. Any other revision of the compensation policy outside this timetable follows the same procedure.

The Board of Directors ensures that the compensation policy is adapted to the Company's strategy and to the context in which the Company operates. It also ensures it is in accordance with its corporate interest and that its objective is to contribute to the business strategy and sustainability of the Company and to promote its performance and competitiveness over the medium and long term. These objectives are reflected in the determination of stable and long-term compensation structures adapted to the relevant corporate officers in accordance with market practices and, for the Chief Executive Officer, in a major portion of his compensation based on performance criteria related to the implementation of strategy whose achievement benefits all stakeholders. These aspects must therefore make it possible to attract and retain corporate officers, and, more specifically, executive corporate officers.

The Board of Directors relies on the Compensation Committee for all matters relating to the compensation of corporate officers. Two thirds of the Compensation Committee consist of independent Board members (excluding Board members

(1) Some of them also benefit from plans Nos. 10b and 11b.

representing employees), including the Chair of the Committee. When determining the compensation policy, the Compensation Committee considers the objectives defined by the Board of Directors and the general principles guiding the compensation policy for corporate officers. It also ensures that the implementation of the compensation policy, in particular in terms of amount or value of allocations and benefits, complies with the objectives and principles that guided the determination of that policy. To that end, it makes any necessary or useful recommendations to guide the choices and decisions of the Board of Directors in the determination, implementation, and monitoring of the compensation policy.

To guarantee the independence of the process for determining or reviewing the compensation policy, the Compensation Committee and the Board of Directors ensure compliance with the conflict of interest management rules provided by applicable laws in force and those provided by the internal rules of the Board of Directors.

The compensation policy takes into consideration the principles of the AFEP-MEDEF Code regarding the determination of corporate officer compensation. In the context of a competitive and globalized market, the Board of Directors ensures the competitiveness of the compensation offered and relies for this purpose on the performance of comparative studies, notably conducted by specialized external consultants. The Board of Directors seeks as far as possible to align the structure of the Chief Executive Officer's compensation with the one of the Executive Committee members and with the one of the Group Leadership Committee members. The objectives set take into account changes in the employee base (diversity, etc.).

Finally, the Board of Directors pays close attention to the transparency of information relating to the structure and description of the rules stated for in the compensation policy.

3.3.4.1.1. COMPENSATION POLICY FOR BOARD MEMBERS

Board members are appointed by the General Meeting of Shareholders for a period of four years or, for a co-optation, for the duration of the predecessor's remaining term of office. They may resign at any time without notice and can also be dismissed at any time without notice by the General Meeting of Shareholders. The Board members representing employees are also appointed for a period of four years or, in the event of replacement during their term, for the duration of the predecessor's remaining term. They may resign at any time without notice. These duties also end in the event of a termination of the employment contract under the conditions provided for by law and in the event of dismissal decided by the president of the judicial court at the request of the majority of Board members.

The Board of Directors ensures that the amount of compensation reflects the level of responsibility assumed by the Board members and the time they need to devote to their duties. The Board of Directors, on the proposal of the Compensation Committee and in accordance with the principles below, distributes the annual amount of compensation allocated by the General Meeting of Shareholders. To determine the level of the annual fixed amount requested at the General Meeting of Shareholders, the Board of Directors performs market analysis and benchmark on the compensation of Board members in comparable companies in France and Europe and takes into account the compensation forecast, anticipated changes in the composition of the Board of Directors and any special events (establishment of an ad hoc committee, etc.). The benchmark assessment also applies to the determination of the distribution methods and its implementation.

Within the limits of the annual amount of compensation granted by the General Meeting of Shareholders, Board members receive as compensation for their activity an amount comprised of:

- a fixed portion, as consideration for their duties as a Board member and, where applicable, as a member or Chairman of a committee, it being specified that this portion is prorated for the members who joined or left the Board of Directors during the year; and
- a predominant variable portion based on their effective attendance at meetings of the Board and, where applicable, of the committee or committees of which they are members.

Board members not residing in France receive an additional amount intended to take into account geographic distance for any physical attendance at a meeting of the Board of Directors (it being specified that this amount may be exceptionally awarded to Board members residing in France when a meeting takes place abroad). When the Board members attend a meeting of the Board of Directors by videoconference or conference call, this additional amount is not paid.

The rules for the distribution of Board members' compensation may also apply to any ad hoc committee of Board members that may be established to respond to any subject that the Board of Directors considers useful or necessary to follow up on or develop further in the exercise of its missions. The same applies to any seminar which would be organized by the Board of Directors.

Board members representing employees receive compensation under the same conditions and according to the same terms as any other Board member, it being specified that they also receive a compensation under their employment contract within the Faurecia group. For the performance of their duties of Board member, they must indeed benefit from an employment contract within the Group. This employment contract is entered for an indefinite period. They can terminate their employment contract at any time, subject to a notice meeting the conditions provided under legal, contractual or contractual provisions. The employer may also terminate the employment contract under the conditions provided under legal, conventional or contractual provisions, in compliance with applicable proceedings, and subject, where applicable, to a notice meeting these conditions.

In accordance with best governance practices, executive and non-executive corporate officers do not receive compensation for their duties of Board member. The same applies to Board members with executive or managerial duties within a shareholder that controls the Company.

In the event that the maximum amount of the annual fixed amount allocated by the General Meeting is exceeded, provision has been made to apply a reduction coefficient to the amount received by the Board members calculated as follows: (compensation owed to a Board member/total amount of compensation owed) x maximum amount of the fixed annual amount approved by the General Meeting.

In the event of a decision by the Board of Directors to entrust any Board member with a specific task or assignment, he may receive exceptional compensation whose amount will be proportionate to this task or assignment and in accordance with market practices.

Finally, each Board member is entitled to reimbursement, upon presentation of supporting documentation, for traveling expenses incurred by him in the exercise of his duties, within the limits of the ceilings stated by the applicable Company policy.

3.3.4.1.2. COMPENSATION POLICY FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS

The Board of Directors shall elect a Chairman, who must be a natural person, from among its members. He is appointed for a term set by the Board of Directors, which cannot exceed his term as a Board member. The Chairman of the Board of Directors may resign from office at any time without notice and the Board of Directors may terminate his office at any time without period.

The Board of Directors ensures in particular that the compensation of the Chairman of the Board of Directors is adapted to the missions given, consistent with best market practices and aligned with the interests of all stakeholders in the Company's business.

The compensation of the Chairman of the Board of Directors is made up of fixed compensation and benefits in kind, to the exclusion of any other compensation components.

In light of the Covid-19 sanitary crisis, and as a personal contribution to the many gestures of solidarity of the Group's employees, the Chairman of the Board decided to reduce his fixed annual compensation by 20% for at least the second quarter of 2020.

Fixed compensation

The fixed annual compensation is the only component of compensation of the Chairman of the Board of Directors, excluding any other compensation (except for benefits in kind).

The purpose of the fixed compensation of the Chairman of the Board of Directors is to compensate the responsibilities and duties attached to that corporate office, whether they are provided by law or by the Company (internal rules of the Board of Directors). The determination of the amount of that compensation also takes into account the skills and experiences of the beneficiary and is based on a comparative study issued by an external consultant on the basis of a sample of French listed companies with a separate governance structure.

The Board of Directors has not set any rules regarding the frequency at which fixed compensation of the Chairman of the Board of Directors is reviewed; however, it is understood that in practice the Board of Directors reviews this compensation regularly. A review may take place during the term of the corporate office in the event of evolution in the range of responsibilities of that function or of the Company or even in relation to market practices.

Furthermore, since 2019, a portion of that compensation is paid as a benefit in kind relating to the time of the personal assistant provided to the Chairman dedicated to his activities other those in relation to his chairmanship of Faurecia.

Other components of compensation

The Chairman of the Board of Directors receives the following benefits in kind, including: (i) a personal assistant for his activities other than those relating to the chairmanship of Faurecia and (ii) a Company car.

It is also stipulated, for informations purposes, that he benefits from the medical/life/disability insurance scheme established within the Company.

Furthermore, the Chairman of the Board of Directors does not receive compensation in relation to his duties of Board member or any variable compensation, golden hello, termination payment, non-competition indemnity, or performance shares.

Moreover, the Board of Directors does not plan to pay any exceptional compensation.

3.3.4.1.3. COMPENSATION POLICY FOR THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is appointed by the Board of Directors. The Board of Directors shall determine the Chief Executive Officer's term of office, which may be fixed or indefinite. The Chief Executive Officer may resign at any time, with a six months' notice period (as provided for in the current compensation policy and subject to its approval by the general meeting dated June 26, 2020) and the Board of Directors may terminate his duties at any time without notice.

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors ensures to structure the various components of the Chief Executive Officer's compensation so as to view his actions on the long-term and enable an alignment of his interests with the interests of the Company and its shareholders. In this respect, the Board reviews regularly the characteristics of the compensation policy of the Chief Executive Officer and the components of its compensation to ensure the reaching of these objectives.

The Board of Directors thus requested the Compensation Committee to carry out an in-depth review of the structure and components of the Chief executive Officer's compensation as part of the preparation of the 2020 compensation policy. This request comes with the framework of the challenges to which the Group is confronted, both in terms of the potential change in the Company's shareholding structure related to the contemplated distribution of the Company's shares by PSA to its shareholders, and the retention of the Chief Executive Officer in a competitive context where executive managers receive or may receive, sign of interest from other international groups.

The considerations described hereafter and detailed in the subsequent developments were approved by the Board of Directors during its meeting held on February 14, 2020 after review of the in-depth analysis carried out by the Compensation Committee as part of the specific context mentioned above and based on its recommendations:

- The Chief Executive Officer's compensation should continue to be in line with the 2019 compensation policy and based as planned in the 2019 compensation policy, on three main components:
  - fixed annual compensation;
  - short-term variable compensation (annual);
  - long-term variable compensation in the form of performance shares;

  it being understood that the variable portion of the compensation (short term and long term) subject to performance conditions, must be predominant.
- It became necessary to introduce material evolutions to the commitments made to the Chief Executive Officer's as applicable until 2019 to strengthen them in order to further protect the Company's interests: in this respect, it was decided to establish for the Chief Executive Officer a twelve-month non-compete covenant as well as a six-month notice period in the event of resignation. These two mechanisms are described in more detail hereafter.
- In consideration for these additional undertakings requested from the Chief Executive Officer and mindful to ensure that the compensation of its Chief Executive Officer remains competitive, the Board of Directors, taking into account the results of a European Comparative Study carried out by external consultants based on a group of comparable industrial companies in terms of sales, market capitalization and headcounts, decided to adjust the amount of the annual fixed compensation of the Chief Executive Officer by increasing it by 11% and to reinforce the relative proportion of the long term variable compensation in the global structure of its compensation by fixing it to a maximum of 250% of its fixed compensation. The contemplated consideration is also accompanied by the willingness to stabilize over time the amounts and caps of the fixed annual and variable (annual and long-term) compensation components. In this context, the Board approved, upon request of the Chief Executive Officer, that these amounts and caps will not be changed for the next three fiscal years (i.e. 2020, 2021 and 2022 included), except for very material and duly justified exceptional event.

  In the extremely difficult context of the Covid-19 sanitary crisis and the drastic measures implemented by the Group related to cash flow and strict control of expenditures and investments during the slowdown of activity, the Chief Executive Officer wished to take part to the efforts requested from all the Group stakeholders and informed the Board of Directors of his decision to waive for 2020 the increase of its compensation (fixed and long-term) proposed in the compensation policy, which will only become applicable as of 2021, the other proposed evolutions, including the additional undertakings requested, remaining applicable as of 2020.

  In addition, in light of this crisis, and as a personal contribution to the many gestures of solidarity of the Group's employees, the Chief Executive Officer decided to reduce his annual fixed annual compensation by 20% for at least the second quarter of 2020.
- Certain evolutions were introduced to take into account regulatory changes or to improve the visibility of the compensation's structure: the compensation policy provides therefore the implementation of a new defined benefits pension plan made necessary due to legal changes in July 3, 2019. In addition, in order to provide a better view on the way qualitative criteria are taken into account in the calculation of the annual variable compensation and in light of market practices, it has also been decided to replace the multiplying effect method by the more standard method known as "additive".

The compensation policy, as amended, enables the Company to provide an incentive and competitive policy for its Chief Executive Officer and protective for the Company, but also based on stable general principles.

Fixed annual compensation

The fixed compensation for the Chief Executive Officer aims to compensate the responsibilities and tasks associated with this position by law. The amount of compensation is also set taking into account the beneficiary's skills and experience.

The Board of Directors, on the recommendation of the Compensation Committee, decided, in its meeting dated February 14, 2020, to increase the fixed annual compensation for the Chief Executive Officer from €900,000 to €1,000,000 as of July 1, 2020, i.e. an increase of 11%. This change in the Chief Executive Officer's fixed compensation is made in the context of the potential change in the Company's shareholding linked to PSA's contemplated distribution of Company shares to its shareholders, and reinforcement of the structure as well as the components of compensation for the Chief Executive Officer following the in-depth review of the Board of Directors, in order to retain the Chief Executive Officer and ensure stable governance during this key period for the Group. This change is also made in relation to the continued transformation of the Group's business focusing on Sustainable Mobility and the Cockpit of the Future. This transformation continued in 2019 with (i) the integration of Clarion, for which the acquisition of all of the shares (excluding treasury shares) was finalized on March 28, 2019, within the Group with the creation of a fourth Business Group, (ii) the implementation of the joint venture Symbio with Michelin and (iii) the buyback of Continental's 50% interest in the joint venture SAS (project announced on October 14, 2019 and finalized on January 30, 2020). These external growth transactions or partnerships bolster and enrich the Group's offering in its two key strategic development areas. The implementation of the Group's transformation has already resulted in, prompted by the Chief Executive Officer, record order intakes in 2019, with an increase in the share of New Value Spaces. The volume of orders amounted to €68 billion over a three-year period. This change in scope and the addition of a new business was accompanied by an increase in the responsibilities of the Chief Executive Officer who leads a Group of 115,500 employees. Moreover, this change in scope was accompanied by solid operational performance in 2019 in a complex and uncertain economic context. Finally, it is specified that the level of fixed annual compensation was set after a review of the European

Comparative Study by external consultants based on a group of comparable industrial companies in terms of sales, capitalization and headcounts. The amount set for the Board of Directors is in line with the results of the European Comparative Study.[1]

The Board of Directors has not set any rules regarding the frequency at which the fixed compensation of the Chief Executive Officer is reviewed; however, it is understood that in practice the Board of Directors reviews this compensation regularly.

The fixed compensation acts as a reference in determining the annual variable compensation percentage and for valuing the performance shares.

Annual variable compensation

The annual variable compensation is based on quantifiable criteria, which are predominant, and qualitative criteria, it being understood that the award of variable compensation subject to performance criteria is not reserved solely for the Chief Executive Officer. The choice of performance criteria, whether quantifiable or qualitative, is notably led by (i) the search for continuous improvement in the Company's financial and operational performance and (ii) the consideration of strategic aspects and corporate and social responsibility issues. In this way, they contribute to compensation policy objectives. These criteria, whose objectives are specific and predetermined, are regularly reviewed and may be modified from time to time in order to continue to fully meet the objectives of the compensation policy.

The Chief Executive Officer's variable compensation may range from 0% to 180% of his fixed annual compensation depending on the achievement of the quantifiable and qualitative criteria.

1. The quantifiable criteria, which give right to variable compensation ranging from 0% to 150% of the fixed annual compensation, are linked:

   - for 40%, to the operating income;
   - for 60% to the net cash flow.

   For each quantifiable criterion, the targets are set by the Board of Directors in relation to the budget for the current year and the variable portion varies within a range between 0% and 150% of the amount of the fixed annual compensation able to be obtained with respect to this criterion, being understood that achievement of the budget means 100% realization of this target.

   The expected levels of achievement of these criteria are not made public for confidentiality reasons. The achievement of the targets for these criteria are assessed annually by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of the consolidated financial statements approved by the Board of Directors.

2. The qualitative criteria, generally from two to four, give right to variable compensation ranging from 0% to 30% of the fixed annual compensation, are set each year by the Board of Directors. They cover strategic, business development and managerial objectives as well as those in line with the Group's values and its Convictions in corporate and social responsibility. A weighting is assigned to each, and they are related, where possible, to quantifiable indicators. Qualitative criteria are pre-determined and precisely defined but may sometimes not be made public for confidentiality reasons. The achievement of the targets for these criteria are assessed annually by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of objective information mainly stemming from internal and external documents evidencing the potential achievement of these targets.

It should be noted that payment of the variable compensation components described above is subject to the approval of all the compensation components by the Ordinary General Meeting of the Shareholders under the terms and conditions provided for by law.

Long-term variable compensation in the form of performance shares

Share-based compensation, which is based on both internal and external performance conditions, helps to strengthen the Chief Executive Officer's loyalty and focus his actions on the long-term while at the same time aligning his interests with the interests of the Company and its shareholders. It thus contributes to the compensation policy objectives.

The Chief Executive Officer is eligible for the performance share plans established by the Company, subject to performance and presence conditions identical to those set for all the beneficiaries of the plans (i.e. the members of the Group Leadership Committee).

The Company's policy in this regard is based on simple, transparent, enduring principles. Therefore:

- performance shares are generally granted during the second half of each fiscal year;
- performance share grants are subject to internal and external performance conditions as well as a presence condition applicable to all French and foreign plan beneficiaries[2];

(1) The European Comparative Study includes 14 European industrial companies whose sales and capitalization are similar, and which are suppliers to the automotive, defense or aerospace industry or one in the steel sector.

(2) Presence condition with the usual exceptions.

- the vesting period applicable to the plans is four years as from their grant date for all French and foreign plan beneficiaries; the plans include no holding period. It is however stated that the Chief Executive Officer must hold a minimum of 30% of the shares acquired from each plan. This threshold requirement ceases to apply when the Chief Executive Officer holds a number of shares corresponding to three years of base gross compensation, factoring in all the previously established plans, and becomes applicable again if the Chief Executive Officer no longer holds the number of target shares corresponding to this level of base gross compensation;
- the number of shares that may be granted to the beneficiary under each plan is determined using an external benchmark from which are deduced a minimum number of shares (50%), a target number (100%) and a maximum number (130%). In all cases, the final allocation depends on the fulfillment of performance and presence conditions.

The performance conditions are the following:

- 60% fulfillment of an internal performance condition related to the Group's net income after tax and before taking into account any exceptional events. This internal condition is measured by comparing the net income of the third fiscal year after the grant date of the performance shares to that forecast for the same fiscal year in the Group's strategic plan reviewed and approved by the Board of Directors on the grant date of the performance shares;
- 10% fulfillment of an internal performance condition related to the gender diversity within the Group's "Managers and Professionals" category. This internal condition is measured by comparing the actual percentage of women in the Managers and Professionals population of the third fiscal year after the grant date of the performance shares to the target percentage set by the Board of Directors on the grant date of the performance shares;
- 30% fulfillment of an external performance condition, i.e., growth of the Company's net earnings per share assessed between the last fiscal year before the grant date of the performance shares and the third fiscal year ended after the grant date of the performance shares. This condition is assessed against the weighted growth of a reference group made up of twelve comparable international automotive suppliers over the same period.

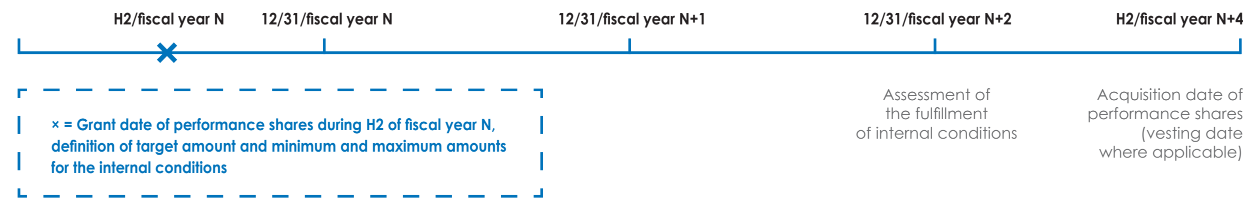
The reference group is comprised of the following European and North American automotive suppliers: Adient (Ireland/United States), Aptiv (ex Delphi) (United States), Autoliv (Sweden), Autoneum (Switzerland), Borg Warner (United States), Continental (Germany), Hella (United Kingdom), Lear (United States), Magna (Canada), Plastic Omnium (France), Tenneco (United States) and Valeo (France).

This group is intended to be stable over time and may be modified only in the event of significant evolution concerning one of its constituents, in particular in the event of a takeover, merger, de-merger, absorption, dissolution, disappearance or change in business, subject to maintaining the overall consistency of the reference group and enabling an external performance condition consistent with the external performance objective set for the grant to be applied.

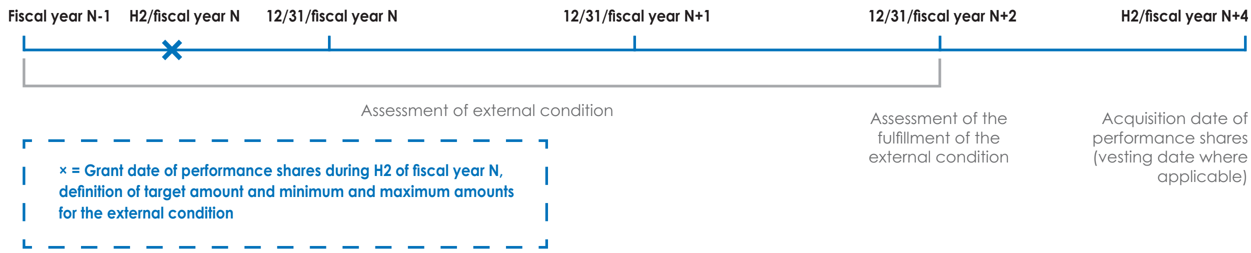
The achievement of these conditions is assessed by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of (i) the consolidated financial statements approved by the Board of Directors (and after necessary adjustments) concerning the internal performance condition related to the Group's net income, (ii) the Faurecia group's Human Resources reporting concerning the internal performance condition related to the gender diversity and (iii) a calculation performed by an external company specialized in compensation on the basis of consolidated financial statements approved by the competent body of companies part of the reference group and by Faurecia, concerning the external performance condition related to net earnings per share.

The plans are constructed as follows:

Internal conditions (net income and gender diversity)



External condition (net earnings per share)



The maximum amount of grant, calculated according to IFRS standards, may not represent more than 250% of the fixed annual compensation of the Chief Executive Officer. The Company's long-term compensation practices are reexamined on a regular basis to ensure their compliance with best market practices.

According to the rules of the plan to be granted, the Chief Executive Officer makes a formal commitment not to hedge the risk of the performance shares granted to him.

Pension

The Chief Executive Officer benefits from the same pension plan as the one provided for the other members of the Group's Executive Committee with a France contract.

This plan includes a defined contribution supplementary pension plan, which benefits to all Group's executives in France, and a defined benefit supplementary pension plan. This defined benefit supplementary pension plan is subject to performance conditions.

Supplementary defined contribution pension plan

The Chief Executive Officer is a beneficiary of the defined contribution plan (Article 83 of the French General Tax Code), open to all Group executives in France with at least one year's seniority at the time of retirement.

This plan covers tranches A and B of the beneficiary's compensation and entitles the beneficiary to contributions of 1% on Tranche A and 6% on Tranche B of the compensation, with no contribution by the beneficiary.

Supplementary defined-benefits pension plan (article 39 of the French General Tax Code) subject to performance conditions

Supplementary pension for periods of employment prior to January 1, 2020

The Chief Executive Officer, affiliated to the plans before July 4, 2019, is eligible for a defined benefit pension supplement comprising two components : (i) a component, which was subject to eligibility conditions and open until July 3, 2019, to all Group's executives in France described in Section 3.3.1.2.2.4 "Pensions" above and (ii) an additional component implemented, also subject to eligibility conditions, for the benefit of members of Faurecia's Executive Committee. For the Chief Executive Officer, these two plans are subject to performance conditions.

Provided that he ends his professional career within the Group, the Chief Executive Officer is likely to receive an annuity under these plans, which caracteristics are described in section 3.3.1.2.2.4 "pensions" above.

In order to comply with law No. 2019-486 of May 22, 2019 said "Pacte law" and Ordinance No. 2019-697 of July 3, 2019 transposing the Directive on improving supplementary pension rights' portability, the two components of the defined benefit pension plan applicable to the members of the Executive Committee, and from which the Chief Executive Officer benefits, were closed as of July 4, 2019, and the rights of potential beneficiaries were frozen as of December 31, 2019.

Given the freeze of rights, with effect from December 31, 2019, the Chief Executive Officer can no longer vest additional rights under these plans as of January 1, 2020.

Vested supplementary pension rights for periods of employment after January 1, 2020

Following the freezing of past-non vested rights under defined benefit pension plans governed by Article L.137-11 of the French Social Security Code, Faurecia intends to implement a vested rights supplementaty pension plan for rights relating to periods of employment after December 31, 2019 that complies with the new legal requirements set out in Article L.137-11-2 of the French Social Security Code.

Thus, the Chief Executive Officer, would be eligible to benefit from this new vested rights supplementary pension plan governed by Article L. 137-11-2 of the French Social Security Code, which would have the following characteristics:

- Eligibility conditions and other conditions for entitlement:
  - being a member of Faurecia's Executive Committee,
  - with a current or suspended employment contract or a corporate term of office in France, and,
  - rights definitively vested after 3 years on Faurecia's Executive Committee
- Reference salary equal to the gross salary (base and variable, excluding exceptional items) received during the year of membership of the Executive Committee;
- Rate of vesting: 0% to 3% of the annual reference salary depending on the achievement of performance conditions;
- Enhanced performance conditions conditioning the vesting of rights and under which, below a minimum target, no vested rights may be granted.

  The performance conditions are as follows:
  - Based on Faurecia's operating income:
    - 2.7% if the operating income is strictly higher than 100% of the budgeted operating income,
    - 1.8% if the operating income amounts to between 95% and 100% of the budgeted operating income,
    - 0.9% if the operating income amounts to between 75% and 95% of the budgeted operating income,
    - 0% if the operating income is strictly lower to 75% of the budgeted operating income.
  - Based on the level of achievement of annual variable compensation (FVC) targets:
    - *0.3% if the level of achievement is strictly higher than 100%,*
    - 0,2% if the level of achievement amounts to between 95% and 100%,
    - 0.1% if the level of achievement amounts to between 75% and 95%;
    - 0% if the level of achievement is strictly lower than 75%.

If the level of achievment of one of the conditions is strictly lower than 75%, no right can be granted for the given year.

- Rights acquired under the plan covered by Article L. 137-11-2 of the French Social Security Code, are capped at 30 points per beneficiary.
- Furthermore, given that the current Chief Executive Officer is the beneficiary of rights provided by other supplementary plans served by the Group (including the PAPP), the aggregate amount of rights under these plans and the plans governed by Article L.137-11-2 of the French Social Security Code in force within Faurecia will be capped as follows:
  - the sum of pensions under the new plan and other supplementary plans offered by the Faurecia Group (including the PAPP), is limited to 8 times the Annual Social Security ceilings (€329,088 in 2020);
  - the sum of rights vested under the new plan and other supplementary plans offered by the Faurecia Group (including the PAPP plan), may not exceed 25 % of the average annual reference remuneration received over the last three calendar years;
  - the annual amount of the total retirement pensions paid under the compulsory plans (basic state plan and supplementary AGIRC-ARRCO plan) and Faurecia Group's specific plans may not exceed 45 % of the average annual gross reference salary received during the last three calendar years preceding the date of the cessation of activity or the departure from the Executive Committee, whichever occurs earlier.

If one of these ceilings is exceeded, rights under the conditional pension plan PAPP will be reduced by the same amount so that the cumulative amount of pensions does not exceed one of the ceilings described above. However, the application of the these ceilings may not, under no circumstances, reduce the rights vested after January 1, 2020 under this plan.

- Financing outsourced to an insurance company, to which contributions will be paid annually.

Severance payment

The Chief Executive Officer is also the beneficiary of a severance payment, the Board of Directors having decided that the Chief Executive Officer cannot be an employee and as a consequence cannot enjoy the protective regime attached to such status.

This payment is backed by granting conditions in accordance notably with the AFEP-MEDEF Code:

- the payment is due in case of termination of the Chief Executive Officer's term of office on the Company's initiative, subject to his not being terminated due to serious or gross misconduct;
- the payment is not due in case of resignation or retirement;
- the payment is subject to the achievement of the following performance conditions:
  - achievement of a positive operating income during each of the three fiscal years preceding the termination of the Chief Executive Officer's term of office,
  - achievement of a positive net cash flow during each of the three fiscal years preceding the termination of the Chief Executive Officer's term of office;
- the payment is equal to 24 months of the reference compensation calculated on a total compensation basis (annual fixed and variable) paid with respect to the 12 months preceding the termination of his corporate office (the "Reference Compensation"). This payment is due if the two conditions described above are fulfilled in each of the three fiscal years concerned, which in practice amounts to the fulfilment of six criteria;
- should one of the six criteria not be met, the termination payment is reduced proportionally by 1/6 and may equal to 0 should none of these six criteria be fulfilled;
- should the Chief Executive Officer's term of office be shorter than three years, the method of calculating the termination payment is identical, but the number of criteria is adjusted to take into account the actual length of the term of office.

Non-compete, non-solicitation, non-poaching and prior notice covenants

Given the nature of the Chief Executive Officer's duties and the responsibilities entrusted to him and for the sole purpose of protecting the Company's legitimate interests, a non-compete covenant is put in place for the Chief Executive Officer.

In case of resignation, the Chief Executive Officer is bound by a non-compete covenant prohibiting him, for a period of 12 months following the termination date of his office, (i) from soliciting the Group's customers or convincing such persons to terminate their business relationship with the Group, (ii) from exercising management, executive, administrative or supervisory duties as employee or officer of a competitor company and (iii) from acquiring or holding shares (or other securities) representing more than 5% in the share capital of a competitor company.

In consideration for this undertaking, the Chief Executive Officer may receive throughout the period of this undertaking, a monthly payment equal to half of the reference compensation (annual fixed and variable) paid with respect to the 12 months preceding the resignation.

The Board of Directors may unilaterally waive the implementation of this undertaking upon the departure of the Chief Executive Officer (in which case the payment will not be due).

The maximum overall payment amount that the Chief Executive Officer will be eligible to receive with respect to the non-competition and/or termination payment may not exceed 24 months of his Reference Compensation.

In addition, in the event of the resignation of the Chief Executive Officer, he shall respect a 6-month notice period. In this case, the resignation shall become effective at the expiration of the 6-month notice period (starting from the date of notification of the resignation). The Board of Directors may waive or reduce such 6-month notice period. In such a case, the notice period indemnity will be reduced accordingly to the effectively worked period.

Lastly, the Chief Executive Officer is bound by a non-solicitation/non-poaching obligation for a period of 12 months from his departure date from the Group.

Benefits in kind

The Chief Executive Officer is eligible for a Company car.

It is also stipulated for information purposes, that he benefits from the medical/life/disability insurance scheme established within the Company.

He does not receive compensation with respect to his corporate office as a Board member of the Company.

Potential change of governance and circumstances

To the extent a new Chairman of the Board of Directors (separate from the CEO) or a new Board member is appointed, the compensation policies for the Chairman of the Board of Directors and the Board members, respectively, described above would apply to them.

To the extent a new Chief Executive Officer or one or more Deputy Chief Executive Officers would be appointed, the Board of Directors, on the recommendation of the Compensation Committee, would then set the amount of the fixed annual compensation, criteria, performance levels, parameters, structure and maximum percentages in relation to their fixed annual compensation, by adapting them to the parties concerned.

Pursuant to the provisions of Article L. 225-37-2 of the French Code of Commerce, the Board of Directors, upon proposal from the Compensation Committee, may decide to adjust the annual variable compensation provided under the Chief Executive Officer compensation policy. This adjustment could exceptionally affect, both upward and downward, one or several criteria (including adding or substituting new criteria) and their weighting or objectives of the criteria of the Chief Executive Officer annual variable compensation so as to make sure this compensation reflects both the Chief Executive Officer and Group performance.

This option can only be used by the Board of Directors, upon proposal from the Compensation Committee, in the event of exceptional circumstances resulting in particular from a significant change in the Group's scope following a merger or sale, the acquisition or creation of a significant new business activity or the elimination of a significant business activity, a change in accounting method or a major event affecting the markets and/or the Group's business sector. Any decision on derogation must be temporary and duly motivated.

Resolutions submitted to the General Meeting

Resolutions relating to the compensation policy for corporate officers that will be submitted to the General Meeting dated June 26, 2020 are the following:

Approval of the compensation policy for Board members for the 2020 fiscal year

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, after having read the corporate governance report indicated in Article L. 225-37 of the French Code of commerce describing the components of the compensation policy for Board members for the 2020 fiscal year, approves, in application of Article L. 225-37-2 II of the French Code of commerce, the compensation policy for Board members as presented in the corporate governance report included in the 2019 Universal Registration Document, Chapter 3 "Corporate Governance" Section 3.3.4.1.1 "Compensation policy for Board Members".

Approval of the compensation policy for the Chairman of the Board of Directors for the 2020 fiscal year

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, after having read the corporate governance report indicated in Article L. 225-37 of the French Code of commerce describing the components of the compensation policy for the Chairman of the Board of Directors for the 2020 fiscal year, approves, in application of Article L. 225-37-2 II of the French Code of commerce, the compensation policy for the Chairman of the Board of Directors as presented in the corporate governance report included in the 2019 Universal Registration Document, Chapter 3 "Corporate Governance", Section 3.3.4.1.2 "Compensation policy for the Chairman of the Board of Directors".

Approval of the compensation policy for the Chief Executive Officer for the 2020 fiscal year

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, after having read the corporate governance report indicated in Article L. 225-37 of the French Code of commerce describing the components of the compensation policy for the Chief Executive Officer for the 2020 fiscal year, approves, in application of Article L. 225-37-2 II of the French Code of commerce, the compensation policy for the Chief Executive Officer as presented in the corporate governance report included in the 2019 Universal Registration Document, Chapter 3 "Corporate Governance", Section 3.3.4.1.3 "Compensation policy for the Chief Executive Officer".

3.3.4.2. Implementation in 2020

3.3.4.2.1. COMPENSATION OF MICHEL DE ROSEN, CHAIRMAN OF THE BOARD OF DIRECTORS, IN RESPECT OF 2020

On the recommendation of the Compensation Committee, the Board of Directors, in its meetings on February 14, 2020 and April 17, 2020, decided that the Chairman of the Board of Directors would receive, for 2020, the compensation items listed below provided for in the 2020 compensation policy.

Fixed annual compensation

The Chairman of the Board of Directors benefits from a fixed annual compensation under the terms set out in the 2020 compensation policy.

The Board of Directors, on the recommendation of the Compensation Committee, decided to maintain the Chairman's compensation unchanged at €300,000, it being specified that this ceiling includes, as in 2019, the amount of the benefits in kind corresponding to the time of the assistant made available to the Chairman for business other than those relating to his Chairmanship of Faurecia.

In light of the Covid-19 sanitary crisis, and as a personal contribution to the many gestures of solidarity of the Group's employees, the Chairman of the Board decided to reduce his fixed annual compensation by 20% for at least the second quarter of 2020.

Benefits in kind

The Chairman of the Board of Directors receives benefits in kind according to the terms set out in the 2020 compensation policy.

The benefits in kind remain unchanged compared to the 2019 fiscal year.

3.3.4.2.2. COMPENSATION OF PATRICK KOLLER, CHIEF EXECUTIVE OFFICER, IN RESPECT OF 2020

On the recommendation of the Compensation Committee, the Board of Directors, in its meetings on February 14, 2020 and April 17, 2020, decided that the Chief Executive Officer would receive, for 2020, the compensation items listed below provided for in the 2020 compensation policy.

Fixed annual compensation

The Chief Executive Officer benefits from a fixed annual compensation under the terms set out in the 2020 compensation policy.

It is reminded that in the extremely difficult context of the Covid-19 sanitary crisis and the drastic measures implemented by the Group related to cash flow and strict control of expenditures and investments during the slowdown of activity, the Chief Executive Officer wishes to take part to the efforts requested from all the Group stakeholders and informed the Board of Directors of his decision to renounce for 2020 to the increase of its fixed annual compensation as provided for in the compensation policy, this increase becoming effective only in 2021.

It is also reminded that in light of this crisis, and as a personal contribution to many gestures of solidarity of the Group's employees, the Chief Executive Officer decided to reduce his fixed annual compensation for 20% for at least the second quarter of 2020.

Annual variable compensation

The Board of Directors, on the recommendation of the Compensation Committee, has set, in accordance with the terms of the 2020 compensation policy, the ceiling for the annual variable compensation at 180% of the fixed annual compensation of the Chief Executive Officer. This ceiling therefore remains unchanged compared to the 2019 fiscal year.

The share of quantifiable criteria in the annual variable compensation with respect to 2020 remains unchanged compared to the 2019 fiscal year, at 150% of the variable annual compensation. This is also true for the two quantifiable criteria used and their weighting, namely operating income at 40% and net cash flow at 60%.

The share of qualitative criteria in the annual variable compensation in respect of 2020 amounts to 30%, thus highlighting the change in the multiplying factor method used in previous fiscal years, to the additive method in accordance with the terms of the 2020 compensation policy.

The two qualitative criteria set by the Board of Directors in application of the 2020 compensation policy and their respective weighting are as follows:

- at 60%, the execution of the strategy. Essentially, this consists of focusing on the growth of the order book, and in particular the growth of the New Value Spaces, and on monitoring corporate and social responsibility Convictions, and more specifically on carbon neutrality and the deployment of the diversity project;
- at 40%, ensure a smooth transition in the change in the Company's shareholding, as it will change from a controlled company to a company with a significant free float. Essentially, this will consist of (i) identifying and building a new shareholder base, (ii) managing the impacts linked to such a transition in the shareholding and (iii) the quality of communication with financial community.

Performance share grant

The Chief Executive Officer is a beneficiary of performance shares according to the terms provided for in the 2020 compensation policy.

It is reminded that in the extremely difficult context of the Covid-19 sanitary crisis and the drastic measures implemented by the Group related to cash flow and strict control of expenditures and investments during the slowdown of activity, the Chief Executive Officer wishes to take part to the efforts requested from all the Group stakeholders and informed the Board of Directors of his decision to renounce, for 2020, to the increase of the relative proportion of the variable long term variable compensation in the global structure of his compensation as provided for in the compensation policy for 2020 and asked the Board to limit as a consequence, for 2020, the allocation of performance shares at the same ceiling than in 2019, i.e. 180% of his fixed annual reference compensation.

Pension

The Chief Executive Officer benefits from defined contribution and defined benefits pension scheme provided for by the 2020 compensation policy.

Non-competition indemnity, prior notice and non-solicitation/non-poaching

The Chief Executive Officer is bound by a non-compete obligation in the event of his resignation with indemnity, prior notice in case of resignation and a non-solicitation/non-poaching obligation in accordance with the terms set out in the 2020 compensation policy.

Termination payment

The Chief Executive Officer benefits from a termination payment according to the terms outlined in the 2020 compensation policy.

Benefits in kind

The Chief Executive Officer receives benefits in kind according to the terms set out in the 2020 compensation policy.

3.3.4.3.3. COMPENSATION FOR BOARD MEMBERS IN RESPECT OF 2020

The amounts set for each meeting of the Board, and should the case be, for meetings of the Committees are mentioned in Section 3.3.2.1 "Principles for Board members' compensation". These amounts remain unchanged compared to 2019.

It is specified that in accordance with 2020 compensation policy, meeting of ad hoc Committee, and should the case be, the Board seminary will be compensated.

3.4. Summary of compliance with the recommendations of the AFEP-MEDEF Code

The AFEP-MEDEF Code requires detailed reporting on the application of its recommendations and explanations to be provided, if applicable, as to why a company may not have implemented some of them. As of the end of the 2019 fiscal year, Faurecia did not entirely comply with the recommendations contained in the AFEP-MEDEF Code on the following issues.

AFEP-MEDEF Code recommendations	Explanations – Practice followed by the Company
10.2 Board of Directors' assessment *"The assessment is based on three objectives:* ■ *(…);* ■ *(…);* ■ *assess the actual contribution of the Board member to the Board's work".*	The assessment of the functioning of the Board of Directors with respect to the 2018 fiscal year, which was conducted externally by a leading specialist consultancy, included a detailed and in-depth assessment of the functioning of the Board by including a review of the actual individual contribution of each Board member, and each Board member was asked to assess their own contribution but also that of their peers, with individual feedback by the Chairman of the Board of Directors. Between each three-year external assessment, the assessment of the functioning of the Board of Directors is performed internally each year based on a detailed questionnaire prepared by the Secretary of the Board of Directors and reviewed with the Chairman of the Governance and Nominations Committee. In particular, it looks at the contribution of each Board member to the Board's work and comments may be made, if the Board member wishes, on the contribution of other members.
25.6.2 Supplementary defined contribution pension schemes defined according to Article L. 137-11 of the French Social Security Code. *"These supplementary pension schemes are subject to the condition that the beneficiary is a corporate officer or employee of the company at the time when they claim their pension rights in application of the rules in force".*	The eligibility of members of the Executive Committee, including the Chief Executive Officer, for the pension scheme is subject to the obligation that they end their professional career within Faurecia. By way of exception to this principle, it seems justifiable, in the event of invalidity or termination by the Group from the age of 60, that the right to the pension scheme should be maintained. In the event of termination by the Group, entitlement to the scheme is only maintained in the case that the beneficiary does not take on any other professional work. This provision must give the Company more flexibility in managing the departure of Executive Committee members from the age of 60.

3.5. Shareholding by corporate officers and transactions in the Company's securities

3.5.1. Shares held by corporate officers

Pursuant to the bylaws, each Board member must hold at least 20 Faurecia shares throughout the term of office.

Furthermore, the internal rules of the Board of Directors provide that each Board member must hold 500 shares in the Company, including 20 shares provided for in the bylaws, during the entire term of their corporate office. However, Board members who do not receive compensation in respect of their directorship are only required to hold 20 shares provided for in the bylaws and, in accordance with the law, Board members representing employees are not required to hold a minimum number of shares.

The internal rules of the Board of Directors' also state that the Chairman of the Board of Directors must hold shares corresponding to one year's compensation (including the 500 shares held as a Board member) and must comply with this obligation within two years of being appointed as Chairman.

As at December 31, 2019, corporate officers held less than 0.05% of the Company's capital and voting rights. Details of the number of shares held by each corporate officer are included in the summary table in Section 3.1.2.1 "General information on the composition of the Board of Directors" and in the Board members' biographies in Section 3.1.2.2 "Board members' expertise, positions and corporate offices". This information shows that the Board members comply with the shareholding obligations set by the bylaws and internal rules.

3.5.2. Transactions in the Company's securities by corporate officers

Since April 14, 2010, the Company has a Code of Conduct for Group employees and executives who have access to insider information by virtue of their positions and offices, with provisions on the management, ownership and disclosure of such information. This Code was amended, for the last time, by the Board of Directors during its meeting held on December 18, 2019. It is available on the governance page of the Company's website (www.faurecia.com).

Under the measures to prevent insider trading within the Group, the Code provides, among others, for blackout periods that require corporate officers as well as persons who have regular or occasional access to accounting or financial information before publication to refrain from trading in Faurecia shares during certain periods surrounding the publication of interim results, annual results and quarterly sales. These periods are defined as follows:

- 30 calendar days prior to the publication of the press release on annual or interim results, this period includes the date of publication;
- 15 calendar days prior to the publication of the quarterly sales, this period includes the date of publication.

The Code also describes the disclosure requirements for securities transactions, which apply to persons with managerial responsibilities within the meaning of the EU Regulation on market abuse and to persons closely associated with them, and lists the transactions to be disclosed since the regulation entered into force. In accordance with the applicable regulations, corporate officers were informed of disclosure requirements for securities transactions applicable to them as well as to their close associates.

The Code also states that when there is any doubt relating to the information held, the persons concerned must inform the Group's Chief Financial Officer who, in their capacity as compliance officer, will have 24 hours to offer an opinion on the planned transaction.

Lastly, the Code notes the obligation that corporate officers hold shares in registered form and, more generally, the sanctions for insider trading or disclosure of insider information.

The transactions performed during the fiscal year ended December 31, 2019 by corporate officers and their close relatives and who have been reported to the *Autorité des Marchés Financiers* (AMF) and the Company, in application of the applicable regulatory requirements, are presented in the table below:

Declarant	References of the AMF decision/notice	Financial instrument	Type of transaction	Date of transaction	Date of receipt of the declaration	Transaction venue	Unit price	Amount of transaction
Patrick KOLLER	2019DD601084	Shares	Disposal	March 29, 2019	April 2, 2019	Euronext Paris	€38.0000	€124,374.00
Patrick KOLLER	2019DD605772	Shares	Disposal	May 3, 2019	May 3, 2019	Euronext Paris	€46.4169	€1,206,839.4
Patrick KOLLER	2019DD605987	Shares	Disposal	April 1, 2019	May 6, 2019	Euronext Paris	€38.2000	€446,061.40
Patrick KOLLER	2019DD626740	Shares	Delivery of performance shares	July 23, 2019	July 26, 2019	Outside a trading venue	n/a	n/a
Denis MERCIER	2020DD667552	Shares	Acquisition (1)	December 31, 2019	February 3, 2020	Euronext Paris	€47.8500	€3,349.50 (2)

(1) Shares acquired to fulfill the shareholding obligation for Board members provided for in the bylaws and internal rules.

(2) Transaction having crossed the threshold of €20,000 per calendar year. The previous transactions performed in 2019 were also performed to fulfill the shareholding obligation for Board members provided for in the bylaws and internal rules.

3.6. Declaration of the members of the Board of Directors and Executive Management

Within the framework of an active conflict of interests management policy and to collect the information required under Annex 1 item 12 of European Regulation No. 2019/980, each year the Company notably provides its Board members with a detailed questionnaire allowing them to obtain the information required and thus make the necessary declarations.

To the Company's knowledge and on the date this Universal Registration Document was drawn up, there is no family relationship between Faurecia's corporate officers.

Moreover, to the Company's knowledge and on the date this Universal Registration Document was drawn up, none of the members of the Board of Directors and Executive Management have, within the last five years, (i) been found guilty of fraud, (ii) been questioned or publicly sanctioned by a statutory or regulatory authority (including designated professional bodies), (iii) been banned by a tribunal from serving as a member of an administrative, management or surveillance body or from being involved in the management of an issuer and (iv) been involved in bankruptcy, receivership, liquidation or administration proceedings while they served as a member of an administrative, management or surveillance body, with the exception of Penelope Herscher who was Chairwoman of the Board of Directors of FirstRain Inc., which voluntarily filed under Chapter 11 of the U.S. Bankruptcy Code in 2017 before being sold several months later to Ignite Technologies.

To the Company's knowledge and on the date this Universal Registration Document was drawn up, no potential conflicts of interest have been identified between the duties of each of the members of the Board of Directors and the Executive Management with regard to the Company and their private interests and/or other duties. It is specified that one Board member, Peter Mertens, has a minority interest in a start-up in which the Group has made a very small investment (less than 0.03% of sales) and was appointed, in November 2019, as a Board member of this company. It should be noted that this investment was made before the effective appointment of Peter Mertens as a Company Board member, that the investment conditions are similar for all minority investors (including the Company), that the Company does not have any voting right in the Board of Directors of this start-up and that the decisions on this investment are not taken by the Company's Board of Directors. In addition, in the event of conflicts of interests, the provisions of the internal rules will apply. The Board's internal rules provide that each Board member must inform the Board of Directors of any specific conflict of interests, even if it is only potential, and refrain from voting on the relevant resolution and attending Board meetings during the period in which they find themselves in a situation of a conflict of interests, or even resign from their position as a Board member. In case of non-compliance with these rules of abstention or withdrawal, the Board member could be held liable. In case of conflict of interest, the Board member concerned will not receive documentation relating to the Board meeting(s) in question.

It should also be noted that in the context of the potential change to the Company's shareholding structure in connection with the planned distribution of the Company's shares by PSA to its shareholders, the Board of Directors, acting on a recommendation from the Governance and Nominations Committee, decided at a meeting held on December 18, 2019 and in accordance with best governance practices, to create an ad hoc committee. The duties of the ad hoc committee are detailed in Section 3.1.3.1"Organization of the Board of Directors" in this Universal Registration Document.

To the Company's knowledge and on the date this Universal Registration Document was drawn up, there was no arrangement or agreement entered into with the major shareholders, customers, suppliers or others under whose terms one of the members of the Board of Directors or Executive Management was appointed to their role.

Finally, to the Company's knowledge and on the date this Universal Registration Document was drawn up, no restriction has been accepted by members of the Board of Directors or Executive Management regarding the disposal, within a certain period of time, of their holdings in the Company's, except for (i) the provisions of the bylaws and internal rules regarding shareholding (see Section 3.5.2 "Transactions in the Company's securities by corporate officers" of this Universal Registration Document) and the retention obligation linked to allocations of performance shares for the Chief Executive Officer under the terms of which they must retain at least 30% of the shares actually acquired under each plan. This threshold requirement ceases to apply when the Chief Executive Officer holds a number of shares corresponding to three years of base gross compensation, factoring in all the previously established plans, and becomes applicable again if the Chief Executive Officer no longer holds the number of target shares corresponding to this level of base gross compensation.

3.7. Authorizations relating to sureties, endorsements and guarantees

In accordance with the law and bylaws, the Board of Directors can, within the limit of a total amount which its fixes, authorize the Chief Executive Officer to issue sureties, endorsements and guarantees on behalf of the Company.

In its meeting held on July 19, 2018, the Board of Directors authorized the Chief Executive Officer to issue sureties, endorsements and guarantees within the limits of a global amount of €50 million, up to a limit of €10 million per transaction, for a one-year period. If the Group is required to provide advance payment guarantees or performance bonds for contracts with successive partial deliveries, the Chief Executive Officer is authorized to provide guarantees representing a maximum of €5 million per transaction. It is specified that sureties, endorsements and guarantees provided to tax and customs regimes may be given without any limit on the amount.

Since the previous authorization had expired, the Board of Directors, in its meeting held on July 22, 2019, decided to renew the authorization granted to the Chief Executive Officer, according to the same terms as described above.

3.8. Agreements

3.8.1. Regulated agreements

The Statutory Auditor's special report on related-party agreements is included in Section 3.8.4 below.

It should be noted that, as a result of the repeal of Article L. 225-42-1 of the French Code of commerce, the regulated commitments relating to pensions and termination payments were taken in favor of the Chief Executive Officer. These commitments are notably outlined in Sections 3.3.1.2.2.4 "Pensions" and 3.3.1.2.2.5 "Termination payment" of this Universal Registration Document.

3.8.2. Procedure for assessing ordinary and normal agreements

In accordance with the applicable provisions, the Board of Directors of April 17, 2020 adopted, on the recommendation of the Governance and Nominations Committee, a procedure to assess ordinary agreements entered into under normal conditions (unregulated agreements) and regulated agreements.

This internal document formalized the procedure applicable to the identification and qualification of agreements prior to their conclusion or amendment. It sets out the role of the Legal Department in this assessmet process as well as the rules to be taken into account when examining these agreements. The methods used by the Governance and Nominations Committee and the Board of Directors to assess the procedure are also described. It is specified that, as far as possible, the person directly or indirectly affiliated with one of these agreements may not take part in its assessment.

3.8.3. Service contracts

To the Company's knowledge and on the date this Universal Registration Document was drawn up, there is no service contract linked a Board member with Faurecia or any of its subsidiaries.

3.8.4 Statutory auditors' special report on related party agreements

This is a translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of Faurecia, we hereby report to you our special report on related party agreements.

It is our responsibility to inform you, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R. 225-31 of the French Commercial Code (*Code de commerce*), it is your responsibility to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide you with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France (Compagnie Nationale des Commissaires aux Comptes) relating to such engagements. These procedures consisted in verifying that the information provided to us is consistent with the underlying documents.

Agreements submitted for the approval to the annual general meeting

We were not informed of any agreements authorized and entered into during the year to be submitted for approval to the Annual General Meeting pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

In addition, further to the request made to us for the purpose of the fifth resolution, we report on the modification made to the specific additive defined benefit pension plan which corresponded to a commitment covered by Article L. 225-42-1 of the French Commercial Code until the Order no. 2019-1234 of November 27, 2019.

Modification made to the specific additive defined benefit pension plan set up for members of the Executive Committee

DATE OF AUTHORIZATION

Board of Directors' decision of December 18, 2019.

PERSON CONCERNED

Patrick Koller in his capacity as Chief Executive Officer (CEO)

NATURE AND PURPOSE

Specific additive defined benefits pension plan (article 39 of the French General Tax Code) (the "**PAPP**").

This plan, authorized by the Board of Directors of February 11, 2015, as modified by an unilateral decision by the CEO dated July 4, 2016, is applicable to the members of the Executive Committee of Faurecia who hold a current or suspended employment contract or a corporate office mandate in France and who are members of the Executive Committee for a minimum consecutive period of three civil years from the introduction of this regime or the entry into the Executive Committee. Patrick Koller, as Chief Executive Officer, was authorized to be covered by the PAPP, by the Board of Directors, in a decision dated July 25, 2016 and approved by the General Meeting of May 30, 2017, according to the terms of the fifth resolution.

TERMS AND CONDITIONS

The order dated July 3, 2019 transposing the European directive dated April 16, 2014 (the "**Order**") provides for (i) the closing of defined benefits pension plans conditioned to presence as of July 4, 2019 and (ii) the prohibition to acquire new supplementary rights conditioned to presence as of January 1, 2020.

The Board of Directors acknowledged that, pursuant to the Order, past non-vested rights are frozen (in percentage) into existing scheme as at December 31, 2019 (crystallization). As a consequence, for the calculation of the current PAPP benefits, only the years during which the potential beneficiary belongs to the Executive Committee until December 31, 2019 are taken into account. The past non-vested rights granted to the potential beneficiary for each year of seniority are frozen at that date.

In the context of the review of the PAPP and in accordance with article L. 225-42-1 of the French Code of commerce, the Board of Directors has decided (Patrick Koller not taking part to the deliberation nor to the decision) not to apply to the potential beneficiaries (including the Chief Executive Officer) the condition of presence at retirement date, in case of departure at the Company's initiative after the age of 60 instead of 62 as stipulated in the PAPP, if the potential beneficiary does not have any other professional activity until retirement.

The initial financial terms and conditions of the PAPP remain unchanged. The estimated amount of the annuity as of December 31, 2019 granted to Patrick Koller under this plan was €262,319. No payment was made in 2019 to Patrick Koller under this plan.

GROUNDS JUSTIFYING THE MODIFICATION OF THE COMMITMENT

The modification adopted should give the Company more flexibility in managing departures after the age of 60.

AGREEMENTS PREVIOUSLY APROVED BY THE ANNUAL GENERAL MEETING

We have not been informed of any agreements approved in prior years and which remained current during the last year.

Courbevoie and Paris-La Défense, April 22, 2020

The Statutory Auditors

MAZARS	ERNST & YOUNG Audit
David Chaudat	Jean-Roch Varon

3.9. Other information

The table summarizing the delegations in force granted by the General Meeting in relation to capital increases and the use made of these delegations during the fiscal year is included in Chapter 5, Section 5.2.1 "Authorized capital stock" in this Universal Registration Document.

The specific conditions governing shareholders' participation in the General Meeting or the provisions of the bylaws which outline these conditions are included in Chapter 6, Section 6.1 "Legal information".

Finally, factors likely to affect a public takeover bid or exchange are described in Chapter 6, Section 6.1 "Legal information".

4
CSR

4.1. Faurecia's social and environmental responsibility strategy

4.1.1. Committing to sustainable development

In the last two decades, Faurecia has undergone major expansion on an international scale. Over the same period, the main global challenges (urbanization, demographic growth, technological changes, and climate change) have continued to intensify, with ever greater impacts on the world economy.

Faced with these fundamental changes, Faurecia's Executive Management decided in 2018 to signal its commitment at the very highest level by setting out its six convictions for a more responsible world and to make them a key focus of the Group's values and ambition:

- **environmental issues pose a serious challenge for humanity.** Faurecia wants to help cap the rise in temperature by reducing the carbon footprint of its activities and offering solutions for Sustainable Mobility. The Group supports national and international organizations in reducing global warming and by respecting their principles. Air quality is a growing health challenge in cities. Through its solutions and partnerships, Faurecia works to reduce pollutant emissions and improve air quality;
- **short term thinking jeopardizes future generations.** In an ever-changing world, Faurecia must invest in its future and in particular in technology, new business models and learning. The Group must preserve natural resources and meet environmental challenges for the well-being of future generations. At the same time, in order to maintain the confidence of its customers and shareholders, it must deliver short term financial and operational performance. Faurecia must be able to balance both long term and short term and not jeopardize one at the expense of another. Its culture enables it to combine rigor and discipline in short-term execution with a long-term vision;
- **opposing strengths create value.** Faurecia believes in a system of transparency and dialogue. Each employee and stakeholder can voice an opinion, criticism, or alternative suggestion or report a violation without fear of personal consequences and in complete transparency. The Group believes in open, responsible and balanced dialogue, based on mutual recognition and an acceptance of the legitimacy of each viewpoint. Faurecia's relationship with its suppliers is guided by the principles of respect and partnership to create long term value for both parties. The Group views and respects collective representation of employees and social dialogue in the same proactive and constructive spirit;
- **diversity is a strength.** Diversity in the workforce with regard to gender, place of origin, culture or educational background, experience or any other difference is a source of strength for the Group. Thanks to Faurecia's diversity, the Group has a better understanding of customer expectations and makes better decisions. It encourages the broadest possible diversity through recruitment and career management and by fostering workplace conditions and a flexible organization that are adapted to individual needs;
- **the world is in a state of permanent disruption.** Technology is rapidly changing Faurecia's business models and working methods. The Group must anticipate the next trends, remain agile and invest in innovation and education. It strives to ensure the employability of its employees throughout their working life, through lifelong learning, professional mobility and on the job training. This is the best guarantee for ensuring that everyone can reap the benefits of technological advances and innovations as well as changing work practices. For younger generations, Faurecia has extensive programs of apprenticeships, work/study, volunteers for international experience (VIE) and internships that both provide the Group with a talent pool and enable extensive on-the -job training and cultural integration;
- **companies must have a positive impact on society.** Faurecia is a member of the community in each region where it operates worldwide. The Group contributes to economic development and the creation of social value by hiring locally, providing career training and advancement for employees and through a commitment to ethics and social responsibility. Above and beyond its legal obligations, Faurecia has a responsibility to maintain a frank and ongoing dialogue with the communities that surround its sites, to ensure that its operations are harmoniously integrated into each region. As appropriate, the Group initiates or contributes to projects and programs that address local needs, by offering its expertise and resources in support.

On a day-to-day basis, the convictions are embodied by the Being Faurecia corporate model which governs the Group's management, ethics, and operational excellence via managerial values (entrepreneurship, autonomy, and accountability) and behavioral values (energy, respect, and exemplarity).

These six convictions form the foundations underpinning Faurecia's sustainable development strategy and set the scale of its ambitions in response to major global challenges. In this context, the role of Group Sustainable Development Officer was created in late 2018, reporting to the Executive Vice President, Group Human Resources, member of the Executive Committee. In 2019, the Group validated its first roadmap for the 2019-2022 period and its Corporate and Environmental Responsibility (CSR) governance.

4.1.2. Achieving quantifiable results by 2022

Faurecia's CSR strategy has three key focuses:

Planet – Business – People

Each one of these focuses is built on the Group's six convictions and sets quantifiable progress targets for an initial period from 2019 to 2022. Simultaneously ambitious and achievable, these goals for 2022 were drawn up in collaboration with all of the Business Groups and support functions.

PLANET CARE

Faurecia is convinced environmental issues pose a serious Challenge for Humanity, that's why we care to improve our **ENVIRONMENTAL FOOTPRINT**

GHG emissions	CO_2 tons equivalent/ Million euros of sales Scope 1 & 2	-20% by **2022**
Energy efficiency	MWh/million € of sales	-10% by **2022**
EcoDesign in products	Develop the methodology and assess the innovation portfolio	100% of the new innovation projects and 80% of the products portfolio screened by the EcoDesign methodology by **2022**
Waste treatment	Tons wastes in landfill per Million € of sales	-5% by **2022**

BUSINESS CARE

Faurecia is convinced the world is in a state of permanent disruption, that's why we care to **PREPARE FUTURE**

Plant risk assessment and mitigation	Nombre d'usines à risque (basé sur l'évaluation interne des risques)/% du nombre d'usines	-5% in **2022**
Patents	Number of new patents filed	> 500 / year

Faurecia is convinced power must have counter-balance, that's why we care to improve **ETHICS IN OUR STAKEHOLDERS RELATIONSHIPS**

Stakeholders satisfaction	Index based on the Total Customer Satisfaction	Ranking 4/5 stars in 2022
	Index based ont he Supplier Survey	2.95 / 4

PEOPLE CARE

Faurecia is convinced diversity is a strength, that's why we care to increase **DIVERSITY IN TEAMS**

Gender	% Females managers in M&Ps	31% **in 2022**
	% Females managers in top leaders	21% **in 2022**
Cultural	% non European in top leaders	39% **in 2022**
People satisfaction	Engagement Index based on the Employee Survey	67 pts **in 2022**

Faurecia is convinced short term thinking jeopardizes future generations, that's why we care to **PERFORM A RESPONSIBLE WAY**

Safety at work	Fr1t, number of accidents per million hours worked without day lost	-30% **in 2022**
Employability	Number of training hours per employee	24h/employee/ year

Faurecia is convinced companies must have a positive impact on society, that's why we care to increase our **COMMUNITIES CONTRIBUTION**

Societal engagement	FOUNDATION at Group level to develop projects on Education | Mobility | Environment	10 projects **in 2022**
	LOCAL COMMUNITIES involvement from Sites	>1100 projects/year

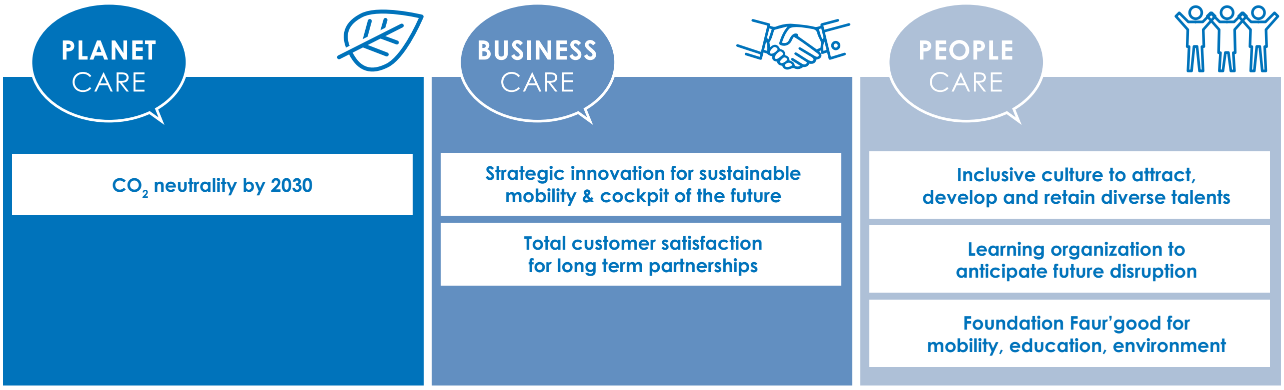
2019 datas are detailed in the sections social, environmental and societal performance of this chapter.

Each of these goals has then been integrated into internal action plans to enable the relevant teams to steer their projects, and to measure the results achieved with regard to the expectations and commitments made by the Group to its stakeholders.

4.1.3. Getting teams on board and contribute to the transformation of the Group

The CSR roadmap is based on six key projects led by project managers tasked with defining the associated action plans and implementing these in coordination with the Business Groups and relevant support functions.

All of these projects have a significant social and environmental impact which requires a considerable commitment from Faurecia employees and contributes to the transformation of the Group.



- **Achieving carbon neutrality by 2030**

  Faurecia has set itself the goal of achieving carbon neutrality for its scope 1, 2 and, in part, three activities (see chapter on environmental performance). This includes in particular the indirect footprint of Faurecia's activities, including a majority of purchasing, freight, travel, waste products, buildings, and product recycling operations.

  In concrete terms, this means that by 2030 the Group will have reduced its greenhouse gas emissions as far as possible and, depending on the existing technologies, will offset all remaining emissions as far as possible by taking part in carbon removal projects.

  The Group made an official commitment at its Capital Market Day on November 26, 2019 and set up an internal structure by appointing a Carbon Neutrality Project Officer who reports to the Executive Committee member responsible for strategy and innovation. The position involves defining the strategy with the Business Groups and relevant support functions, before proceeding with its implementation by the business units based on the following three key priorities: Operations – Design – Compensation.

- **Innovating for Sustainable Mobility and the Cockpit of the Future**

  Faurecia continues to accelerate its transition toward clean mobility solutions thanks to the development of the Business Group Clean Mobility, and also by investing in hydrogen technologies alongside Michelin via the Symbio joint venture. Finally, the recent acquisition of Clarion Electronics offers good growth opportunities for Cockpit of the Future solutions. In order to support and accelerate this transition, Faurecia has been developing for several years now a large ecosystem of industrial partners and start-ups, supported by a network of in-house experts.

- **Committing to total customer satisfaction**

  Thanks to strong mobilization on all levels within the Group, the "5-Star Consumer Experience" program aims to raise all employees' awareness of the impact of their day-to-day tasks on customer satisfaction, to help spread best practices, and to reward employees having achieved exemplary results.

- **Developing an inclusive culture for the hiring and retention of talents**

  Diversity in the workplace, in any form, whether in relation to gender, country of origin, disability, culture, age, initial training, etc., is a strength which each individual contributes to the Group. For the past 20 years Faurecia has grown while addressing the challenge of globalization. With less than 10% of its headcount in France, the Group has been able to maximize potential talent in the 37 countries where it has progressively set up operations.

  At the same time, social challenges have increased in number, and inclusion, particularly gender balance, is currently extremely urgent for the industry. In 2019, Faurecia launched an inclusive management approach focusing in particular on gender. The Group revised its internal organization with the appointment of a Diversity Officer who reports to the Executive Committee member responsible for human resources. The aim of this approach is to create the conditions for a better understanding of the potential which diverse teams are able to contribute in terms of perspective, creativity, positive attitudes, and, ultimately, performance. The first part of this project relates to the training which was launched for each management team and which will be rolled out more widely in 2020. This training will focus on the unconscious bias which may act as an obstacle to the correct functioning of teams. The second part relates to tools for the development of future talents, in particular, via a program aimed specifically at recruiting high-potential female executives in order to have more candidates able to take managerial roles and to ensure the promotion of women through mentoring and coaching.

- **Promoting training and apprenticeships to prepare for the major changes of the future**

  Faurecia's core businesses are undergoing a transformation with the development of digitization and new technologies, the training provided by the Group via its in-house universities (attended in person and online) ensures that each individual has a good understanding of the fundamentals of his or her relevant core business, has taken on board the technological developments, and is able to provide the correct responses and interpretations required to work with an outside world undergoing very rapid change.

  Faurecia also wants to provide each non-manager & professional employee, in all of the countries in which the Group has a presence, with the means of accessing apprenticeship schemes enabling them to achieve professional development, to be better prepared for change, and to be ready for the world and its challenges. Faurecia places access to knowledge at the heart of the achievements and success of each individual, thanks in particular to an on-line training package (MOOC) accessible via any private or professional support by all Faurecia employees.

- **Committing to projects with a social impact**

  Launched in March 2020, the Faurecia corporate foundation will contribute to supporting and developing solidarity-based projects that promote education, mobility, and the environment. Projects presented by employees during the first 2020 call for projects campaign will be implemented in 2020 in the different countries where the Group operates. A Board of Directors has been appointed. It is chaired by the Group's Chief Executive Officer and composed of three members from Executive Management and two external Board members. The General Delegate, appointed by the Board of Directors, is supported by an operating manager.

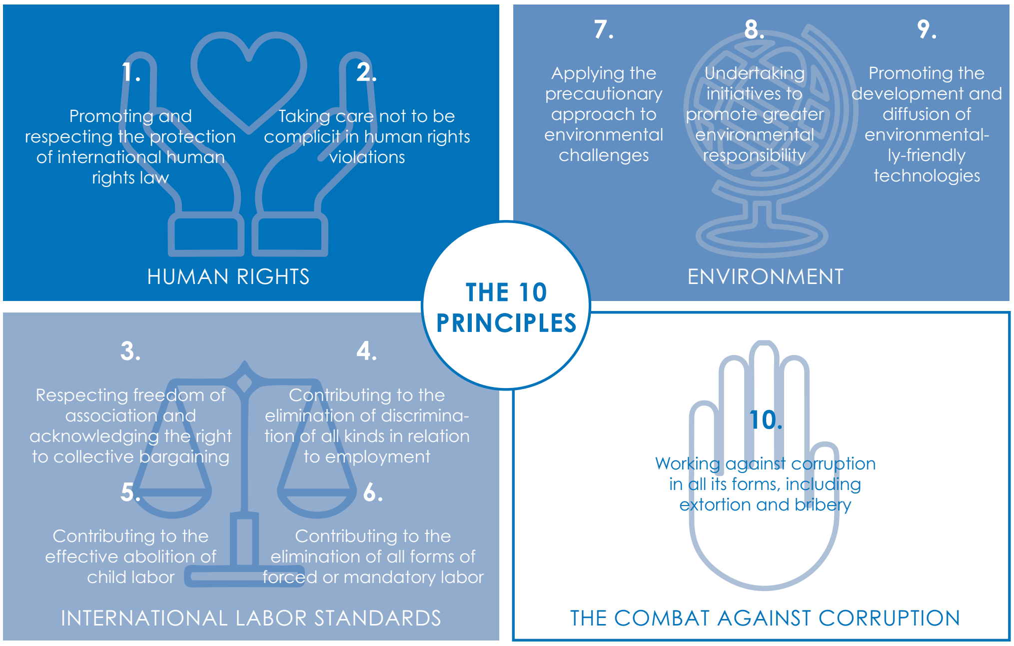
4.1.4. Engaging on major international agreements and drawing on the acknowledged expertise of external partners

In alignment with its six convictions, Faurecia has made a commitment, via international initiatives, in order to mark its commitments in terms of business ethics and climate change. The Group is also supported by partners and methodologies widely recognized in terms of CSR to manager its supply chain and develop its climate strategy:

- **The Global Compact :**

WE SUPPORT UN GLOBAL COMPACT

Having signed up in 2004 to the 10 principles of the Global Compact, initiative of the United Nations launched in 2000, Faurecia has committed to promote respect for human rights commitments and international labor standards, environmental protection, and the prevention of corruption :



- **The Sustainable Development Goals of the United Nations**

In order to go even further in the application of these principles, 17 sustainable development goals (or the 2030 SDG Agenda) were adopted in 2015 by the United Nations' 193 countries. These constitute an action plan for a fair transition toward sustainable development by 2030. Faurecia supports the aims of this program and, therefore, in 2019, identified to which of the 17 SDGs it is making a contribution through its CSR actions and its operations.

Faurecia contribution to the Sustainable Development Goals of the United Nations

Partnership for the achievement of the Goals:
- Engagement with local communities
- Partnerships for sustainable innovation with key players in the industrial and technological sectors

Quality Education:
- Training and skills development of our employees, in particular via our internal Faurecia University
- Support for solidarity and local initiatives in favor of education

Climate change:
- Development of solutions for zero emission mobility and for air quality
- Reducing our carbon footprint to achieve Carbon Neutrality by 2030

Gender equality:
- Specific promotion and development of women
- Fighting against discrimination and for professional equality

Responsible consumption and production:
- EcoDesign of products
- Sustainable management of waste and chemicals substances

Decent work and economic growth:
- Development of local employment
- Active prevention of accidents at work and occupational diseases
- Respect and promotion of international principles relating to human rights and labor law throughout our value chain

Sustainable cities and communities:
- Fight against mortality and road injuries via our quality and product safety policy
- Air quality innovations particularly suited to urban areas

Reduced inequalities:
- Fight against all forms of discrimination
- Commitment to the international representativeness of the Group at all levels

French Business Climate Pledge

Since 2017, Faurecia has been one of the 99 companies to have signed the French Business Climate Pledge, a commitment made at the One Planet Summit. These businesses represent sales of €1,650 billion and 6 million jobs worldwide. Via this initiative, Faurecia is reaffirming its commitment to strengthen its investments and innovation for the promotion of low-carbon solutions, in order to see a drastic fall in the planet's greenhouse gas (GHG) emissions. In this context, Faurecia has in particular launched Symbio, a joint venture with Michelin for the development of hydrogen motor technologies.

Partnership with EcoVadis for a more sustainable value chain

Faurecia also bases its sustainable development approach on recognized methodologies and external partners who are experts in their respective fields. Since 2017, Faurecia has been working with its partner **EcoVadis** to carry out an in-depth assessment of its suppliers focusing on their ethical, social, and environmental practices. 80% of all direct suppliers are currently assessed by EcoVadis.

Application of the TCFD (Task Force on Climate-related Financial Disclosure) for an exhaustive and transparent climate disclosure

The TCFD was created by the G20 during the COP21 to define recommendations concerning the financial transparency of companies with regard to climate. Chaired by Michael Bloomberg, its final report published in June 2017 specifies the elements of climate reporting expected in companies' reference documents for 4 pillars: governance, strategy, risk management and the indicators and metrics used.

For the first time, Faurecia is presenting hereinafter a summary of the various levels on which climate challenges are integrated into the Group's strategy and governance on the basis of the eleven key recommendations made by the TCFD:

GOVERNANCE	STRATEGY	RISK MANAGEMENT	INDICATORS & GOALS
Recommendation 1	Recommendation 3	Recommendation 6	Recommendation 9

■ A review of the CSR roadmap was validated at a meeting of the Executive Committee held in September 2019. Going forward, the Executive Committee will now validate this roadmap on an annual basis.
■ In October 2019, this roadmap was presented to and approved by the Board of Directors at a meeting dedicated to this issue. Going forward, the Board of Directors will now validate this roadmap on an annual basis, further to examination by the Governance and Nominations Committee.
■ In November 2019, the Executive Committee organized an initial seminar focusing on climate-related challenges, with presentations from outside experts.
	■ The environmental risk linked to site production is monitored by a network of HSE experts on a local and global level. In terms of environmental management more widely, the Group is promoting measures for improvement by obtaining ISO 14001 certification for its sites (77% in 2019).
	■ The climate risk connected to an increase in the number of climate-related disasters is relatively low for the Group's sites, 32 of which have exposure to flood risk and 7 of which are in areas at risk from tropical storms.
	■ The risk to reputation and commercial and financial risk related to the impact of its activities on the climate is now taken into account in the context of the carbon neutrality project and will be assessed during 2020.
		■ In accordance with the recommendations made by the TCFD, an initial seminar dedicated to climate issues in 2019 enabled the Executive Committee to assess three potential scenarios (economic, social, and environmental) for 2050 linked to the impact of climate change.
		■ The system used by the Group to identify and classify risks ranks these into various categories (strategic, operational, compliance, financial, etc.) and levels (major risk, secondary risk, etc.), in particular, via an assessment of the probability and impact of these risks.
		■ Risk mapping is updated by the committee each quarter and the risk universe is updated annually.
			■ The 2019/2022 CSR goals:
			  ■ GHG emissions (scope 1 & 2) -20% of CO_2 equivalent/€m of sales
			  ■ energy efficiency -10% of MWh/€m of sales
			  ■ waste management -5% of waste not reclaimed;
			  ■ delopment of an EcoDesign methodology enabling 100% of the innovative product portfolio and 80% of the existing portfolio to be analyzed.
			■ The carbon neutrality target was launched in November 2019, the compensation policies do not yet reflect this goal.

Recommendation 2	Recommendation 4	Recommendation 7	Recommendation 10
■ A Group carbon neutrality manager was appointed and reports to the Executive Committee member responsible for strategy and innovation, and to the Chief Executive Officer. He or she works closely with the Group CSR manager responsible for the CSR strategy and for extra-financial reporting, who reports to the Executive Committee member responsible for Human Resources. ■ Monthly meetings of the HSE Committee are chaired by the Group HSE manager and attended by the Business Groups' CSR, carbon neutrality, and HSE managers. ■ A half-yearly CSR Operations Committee is chaired by the CSR manager and the carbon neutrality manager leads the Committee's climate-related discussions in connection with the climate correspondents from the Business Groups.	■ Faurecia's portfolio of technologies covers all scenarios in relation to the motorization mix and will allow us to adapt to future choices by consumers and to climate-related regulations. This strategy guarantees the growth in sales of Faurecia Clean Mobility in accordance with its financial commitments. ■ In 2019, the Group decided to aim for the carbon neutrality of its activities within scopes 1, 2, and, partially, 3 by 2030. This strategy will allow the Group to better manage the risks to reputation and the commercial and financial risks connected with its global carbon footprint.	■ The mapping of major risks is validated each year by the Executive Committee, Audit Committee and the Board of Directors. ■ The Audit Committee also carries out an in-depth review of four risks each year.	■ Scope 1, 2 and 3 emissions published in the chapter environmental performance.
	Recommendation 5	Recommendation 8	Recommendation 11
	■ A project for achieving carbon neutrality by 2030 has been launched. The roadmap and associated scenario will be drawn up in 2020.	■ The Group's risk mapping includes, within its risks, the risk related to the environmental impact of its sites and climate change. This risk is monitored by the Group's Risk Committee. ■ In 2020, the impacts of prospective climate scenarios will be taken into account in the major trends used in the strategic plans for the Business Groups. ■ In 2020, each Business Group will set out this risk analysis within its own scope, and will reinforce the corresponding action plans, in particular in relation to carbon neutrality.	■ The target of achieving carbon neutrality by 2030 concerns Faurecia's activities within scopes 1 and 2 and partially within scope 3. This includes in particular the indirect footprint of Faurecia's activities, including the majority of purchasing, freight, travel, waste products, buildings, and product recycling operations.

4.1.5. Animating the CSR approach based on dialogue with stakeholders

Dialogue with stakeholders is at the core of Faurecia's commitment and is a key driver in its local presence. It involves the Group's different business lines and functions, which contribute to a proactive and constructive approach. Listening and dialogue are therefore key factors in providing solutions that are relevant and adapted to all stakeholders. This allows Faurecia to better integrate their expectations and the challenges associated with its global and local strategy.

Faurecia therefore applies a policy based on structured and proactive dialogue with all of its stakeholders, the key elements of which are set out in the table below:

Stakeholders	Information and communication	Consultation and dialogue	Key events in 2019 (as an option)
Suppliers	Corporate internet site for communicating CSR Information Code of Conduct for suppliers and sub-contractors	Continuous collaborative work Organization of conventions Awards Strategic monitoring and innovation meetings External CSR support and assessment with EcoVadis (CSR screening)	Organization of **Supplier's Day**, attended by over 100 of the four Business Groups' suppliers, in order to share the Group's key strategies and initiate new partnerships.
Customers	Universal Registration Document Specific questionnaires	Continuous collaborative work Faurecia Program Management System (Total Customer Satisfaction platform) Innovation Days Site visits and presentation of innovations	Introduction of the **5-Star Customer Experience** customer satisfaction strategy Tokyo Motor Show Launch of **Customer Champion Week** to mark World Quality Day 2019: in-house promotion of best practices for customer satisfaction and retention
Innovation partnerships	Continuous collaborative work Technology days	Industrial chairs in association with universities and Technological Research Institutes Specific cooperation actions Research and start-up assessment Strategic partnerships Joint ventures and acquisitions	Tel-Aviv technology platform Technology partnership with Microsoft Investment in Guardknox, a leading start-up in the automotive safety sector Proposed acquisition of 50% of the partner's stake in its SAS joint venture Pace Awards from Automotive News magazine for the resonance-free pipe technology Partnership with Devialet to develop premium automotive audio solutions
Investors	Quarterly financial information Yearly and half-yearly financial statements Letter to shareholders Annual report and corporate and societal responsibility report included in the Group's Registration Document Targeted communication to financial analysts and institutional investors	Meetings between Executive Management and financial market players Free hotline for individual shareholders	**Capital Market Day 2019** with the announcement of ambitious goals for 2022 and launch of the carbon neutrality by 2030 program
Local communities	Brochures and reports Website Specific events	Solidarity- and community-focused initiatives by employees via voluntary site-based measures	**FUELS program:** program aimed at getting employees involved in local aid organizations Creation of a Faurecia corporate foundation which seeks to provide support for projects internationally in those countries in which Faurecia has a presence, focusing on mobility, the environment, and education
Employees	The Faur'us internal and collaborative learning network In-house and on-line training (Faurecia University and Learning Lab) Dynamic prospectuses/displays at Faurecia sites Communication with post-secondary educational institutions: job fairs, site visits, ambassador network	Regular dialogue with employees, employee representatives, and labor unions "Employee empowerment" system Annual internal engagement survey Integration program directed specifically at new hires Relationships and partnerships with post-secondary institutions	**Happy Trainees** Certification (5th in the international category) "**Top Employer**" certification in 10 countries "**Top Employer Europe**" designation Development of the "Joining Faurecia" program to welcome employees from Clarion Electronics
Planet care	Universal Registration Document Website Communication on progress in relation to the United Nations Global Compact Communication on the contribution made to the UN's Sustainable Development Goals	Open dialogue with governments and NGOs Member of international and regional professional associations and federations	Reaffirmation of Faurecia's climate commitments via its support for French Business Climate Change Launch of a program for achieving carbon neutrality by 2030

4.1.6. Assessing the CSR results at the very top levels of the organization

- **Board of Directors: monitoring and review of the Group's extra-financial performance**

  Once a year, the Group's CSR Officer presents an analysis of extra-financial risks and an extra-financial performance review to the Board of Directors' Governance and Nominations Committee and Audit Committee. Then once a year the key aspects of the CSR strategy (the associated results, and the future orientations validated by the Executive Committee) are presented to the Board of Directors' Governance and Nominations Committee. These factors are then presented once a year to the Board of Directors.

- **The Executive Committee: monitoring, review, and definition of the CSR strategy**

  Once a year, the Group's CSR Officer presents to the Executive Committee an extra-financial performance review (CSR plans and associated results) and discusses new CSR strategies in order to plan for the associated challenges, risks, and opportunities, and to monitor the progress made with the objectives set out in the CSR roadmap.

  Moreover during the year, one or several CSR topics within the planet – business – people priorities may be placed on the agenda by the Executive Committee depending on the actions and programs underway.

- **Operational CSR Committee: steering and implementation of the Group CSR roadmap**

  An operational CSR Committee meets twice a year, which brings together:

  - key Group roles for the application of CSR to policies and processes: hygiene, safety, and the environment (HSE) | strategy & innovation (including the carbon neutrality project) | legal | risk | compliance | Internal Audit | human resources | purchasing; and
  - the CSR sponsors from the Business Groups: Seating | Interiors | Clean Mobility | Faurecia Clarion Electronics, tasked with the deployment of the approach within their entity.

At these meetings, members of the CSR Committee discuss new directions in relation to the CSR strategy, the results achieved by action plans, extra-financial risk mapping, the review of the annual extra-financial audit, and ensure that CSR is being properly implemented via the various strategy plans for the Functions and Business Groups.

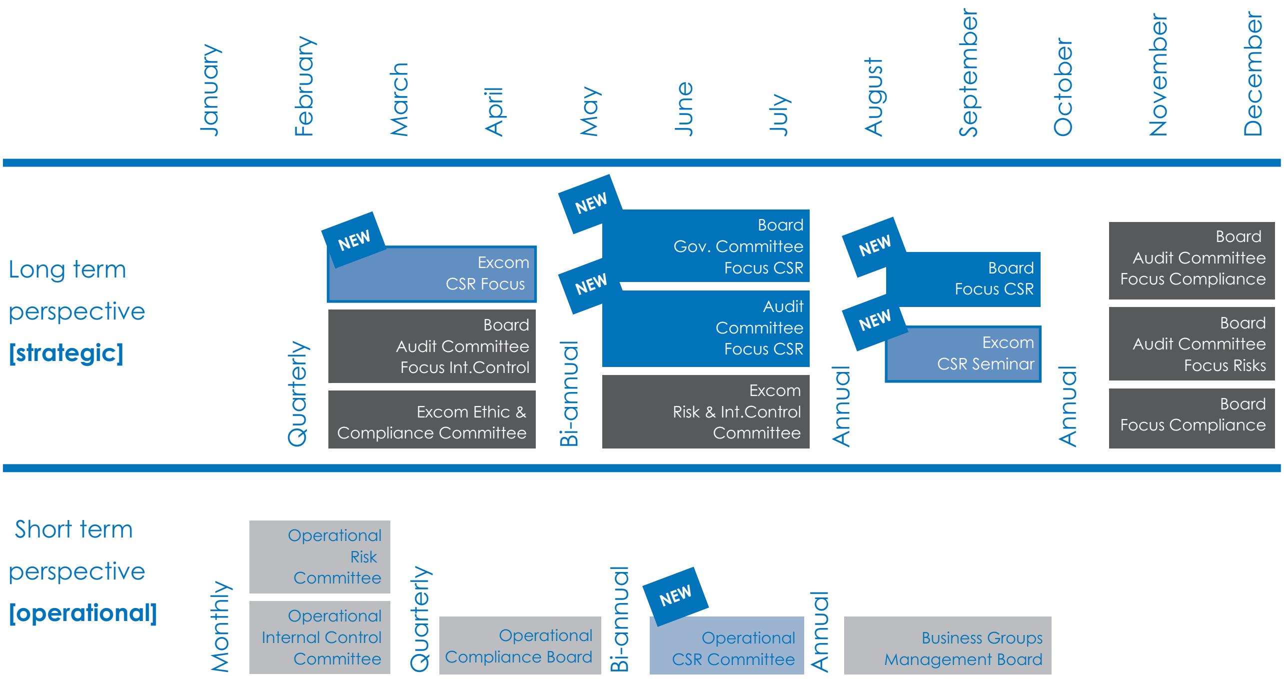
- **The internal network of CSR sponsors, a key resource for the rollout of the CSR strategy by the business and the operations teams**

  In order to pass on and roll out the CSR strategy to the Business Groups, Faurecia has appointed CSR ambassadors tasked with defining and steering CSR policy within their Business Group. Their role is to ensure that the CSR strategy for their entity is properly defined and financed, to identify the appropriate employees for the steering of each subject (Planet, Business, People), and to report back to the other members of the Group's CSR Committee on the progress made.

- **A CSR target integrated into the variable compensation paid to the Chief Executive Officer and Senior Management**

  Starting with the creation of the six convictions in 2018, the short-term variable compensation paid to the Group's Chief Executive Office has included a qualitative target linked to the deployment of these convictions and the creation of a roadmap.

  From 2019, in order to involve the 300 senior executives in the rollout of the initial CSR goals, 10% of their long-term variable compensation now includes a performance condition linked to the achievement of the gender balance targets set by the Group.



4.1.7. Answering to the extra-financial performance declaration and the duty of care

- **Process for drawing up the Extra-Financial Performance Declaration (EFPD)**

The Group Risk Committee meets twice a year, attended in particular by the CSR Officer. Since 2018, the Group's risk mapping has included extra-financial risks. This information, which forms the Group's EFPD pursuant to Article L. 225-102-1 of the French Code of commerce, is based on a materiality analysis carried out in 2018 by an in-house working group with members from the risk, legal, operations, purchasing, human resources, and CSR departments. The analysis of the Group's extra-financial challenges was made in comparison with a risk universe for peers within the automotive sector, and on the basis of the recommendations made by the Sustainability Accounting Standards Board (SASB), and the Plateforme de l'Automobile (Automotive Industry Platform or PFA). The preliminary list of risks drawn up on the basis of a methodology linked to frequency of occurrence and degree of seriousness was then discussed over the course of some twenty interviews with external stakeholders for each risk identified.

A final list of risks and opportunities was validated by the Executive Committee in December 2018. It was completed by the CSR roadmap monitoring indicators validated by the Executive Committee in September 2019.

The table below provides a summary of Faurecia's main extra-financial risks and opportunities, as well as the associated policies and indicators to meet the requirements of the EFPD. The sections which follow (4.2, 4.3 and 4.4) set out in detail the policies and results using indicators over the last three years. Chapter 2 on risk and risk management also sets out the extra-financial risks integrated into the main risks used for the Group's risk mapping:

Topic	Main Risks and Opportunities * extra-financial risks integrated into the Group's main risks		Approach and actions	Indicators ** indicators integrated into the CSR roadmap
SOCIAL	Safety in the workplace	* R	■ Existence of an HSE network at all levels of the organization ■ Systematic analysis of accidents ■ Mandatory training in HSE rules ■ Regular audit of all sites and systematic in the event of an alert ■ Ergonomic analysis of all workstations	■ (FR0t) (accidents with lost time per million hours worked) ■ ** FR1t (accidents without lost time per million hours worked)
SOCIAL	Talents attraction and retention	* R	■ Partnerships with more than 100 post-secondary institutions ■ Integration program directed specifically at new hires ■ Internal mobility policy (including abroad) ■ Regular review of compensation policy ■ Quantitative indicators through dedicated reporting	■ Turnover rate of managers and professionals ■ Rate of managers & professionals hired recently graduate
SOCIAL	Social dialog	R	■ Existence of a European Committee ■ Integral part of the duties of the site HR manager ■ Annual survey of employee satisfaction, including social climate	■ Number of establishment or company agreements signed during the fiscal year
SOCIAL	*Employee commitment*	*O*		■ *** Employee engagement index*
SOCIAL	*Diversity*	*O*		■ ***% of women/total managers and skilled professionals* ■ ***% of women managers and skilled professionals within top management* ■ ***% of non-Europeans within top management*
SOCIAL	*Employability*	*O*		■ *** Number of hours of training per employee per year*
SOCIETAL	Business ethics	* R	■ Global network of "Compliance Officers" ■ Employee training & awareness raising ■ Code of Ethics/internal procedures ■ Existence of a whistle-blowing system	■ Percentage of managers & professionals having received training on the Code of Ethics

Topic	Main Risks and Opportunities * extra-financial risks integrated into the Group's main risks		Approach and actions	Indicators ** indicators integrated into the CSR roadmap
SOCIETAL	Duty of care and responsible purchasing policy	* R	■ Sustainable purchasing policy ■ Systematic CSR analysis of suppliers in all new programs ■ Required minimum level score ■ Quality audit of suppliers covering all CSR aspects ■ Whistle-blowing procedure	■ Rate of suppliers whose CSR performance was evaluated ■ ** Supplier satisfaction index
SOCIETAL	Product Quality and Safety	* R	■ IATF 16949 Certification ■ Existence of a designated Quality Control department at all levels of the organization ■ Total Customer Satisfaction program ■ Whistle-blowing procedure and culture of documentation and conflict resolution (QRCI, etc.) ■ World Quality Day ■ Specialized and independent auditors	■ ** Customer satisfaction index ■ **% of sites at risk (based on an internal analysis of operational risks)/total sites
SOCIETAL	*Commitment to communities*	*O*		■ *** Number of solidarity actions carried out by the sites in local communities*
ENVIRONMENTAL	Environmental impact of production plants and climate change	* R	■ Analysis and control of local environmental risks based on ISO 14001 ■ Monthly HSE committees ■ Network of HSE managers at all levels including at each Faurecia site ■ HSE requirements integrated into the Faurecia Excellence System (FES) ■ Regular internal and FES audit of sites	■ Part of ISO 14001-certified production plants ■ ** Tons of CO_2 equivalent scopes 1 & 2 (production)/€m of sales ■ ** Tons of CO_2 equivalent scope 3 (transportation)/€m of sales ■ ** Energy use in MWh/€m of sales ■ ** Tons of waste/€m of sales
ENVIRONMENTAL	*Innovation of products to improve air quality and reduce the CO_2 footprint*	*O*		■ *Scope 3 of GHG emissions* ■ *** Number of new patents* ■ *** Launch of the definition of an EcoDesign methodology (simplified product life cycle analysis)*

Process for drafting a duty of care plan

The table below provides a summary of the policies and associated tools to comply with regulatory requirements related to the duty of care. It uses the five-part structure presented by Law No. 2017-399 of March 27, 2017 on the duty of care applicable to parent companies and instructing companies, the aim of which is to identify risks and prevent serious breaches in human rights and fundamental freedoms, personal health, safety and the environment.

Regulatory duty of care requirements	Policies and processes put in place by Faurecia	Information available in this Universal Registration Document
1. **Risk mapping** aimed at identifying, analyzing, and ranking risks.	The Group's risk mapping includes extra-financial risks and covers the subjects of human rights and fundamental freedoms, personal health and safety, and the environment.	Section 2.2
2. **Procedures for the regular assessment of the situation** regarding subsidiaries, subcontractors or suppliers with which an established commercial relationship is in place, with regard to risk mapping.	Faurecia has set up a Supplier Risk Management department. It is supported by its partner EcoVadis in making an assessment of supplier risks with regard to corporate and environmental responsibility.	Section 4.4.3
3. **Actions tailored to risk mitigation** or to the prevention of serious breaches of human rights or environmental damage.	Faurecia has put in place a Code of Ethics which obliges each employee to comply with the International Labour Organization's (ILO) international treaties. Training relating to this Code is mandatory for all salaried managers and professionals.	Section 4.4.1
4. **Whistle-blowing mechanism and system for the recording of alerts** relating to the existence or occurrence of risks defined with the labor union representatives.	Faurecia has a whistle-blowing mechanism at the disposal of its employees and suppliers. A procedure for the management of alerts has been defined.	Section 4.4.1
5. **Monitoring system for implemented** measures and assessment of their effectiveness.	Faurecia has put in place governance on a local and Group level in relation to compliance, Internal Audit, risk management, HSE and CSR.	Section 4.1 & 2.1

4.2. **Social performance**

Human resources represent a key success factor for Faurecia. The Group must be able to depend on competitive teams around the world to challenge the best competitors. The Group's performance is inseparable from its corporate social responsibility.

The Group therefore guarantees a healthy and safe work environment, by its commitment to the safety of people working, by attracting and developing their talents and through constructive social dialogue. It is also convinced that employee commitment and promotion of diversity are key performance levers, representing significant competitive advantages for the Group.

The table below presents Faurecia's main corporate social risks and opportunities and the associated results:

Corporate Social Risks and *Opportunities*	**Indicators**	**2017**	**2018**	**2019**	**Goals for 2022**
Safety in the workplace*	FR0t (Accidents leading to lost time per million hours worked) by employees and temporary workers.	1	0.95	0.80	-
	FR1t (Accidents with or without lost time per millions of hours worked) by employees and temporary workers.	1.9	2.35	2.05	-30% base 2019
Talents attraction and retention**	Rate of managers & professionals hired who are recent graduates	39.3%	32.4%	34.1%	-
	Turnover rate of managers and professionals	8.3%	9.1%	8.9%	-
Social dialog	Number of company agreements signed	308 (in 22 countries)	353 (in 18 countries)	356(in 26 countries)	-
Employee commitment	*Employee engagement index*	-	-	64	67
*Diversity***	*Percentage of women managers and skilled professionals*	*23.3%*	*23.8%*	*24.4%*	*31%*
	Percentage of women among the top 300	11.6%	15.3%	15%	21%
	Percentage of non-Europeans among the top 300	-	-	34%	39%
*Employability**	*Number of training hours/year/employee*	-	*21.1h*	*21.6h*	*24h*

* *Excluding the Business Group Faurecia Clarion Electronics.*
** *Including the Business Group Faurecia Clarion Electronics.*

4.2.1. EFPD Safety in the workplace

Safety in the workplace is one of the key elements of the excellence initiative embodied by the Faurecia Excellence System (FES). It forms part of the personal respect requirement which every site must satisfy. Faurecia's policy on health and safety in the workplace at the day-to-day level centers around two main goals: safeguarding employee health and improving their safety in the workplace.

In the context of the Group's production Business Groups, employees as well as contractors are exposed to the risk of work-related accidents. The Group is committed to implementing policies and active measures (prevention, assessment, training) in order to prevent risks that could affect employee safety, regularly monitor their proper application and measure their effectiveness.

4.2.1.1. Deployment of a HSE culture[1]

In 2019, Faurecia launched a new work safety management program, "CARE", whose goal is raising awareness and engaging all employees, based on four fundamentals:

COMPLIANCE WITH RULES

Faurecia trains all of its employees in HSE rules. These rules will shortly be reinforced by in-house training on the Seven Safety Fundamentals. The training includes well-targeted theory and practice modules with practical scenarios which allow employees to learn or improve their knowledge of the HSE rules. Faurecia ensures that these rules are applied by carrying out annual audits within each division.

HABITS AND PRACTICES FOR THE SAFETY OF ALL EMPLOYEES

The attitude of every employee is key to managing safety, this ranges from lost time in the event a dangerous situation is detected to an investigation into the safety culture with any related activity, to safety campaigns in every plant or even competition between teams to promote security. Mutual assistance between employees is crucial and will thus increase the level everyone's of safety.

RISK PREVENTION

Faurecia's safety policy relies heavily upon prevention. The Group regularly initiates daily risk detection programs concerning work safety in all its plants. Proper application of these prevention programs is then audited by the Faurecia Excellence System[2]. Best practices are shared between different organizations in the Group;

MANAGEMENT'S COMMITMENT

The commitment of Management is crucial to the deployment of the Group's HSE policy. A program with 14 areas for progress was created with the systematic participation of all Business Groups. This program will be expanded throughout 2020. For example, two areas of progress aim to implement one systematic safety point at the start of each meeting, and an observation report on the HSE situation after a site visit by an Officer. A Group HSE Officer leads the network of HSE managers from the Business Groups.

4.2.1.2. Acting for safety at work for safer operations

THE SEVEN FUNDAMENTALS OF SAFETY

Over 12 years ago, Faurecia put in place the 13 mandatory HSE rules. These rules have made a considerable contribution to the improvement seen in workplace safety indicators. Since 2016, Faurecia has reduced these rules down to the seven safety fundamentals for all employees, in particular, operators, Faurecia employees and employees of external contractors. These seven fundamentals are as follows:

1. stop work: each individual should and must stop work immediately when dangerous conditions or behavior has been observed which could lead to injury, damage to equipment, or cause harm to the environment;
2. lock out/tag out, signing in and out. Protection processes applicable during maintenance work are defined and set out in writing;
3. equipment safety: protection in hazard zones, verification of safety equipment, and identification of removable parts and pinch points;
4. safety of flows: the plant must produce a detailed documented risk assessment for each intersection and install stop and/or warning signs depending on the risk, the pathways followed by pedestrians and by transportation vehicles must be separated, and a stop sign is mandatory for each intersection with a forklift;

(1) Health, Safety, the Environment.

(2) The Faurecia Excellence System (FES) governs the organization of Faurecia's production and operations. It is designed to continuously improve the quality, cost, delivery and safety performance of the Group. The FES complies with the requirements of the quality, environment and safety standards of the automotive industry (ISO/TS 16949, IATF 16949, ISO 14001, OHSAS 18001). It benefits from the capitalization of more than 14 years of Faurecia's experience and has been continuously enriched with the best internal and external practices of lean manufacturing. The FES makes it possible to secure an appropriate operational performance of Faurecia's production plants, whatever their geographical position and their local activity specificities, thanks to common working methods and language.

5. a specific work permit must be held for high-risk operations: subcontractors are monitored and a safety plan is drawn up;
6. reinforcement of the deployment of the wearing of personal protection equipment (PPE) across all of the Group's plants. The application of these rules and their monitoring via FES production audits is contributing to the prevention of work-related accidents not resulting in lost time (FR1t). These rules related to protective equipment require the wearing of helmets during maintenance operations, gloves and cut-resistant sleeves when using cutting elements or handling metal and thermal protection when working with hot materials. These rules also impose the mandatory wearing of ear protectors in the event of high noise levels; furthermore, each Faurecia plant defines, on an individual basis, the personal protection equipment to be used by its employees or visitors. Safety footwear and Faurecia uniforms are mandatory in all the plants. For plants with a high noise level, ear protectors, as well as safety glasses, are mandatory;
7. the prevention of risks related to fires and chemicals is covered.

These new fundamentals principles have been explained at all Faurecia plants via a range of communication methods (video, messages, presentation). A new questionnaire has been drawn up to help plants complete a self-assessment regarding their deployment levels in the first half of 2020.

Employees are now at the very heart of Faurecia's safety approach. The "stop work" is launched in all plants with posters and training. Risk monitoring is now the most important tool for avoiding accidents. Each plant takes part in this process and Faurecia has identified more than 10,000 risks at the Group level each month.

Faurecia has launched an application which enables visitors to a plant to give their feedback regarding the situation at the plant. This tool provides the plant with an external view and areas for improvement in terms of safety.

Faurecia has also improved its communication on safety. An online platform allows best practices to be exchanged. A one-page newsletter on a safety-related topic is sent to plants on a weekly basis. This tool helps the plants that systematically begin their meetings with a safety-related topic.

Faurecia is also continuing fire safety initiatives, especially with the installation of sprinklers, which enables workforce safety to be strengthened and the risk of production downtime to be reduced in the event a fire should break out.

An analysis of events has shown that proven cases of fire are related to work outside of standard production processes. For this reason, the plants will now systematically review risks for non-standard operations.

In addition to the applicable regulations, supplemental requirements have been implemented for external contractors carrying out tasks at high levels. External companies are asked to guarantee that all employees (including temporary staff) carrying out tasks at high levels have been trained and are fully qualified. Each external company must appoint a security manager who will guarantee that all measures devised during the risk assessment are applied and adhered to. As a result, only the external companies who have followed this process are authorized to work on the roofs at Faurecia plants.

ERGONOMICS AND WORKING CONDITIONS

Most occupational illnesses reported by employees involve musculoskeletal disorders. To reduce this, Faurecia has taken steps for several years to consider the strain caused by workstations and to remedy the situation as much as possible.

Ergonomic analysis of workstations is part of the FES tools and this point is systematically checked during production site audits.

As a result of these reviews, a variety of solutions have been implemented for manufacturing workstations. The reviews are also used to prepare a list of recommendations that are systematically taken into account during the design of products and manufacturing tools.

A number of recommendations from professional ergonomists and Group HSE coordinators are being factored into the Program Management System (PMS).

All of the Group's operations managers and plant managers have received training in ergonomics as part of accelerating the FES deployment, which was launched during the second half of 2009 and continued since then. The goal of this program is to ensure that these managers play a real leadership role in the continuous improvement process, notably for ergonomics-related issues.

4.2.1.3. Workplace safety indicators

The change in the frequency rate of work-related accidents is analyzed in order to measure the effectiveness of actions carried out in this area. To guarantee the same level of workplace safety for all employees, temporary workers are included in the same manner as Faurecia employees in the following indicators:

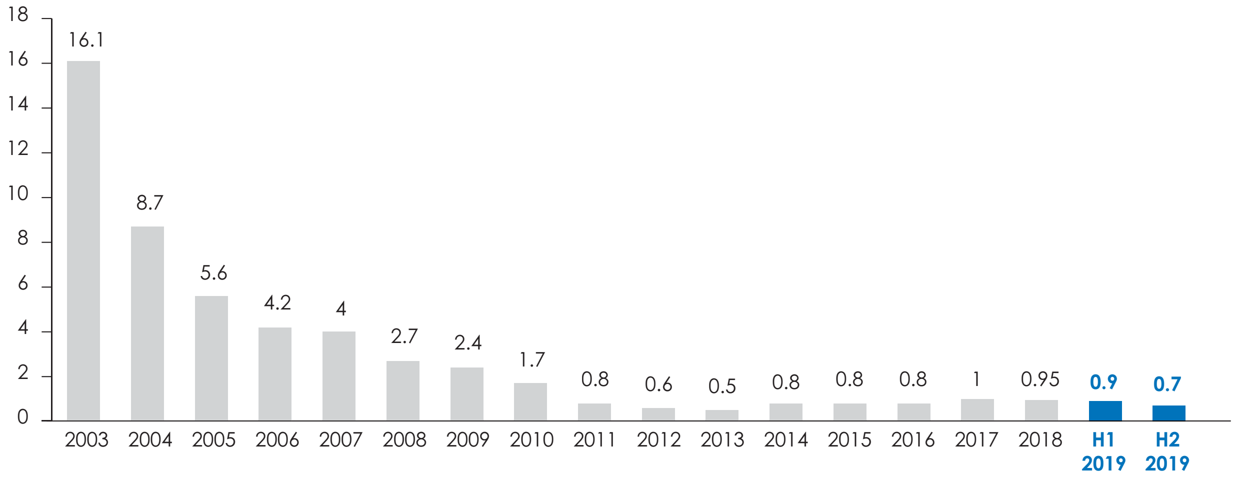
KEY INDICATORS TO FOLLOW RESULTS ON SAFETY AT WORK

- **FR0t**: 0.8 (Accidents leading to lost time per million hours worked) by employees and temporary workers. FR0t measures the number of work-related accidents involving a Faurecia employee or temporary worker, with lost time, per million hours worked;
- **FR1t**: 2.05 (Accidents with or without lost time per millions of hours worked) by employees and temporary workers. FR1t measures the number of work-related accidents involving a Faurecia employee or temporary worker, with or without lost time, per million hours worked.

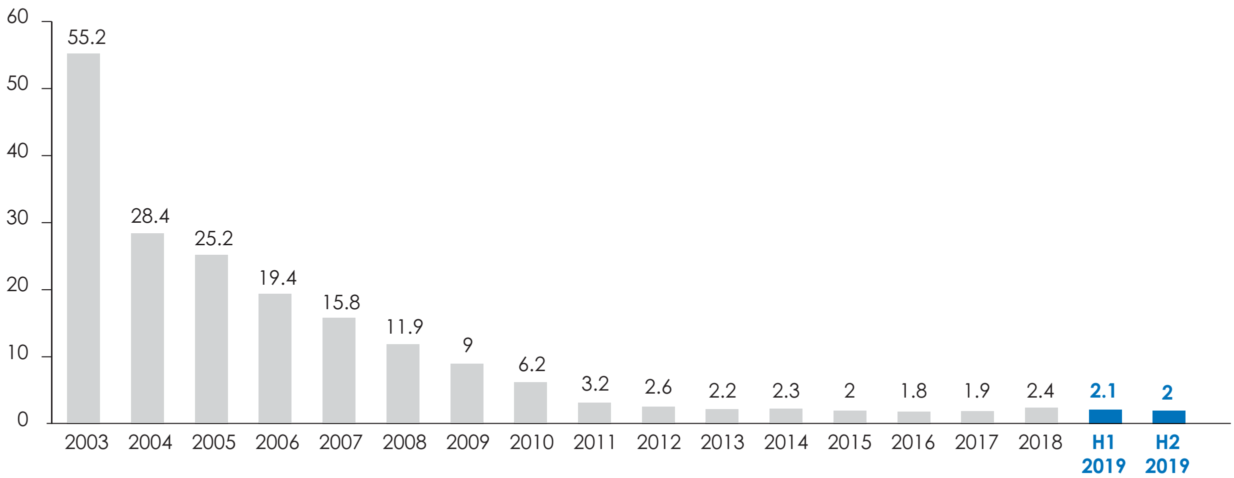
Both indicators are calculated on a rolling six-month basis.

After each FR0t and FR1t accident, an analysis is performed using a problem-solving method based on the best practices in terms of solving quality problems to ensure that the root causes of the accident are understood, that corrective actions have been effective, and that preventative measures are implemented and shared across the various sites.

Number of accidents with lost time per million hours worked (FR0t)*



Number of accidents with or without lost time per million hours worked (FR1t)*



The actions launched through the CARE project have reduced the rate of FR0t accidents by 16% and the rate of FR1t accidents by 13% on a year-to-year basis. For the two FR0t and FR1t indicators, progress accelerated in the second half of 2019.

In its plants, Faurecia also monitors the FR2t indicator, the stability of which, since 2016, shows that the FR0t and FR1t indicators have not deteriorated. This indicator measures the number of first aid procedures performed following an incident per million hours worked. This monitoring enables plants that have few accidents, with or without lost time, to focus on accident prevention and relevant priorities.

First aid procedures are monitored across all autonomous production units, together with the application of the problem-solving method, allowing production managers to make rapid progress in the appropriation of accident analyses and to increase their responsiveness.

The Group will complete the analysis of its accidents via the accident severity rate to have a complete understanding of accidents and in order to best identify action priorities in prevention.

* *Excluding the Business Group Faurecia Clarion Electronics.*

4.2.2. **Engaging employees**

4.2.2.1. **Being Faurecia: a strong corporate culture**

The Faurecia group has inherited a long tradition of technological innovation and manufacturing excellence. The Group has grown rapidly both organically and through major acquisitions. Today, it is among the world's leading automotive suppliers with sales of €17,768.3 million and a headcount of nearly 115,500 people in 37 countries.

During the first phase of its history, the Group focused on developing systems and processes necessary to ensure that it provides the same level of quality and operational performance to all of its customers around the world.

For several years now, the Group has entered a new phase of development, characterized by steadier growth and a greater emphasis on value creation.

Under these new circumstances, in 2019 the Faurecia group continued to advance its cultural transformation program, Being Faurecia, which was launched in 2014. Being Faurecia aims to redefine the corporate culture and its management model. The program seeks to create an environment that promotes an entrepreneurial spirit and autonomous operating teams. As part of this approach, the human resources development strategy has been recalibrated and tasks have been realigned. The priority given to internal promotion has been reaffirmed and most of the Human Resources development processes have been reviewed and improved.

Faced with an industry undergoing profound change, in 2019, the Group wanted to strengthen understanding among its employees of the transformation challenges facing Faurecia, so that everyone can more easily identify new situations in order to launch transformation projects, while guaranteeing operational performance on a daily basis. Faurecia is positioning itself as a Group focused on creating value that is customer-oriented, innovative, and has management principles based on self-control, the pursuit of excellence, and entrepreneurship.

The Group's values are broken down into managerial values (entrepreneurship, autonomy, accountability) and behavioral values (respect, exemplarity, energy), enabling it to support the emergence of exemplary behavior within the organization, as set out in a Management Code. This practical guide for managers provides a clear description of the exemplary behavior expected.

It has reinforced the decentralized organizational principles. All decision-making processes have been reviewed. The number of such processes has been reduced significantly and their content has been pared down in order to validate the autonomy of the teams at the different levels of the organization.

To measure commitment and practices, an employee satisfaction survey was conducted in 2019 with managers and professionals to measure the level of adherence and attachment to Being Faurecia within the teams. A high level of engagement resulted in a response rate of more than 81%, which represents 21,700 managers and professionals surveyed.

The results showed a slight drop to 58/100 points, compared with 61/100 points in 2017, against a backdrop of change in the automotive industry and poorer visibility regarding the macroeconomic environment, but with a level of confidence in the Group's strategy which remains high.

In addition to this questionnaire, in 2019, Faurecia launched an annual questionnaire to measure the level of commitment from all Group employees with open-ended contracts. The results show a level of commitment of 64/100 points, measured on the basis of four employee assessment criteria: level of satisfaction in the workplace, willingness to recommend Faurecia as a responsible employer, pride in belonging to the Group, and confidence in the strategy.

4.2.2.2. **Training to support the Group's transformation**

Within the Group, training is an investment in support of strategic directions. In this context, the Group supports the development and employability of employees at all levels of responsibility as a part of Faurecia's rapid and ambitious transformation.

It's a key tool in the implementation of genuine continuous improvement, supported by the Faurecia Excellence System (FES), which shapes the culture of performance and constant learning. Training plans are managed on different levels within the organization according to the practices in the different countries in which the Group operates.

Faurecia uses the 70:20:10 learning model:

- 70% of employees learn in performing their daily tasks;
- 20% of employees learn while working with their co-workers and managers;
- 10% of employees learn by participating in organized training sessions (in class or online).

In this context, training activities, internal training, using adapted digital tools, workshops centered on sharing experience and skills are the preferred methods, so that Faurecia's training system is in line with the pace and demands of its business lines. Training being at the center of each employee's development, specific actions are implemented as much to promote individual change as to increase team effectiveness.

Faurecia's training courses cover largely three key employee needs, through a four-level structure:

- for all employees (production plants, Research Centers, administrative headquarters), there is regular organized training to support implementation of the Faurecia Excellence System. In addition, the skills academies cover the necessary job skills in the four major Business Groups (Faurecia Seating, Faurecia Interiors, Faurecia Clean Mobility and Faurecia Clarion Electronics) and an IT Academy trains our employees in the use of the tools deployed in digital transformation applications;

- for managers and skilled professionals: Faurecia University is in charge of training 22,000 managers and executives in the managerial skills required for transformation;
- for administrative staff and technicians (26,000 individuals); specific industry-related training has been drawn up and, since 2018, they have had access to the digital training provided by Faurecia University (via PC or smartphone) and to a constantly growing range of training courses;
- for operators: training is provided via each production plant and is now completed by the Faurecia University digital platform which is being rolled out in 2019 and will continue in 2020. In 2019, one half of operators (34,000 individuals) connected to the digital training platform via one of the range of media provided (PC, tablet, or, on request, via their own smartphones) thereby already covering the United States, Mexico, China, India, France, England, South Africa, Russia, Spain, and Poland. All other operators will be connected in 2020.

Training also facilitates the development of the organizational structure and operational principles prevailing within the Group. In this context, the changes induced by the Being Faurecia strategy are gradually incorporated into the Group's training programs. Lastly, training is a management tool. It is the responsibility of supervisors (identification of needs, communication with interested parties) and is implemented with the support of the Group's Human Resources network.

4.2.2.2.1. KEY AREAS OF TRAINING

The priorities identified in training plans are used to achieve the goals set for different business units. They are structured around the following themes:

- improving plant performance (safety, quality, costs and deadlines) and ensuring optimal production start-up;
- enhancing the attractiveness of customer offerings;
- increasing technological expertise in products and processes;
- increasing the professional qualifications of employees, fostering their career development and enhancing their employability;
- developing managerial skills in line with Faurecia's Leadership Competency Model;
- anticipating and managing identified skills requirements over the medium term;
- strengthening a shared culture focusing on value creation and entrepreneurial spirit, while respecting the fundamentals of Faurecia's internal codes (ethics and management), in particular compliance with competition law;
- combining the use of appropriate working methods which, depending on the situation, either guarantee excellence in performance or, on the contrary, stimulate creativity to propose transformation solutions;
- developing people's ability to work in an international setting.

4.2.2.2.2. FAURECIA UNIVERSITY

Faurecia University is now a member of the CLIP network (created by the European Foundation for Management Development) which groups together the 25 most mature corporate universities run by leading global groups (Siemens, Santander, Cap Gemini, Telecom Indonesia, Unicredit, etc.). These companies share joint ambitions and best industry practices. In particular, they are considered as a reference in terms of the strength of top management's alignment in the role and mission of Faurecia University, as well as the quality and speed with which the Faurecia University offer is being put online.

With more than 7,300 employees having completed classroom training, 2019 was marked by an increased digitization of Faurecia University. In addition to the three regional campuses Europe (Nanterre), China (Shanghai), North America (Auburn Hills and Puebla) which continued to fulfill their mission of providing Corporate training and creating programs specific to each region, the University acquired a fourth structure in India (Pune).

- **Role and responsibilities of Faurecia University**

  Faurecia University aims to support the development of managerial skills and offer a firm foundation for the transformation of the Group's business model and the associated culture. Its role is also key in the commitment of employees so that they remain loyal to the transformation undertaken. To do this, Faurecia University gives priority to providing support to managers throughout their careers so that they are able to satisfy their need to grow within the strategic process of the Company's transformation, by:

  - ensuring their full integration into the Group's culture;
  - helping them to acquire functional skills necessary for their professional growth;
  - offering training to help them acquire and improve their managerial skills and to develop their leadership skills;
  - preparing them for key positions (plant manager, program manager, R&D manager);

- **Mode of governance**

Faurecia University has a Governance Committee, composed of members of the Group's Executive Committee. The Governance Committee met three times in 2019. In addition, these plenary sessions, members of the Governance Committee are closely associated with the development of new programs and, more specifically, active in certain key programs in which they play an active role (by their presence or in the specific choice of training topics).

- **A firmly established and expansive training offer equal to the best practices of major international groups**

  The range of training on offer covers the main leadership, functional (sales, purchasing, human resources, etc.), and operational skills via different programs, it is enhanced by the constant presence of our managers or Executive Committee members who take part, speak to, or interact with participants:

- **Leadership development, key skills for Group managers**

  - Launched in 2016, the training reached 1,350 managers in 2019 (compared with 1,400 managers in 2018), evidence of the effort maintained in the context of a slowing economy. Training covers a full range of leadership skills broken down by themes and levels of responsibility. In 2019, the offer was completed by new modules on new technologies and agile methods and their adoption within Faurecia's various core businesses.
  - The DRIVE program consists of two levels for managers and experienced managers, and is structured around various modules (leadership, change leadership, innovation, etc.). This offer has been enhanced by the experience and training staff of our partner Impact International (a well-reputed English firm specialized in managerial training). This was rolled out on campus in Nanterre (France), Auburn Hills (United States), Puebla (Mexico), Shanghai (China) and now also in India (Pune). To complete the needs, training in agile methods (used in start-ups and the software industry) was launched in 2019 in partnership with Numa (network of business incubators). Initiated by engineering research and development, these training programs are proving more and more successful (already completed by 190 individuals). Agile methods have also proven to be relevant both in the context of the Cockpit of the Future and Clean Mobility strategies, and in the context of the creation of the Faurecia Clarion Electronics Business Group and the transformation of functions (Purchasing, HR, etc.).
  - The IGNITE program, designed and run by the London Business School, this program is rolled out in two stages. Based on an initial module focused on the "transformation of the business model" completed by all executives, a "team management and leadership in a complex world" module has already been completed by 60% of executives. These modules continue to give executives the tools to deepen their ability to operate in the new ecosystem of the automotive industry, whose technological wealth is enormous, and to engage their teams as their environment changes around them. In 2019, a new module (already completed by 100 people) was launched in cooperation with France's *École Polytechnique* to provide a better understanding of the dynamics of the technological revolutions currently underway (data management, artificial intelligence, cyber security, digitization, etc.) and their impact on the corporate business model.

- **Training programs linked to strategic transformations of functions and core businesses**

  - The CX program (commercial signature): was launched in 2019 to support the significant investment made by Faurecia in improving customer satisfaction and the positioning of the business' commercial signature. It is intended to be deployed for executives in the sales divisions.
  - The program for human resources officers was launched with HEC in 2019. It is aimed at helping human resources officers develop the strategic areas of human resources transformation (commitment, digitization, talent management, etc.) while at the same time ensuring that they remain anchored in the operational reality of their sectors. The training alternates between internal and external case studies, conferences, and learning new methods for creativity.
  - The training provided to plant managers and program teams has continued to enjoy growing success with the teams. It responds in particular to the key need to strengthen skills and synergies within program teams and plants, from the moment production is launched.
  - The creation of the new Faurecia Clarion Electronics Business Group has led to the creation of a specific training package to explain to new employees the benefits and challenges related to the creation of this new Business Group. A set of 15 online training sessions have been translated into Japanese and were widely followed by employees. "Joining Faurecia" training session were attended in person by 100 managers from the new Business Group in 2109.

- **Supporting our managers in a world in a state of permanent disruption**

  Faurecia University developed two new activities in 2019 to create areas for brainstorming and learning which help provide a better understanding of possible future scenarios and their impact on Faurecia's business model in the automotive industry.

  - A series of CEO conferences –launched by Patrick Koller– focused on the new global geopolitical dynamics (Europe, China, United States) and was attended by over 300 executives and watched by more than 2,500 Faurecia employees thanks to digital tools. Globally renowned experts on these subjects (former ministers, heads of international bodies, university lecturers) shared their visions of the transformations of the possible world.
  - Faurecia think tank is involved in the production of scenarios intended to inform management about possible strategies in response to the risks and opportunities (climate-related, political, social, etc.) which are the hardest to predict but will have the greatest impact on Faurecia; Faurecia think tank received contributions from 50 Faurecia executives and managers from all around the world, and from an academic network of leading universities (Toulouse School of Economics, Fudan University in Shanghai, *École Polytechnique* in Paris, Pennsylvania University, Sciences Po Paris).

- **The Learning Lab**

  During 2019, digital training offerings reached new milestones in terms of use of the digital learning platform with the Learning Lab and the internal collaborative learning network Faur'us.

  The Learning Lab is an internal digital learning platform created by and open to all Faurecia employees. Faurecia has been a pioneer company in giving all operators access to these training programs in just two years –one half in 2019, the other in 2020. In total, 77,000 individuals now have access to this training, including 32,000 operators already. The training takes the form of dynamic short animated videos, accompanied by questions. Multimedia access (PC, tablet, smartphone via a dedicated app) is provided with a now well-stocked library of over 300 digital lessons which use a range of formats and respond to a varied range of development needs. The offer covers Faurecia's fundamentals (FES, Program Management System, basic operations, gender diversity, ethics and compliance), and also management as well as numerous domains of business transformation (digital, technology, etc.). The Learning Lab has become the most valuable key training tool for our employees and also constitutes an important vehicle for their commitment and employability.

  The 2019 figures provide evidence of the impact with (as in 2018) use almost doubling. With over 14 languages available (including Japanese which has ensured that the Japanese employees of Clarion Electronics have been rapidly brought on board), the Learning Lab provides nearly 20 thousand hours of training each month.

  Since the opening of the Learning Lab in 2016:

  - more than 11 million knowledge-testing questions were answered with a supported response;
  - more than 1.670 million videos were viewed;
  - more than 450,000 hours were spent learning.

- **The Faur'us digital platform**

  Faur'us further adds to the collaborative and social dimension of this learning process by significantly offering the possibility of sharing knowledge throughout the professional community. It also enables collaborative and open work methods to be spread, providing access to rich and diverse knowledge by increasing the collective effectiveness of employee work. This tool is key in a global group with a presence in over 35 countries. On a daily basis, more than 35,000 employees use this platform in their professional activities (sharing information, exchanging best practices, discussions, etc.). More than 2,600 active professional communities exist (on management and leadership, Human Resources, logistics, industrial operations, etc.) and the network generates more than 25 million interactions a year (document sharing, reading of content, discussions, etc.).

- **Ensuring our employees are more committed to the transformation: All on board connect**

  Benefiting from the installation of the Faur'us digital platform, a dedicated learning community has been created to help Faurecia employees have a better understanding of the major challenges created by the transformation of the Company in connection with those often complex ones of the industry. These measures aim to make the transformation of the Company simple, understandable, and engaging for as many employees as possible. More than 80 new learning content modules are available via this community (teaching documents, explanatory videos, podcasts by Patrick Koller and also by many managers who play a key role in the transformation of the Company, etc.). With more than 12,000 regular visitors, this learning community has established itself as the community with the second highest number of visits from employees.

4.2.2.3. Employee Empowerment

To significantly strengthen our joint goals of Total customer satisfaction and sustainable operational performance, 2019 has seen the launch of a major update of our core operations system, the Faurecia Excellence System (FES X.0).

Almost 2,600 division managers and site management teams participated in nine regional workshops and 25 mother plant workshops generating approximately 40,000 training hours. these sessions focused the management on the FES fundamentals and their role to ensure the active involvement of all Faurecia employees to build the continuous improvement mindset. the employee empowerment (EE) subsystem has this as its primary goal.

As a cornerstone of the continuous improvement mindset, Employees are encouraged to actively contribute improvements ideas and whilst in 2019 the number of improvement ideas implemented per employee and has remained stable at 11, Faurecia has started to see a consistent increase in the second half of the year.

Considerable progress has been made in 2019 in the way the Group train and educate teams in FES X.0:

- six new Employee Empowerment MOOC's (Mass Online Open Course) were launched covering seven of the EE Fundamentals. The remaining six EE Fundamentals will be updated in early 2020. The Group has seen a fivefold increase in participation of these MOOC's with over 16,000 employees participating in 2019. This will only increase as the learning lab for all project starts to take effect;
- Faurecia has enrolled all Plant Managers and their full management teams (2,000 managers) in a knowledge embedding program that sees a daily (via app or outlook) touch of FES knowledge directly tailored to their role and their relative knowledge level. This equates to more than half a million questions answered in one year;
- both the existing EE Fundamentals and Site human resources Manager programs have been updated, with pre-learning reinforcement using new MOOC's. In 2020 the focus on train the trainer, especially for EE Fundamentals, will continue to ensure the delivery of these programs to the human resources and operations target population.

The real focus in 2020 will be the continued embedding of core FES knowledge to improve the Group's joint end goals of Total Customer Satisfaction and a sustainable operational performance.

4.2.2.4. Development of Technicians and Operators employee performance

2019 has seen a major focus on people management and development with the FES X.0 project. Specifically, with the Employee Empowerment fundamentals, the Group ensures:

- mastery of workstations (training, quality performance, delivery performance and improvement at workstations);
- development plans for current and future Team (GAP) Leaders and Supervisors;
- active participation in improvement activities including submitting, implementation and recognition of ideas;
- succession planning & career development for key positions;
- annual performance reviews for every employee which includes individual development actions (except some restrictions in a small number of sites due to Union/works council requirements);
- every Plant has an active plan to permanently engage and motivate employees as part of the successful Being Faurecia initiative.

In 2019, in addition to the bi annual Employee satisfaction surveys that have been running in Faurecia since 2012, an annual light Employee Engagement survey was launched as part of the Groups Sustainable Development Convictions. This allows an annual view of all (permanent) employee engagement and is a major input to the site Engagement and Motivation Plans.

4.2.3. EFPD Talents attraction and retention

Faurecia integrates and develops the potential of its skilled professionals and managers to improve their performance and skills and offer them attractive career paths. The effective development of engineers' and managers' potential is at the core of the Being Faurecia program. The Group seeks to continuously improve the performance of its managers and ensure their professional development so that they can realize their potential.

At the same time, the Group constantly adapts its allocation of Human Resources to meet short-term business demands and prepares for the medium-term to ensure that the Group always has best-in-class in terms of managers and technical experts, driven by the pursuit of excellent customer service.

Anticipation of business needs, short and medium term management of resources, the effectiveness of individual development of managers and skilled professionals, allows Faurecia to offer its employees opportunities in career advancement and better retain its teams, thus constantly reducing the risk of losing talent.

Effective implementation of a collective and individual resource management method is guaranteed by respect for common principles:

- investing in recruitment of employees having growth potential;
- measuring performance in an equitable and factual manner, allowing each individual to demonstrate the ability to deliver results;
- continually developing technical and managerial skills;
- identifying individual potential as early as possible in order to develop the necessary skills in the medium to long term;
- offering diverse career opportunities while considering the technical and managerial paths as equal in importance.
- **Indicators on acquisition and retention of talents in 2019:**
  - 8.9% (including FCE) rate of resignation within the Group for managers and professionals, a slight improvement on 2018 (9.1%),
  - 34,1% (including FCE) of managers & professionals hired are recent graduates,
  - 40% (including FCE) of VIEs were hired in long term contract upon completion of their program,
  - 1,231 (excluding FCE) potential talents for the Group's Senior Management (Group Leadership Committee: the 300 members who represent Senior Management), or nearly three potential candidates identified per position,
  - 2,715 (excluding FCE) potential talents for key posts (Plant Manager or Program Manager or equivalent) or more than 1 potential candidate (158%) per position.

4.2.3.1. Attracting and retaining talents

Faurecia has grown substantially in recent years, and now has a headcount of just over 115,500 people, more than 21,700 of whom were managers and skilled professionals with open-ended contracts as of the end of 2019.

In 2019, in a macroeconomic context which is less favorable than that of 2018, the number of hires fell by 40% in comparison with 2018 and represents 1,870 managers and professionals (compared with 3,127 in 2018), on a like-for-like basis (excluding Clarion Electronics). These were mainly completed in Asia (673), the countries having seen the largest number of hires completed in this region being China (341) and India (234), as well as in Europe and in North America, as set out below:

External Recruitment for Open-ended contracts (CDI)	2019*	2018	Change
Asia	673	1,583	-910
Europe	680	744	-64
North America	457	581	-124
South America	14	50	-36
Other	46	169	-123
TOTAL	**1,870**	**3,127**	**-1,257**

* *Including the Business Group Faurecia Clarion Electronics (FCE).*

- 383* additional hires with open-ended contracts (CDI) were made in the context of the hiring to permanent posts of apprentices and conversions from fixed-term contracts.
- 43% (excluding FCE) of recruitment was in production, 24% to sales roles, research and development, and program management.

In 2019, Faurecia continued to focus on recruiting recent graduates and early-career professionals in order to ensure that the Group recruits and retains the talent of the future. Programs and partnerships with more than 100 schools, universities and post-secondary institutions are in place in many countries where the Group operates so as to publicize internship and job opportunities among students. This is in particular the case in France with colleges and universities such as ESTACA, ENSAM, EM Lyon, HEC, Centrale Supelec, Kedge Business School, *École Centrale Nantes*, ECE, ESTIAM, UTBM and UTC, and also in other major countries abroad (Michigan State University in the United States; Shanghai Jiaotong University in China; Karlsruher Institut fur Technologie in Germany, etc.). To support these partnerships, Faurecia has set up a network of international Ambassadors to facilitate discussions with schools and to share with students the expertise accrued by our employees.

To ensure the success of newly recruited employees, Faurecia offers all new hires a personal induction program enabling them to find out more about the Group, its values, strategy and organization, and to become acquainted with its culture and operating systems. Some countries have organized special events, such as orientation days, to expedite the integration of new hires.

Developing and promoting international exposure is essential for a Group that employs 57% (including FCE) of its skilled professionals and managers outside of Europe and carries out 64% (including FCE) of its recruitment outside this region. Within this framework, Faurecia can offer its people many international assignments as well as the opportunity to take part in international projects.

A stable employee base is essential for safeguarding the Group's investment in human capital. In 2019, the resignation rate of managers and skilled professionals improved slightly as indicated below.

Resignation rate	2019*	2018	change	Comments
Asia	9.1%	9.8%	-0.7%	India +4.7%
Europe	7.9%	7.3%	+0.6%	France +1.2%
North America	10.4%	12.1%	-1.7%	
Senior Management	4.9%	1.4%	+3.5%	
TOTAL	**8.9%**	**9.1%**	**-0.2%**	

* *Including the Business Group Faurecia Clarion Electronics.*

4.2.3.2. The talents of tomorrow

In 2019, the Group continued to implement two Faurecian Talent Initiatives in order to attract and retain the employees of tomorrow, two key factors in sustaining the Group's growth.

The first project's goal is to improve gender diversity at the time of recruitment and for career development in general (see Section 4.2.5 on diversity).

The goal of the second project is to recruit more young graduates. The number of recent graduates hired to entry level management positions continued to grow in 2019, reaching 34.1% including FCE (compared with 32.4% in 2018), including the Business Group Faurecia Clarion Electronics.

To help it reach its target to recruit more young graduates, including female graduates, the Group relies heavily on the VIE international corporate volunteer program. In 2019, the number of international corporate volunteer contracts continued to grow, with 307 signed, compared with 282 in 2018. Nearly 40% (including FCE) of young managers and professionals having completed their international corporate volunteer program during 2019 were hired by Faurecia, mainly in France, Germany, and the United States.

4.2.3.3. Developing our talent, a powerful ambition

To prepare the managers of tomorrow, talent identification should start as early as possible.

Faurecia has more than 6,900 (excluding FCE) identified talents, a net increase (up 23%) in comparison to 2018 (5,600). The applicants are offered diverse career paths to realize their potential. These paths include inter-functions/inter-divisions mobility, project work or short-term assignments. The plan aims to help employees step out of their comfort zone and provide them with general management skills.

External assessments are offered to current and future leaders. The aim is to help all individuals better understand their development potential so they can make the best career choices. Individual development plans are defined as part of this process. In all, 27 assessments were carried out in 2019 (total since the beginning: 303).

Alongside these internal activities, a reinforcement plan was rolled out in France, Germany, the United States and China to recruit high-potential applicants for whom an accelerated career path is defined and implemented. Eight additional hires were completed in 2019 in this context. A total of 24 individuals are taking part in this program. An identical program aimed at hiring high-potential women has been launched in order to improve diversity within Senior Management.

The Group also places great importance on the international dimension of its Senior Management team, while taking steps to attract, develop and retain local talent across the globe. Thus, 34% of the Group's Senior Management is today composed of non-Europeans (17% from North America, 16% from Asia, 1% from South America) and 66% European (45% French, 10% German).

40% (excluding FCE) of the managers and professionals identified (excluding FCE) as having the potential to join the Group Leadership Committee (the 300 members who represent Senior Management) come from non-European countries (compared with 36% in 2018).

The Executive Committee continued to strengthen its involvement in managing talent. Twice a year, the Committee now reviews the Group's top performers with a particular focus on potential executive managers. Furthermore, beyond People Reviews normally organized at the Business Group, Division and functional levels, Key Reservoir Reviews were carried out in North America, Asia and South America in order to develop internal mobility and to optimize local talent management. Since 2016, a new process called "Cross BG Point HR" was also set up at Group level in order to develop the mobility of Senior Managers between Business Groups.

Once a year, the Group's succession plan is presented to members of the Board of Directors' Governance and Nominations Committee.

Following audits carried out by the Top Employer Institute, Faurecia is among the companies which were awarded the "Top Employer Europe" label for 2019. This global recognition can be added to the Top Employer certification received by key countries of the Group in Europe: France, Germany, Spain, Czech Republic, Poland, UK; in Asia: China, India, and on the American continent, in the United States and Mexico.

The Top Employer label rewards companies for the excellence of their practices in terms of management of human capital especially in the field of attraction and development of talents, compensation and social advantages, training and development of competences.

4.2.3.4. Consolidating the Group's performance culture and having exemplary leaders

A fair, objective performance assessment is a cornerstone of employee development and a key Being Faurecia concept. This assessment leads to an annual performance review between manager and skilled professional and their supervisor. The goal, beginning with the self-assessment prepared by the employee, is both to measure attainment of individual annual goals and to assess managerial and behavioral skills. This factual, measurable assessment allows not only to identify high-performing managers and skilled professionals, but also to validate and implement actions for individual development in order to continually increase short-term performance as well as develop each person's potential over the medium to long term. By end 2019, 98% (excluding FCE) of managers and professionals were assessed through a performance review.

In 2019, the Group launched the fifth campaign of its performance appraisal system, STAR (Setting Targets, Achieving Results) for all managers and professionals, a comprehensive approach combining three components:

- a management by objective component that aligns individual performance with business objectives;
- a managerial skills assessment makes it possible to identify each individual's strengths as well as areas where there is room for improvement to construct practical and effective individual development plans. The Code, which describes the managerial skills that must be mastered at each level of the organization, is at the center of performance management and the identification of the potential and development of future leaders;
- the assessment of behavior enables the measurement of commitment to the Group's values. They consist of three managerial values (entrepreneurship, autonomy and accountability) and three individual values (respect, exemplarity and energy). A Management Code was developed to provide a practical illustration of the behavior expected from managers in the main situations they might face. This Code is intended to be a practical guide for managers to develop exemplary behavior.

In 2019, the quality of the interviews and commitment shown by management remained an objective of the STAR campaign. In order to reinforce the message, the three priorities defined last year have been retained: improving the quality of the feedback received, strengthening internal equity in terms of performance assessment, and improving the resilience and monitoring of development actions.

Finally, in order to improve the effectiveness of the performance assessment, two changes were introduced in the 2019 campaign:

- the removal of the requirement for validation by two levels of management, allowing the importance of the role of the direct senior manager to be reinforced and, also, the validation process to be simplified;
- a reduction in the number of behavioral skills assessed during the interview process.

4.2.3.5. Developing skills and optimizing career management

The Group's internal promotion policy revolves around offering career opportunities to employees who succeed and demonstrate their potential.

Due to the reduction in external recruitment, the rate of vacancies filled internally for managers and skilled professionals stood in total at 64% (excluding FCE) (compared to 46% in 2018). The rate is 90% compared to 83% in 2018 for Senior Management positions (Top 300). These results for managerial positions were achieved through the implementation of solid planning for succession and individual development plans, based on individual reviews made at least once a year at all levels of the Company (sites, divisions, Business Groups, Group) and based on a rigorous use of Faurecia's managerial skills model.

Furthermore, the implementation of solid succession plans made it possible to develop and fill internally 83% (excluding FCE) compared to 81% in 2018, of the required Plant Manager positions and 80% (compared to 66% in 2018) of the required Program Manager positions.

In 2019, 15.7% (compared to 14.5% in 2018) of managers and skilled professionals benefited from internally mobility.

In line with the Group's expertise management policy, Faurecia particularly rewards performance in technical and technological areas. The Group offers its experts a specific career program, which has the added advantage of allowing it to enhance business-specific skills within each product line. In 2019, Faurecia had 370 experts compared to 354 in 2018, including 48 senior experts and 4 master experts.

4.2.3.6. Compensation Policy

In order to attract, retain and motivate talent, Faurecia's compensation policy is determined in a way to ensure it is competitive with the internal compensation practices of the local market for each of the Group's business units and complies with legal regulations. To this end, each year Faurecia examines market practices with firms specialized in compensation.

For managers and skilled professionals, compensation depends on several components, in particular the level of responsibility exercised. Therefore, the greater the level of responsibility, the more variable components represent a greater portion of total compensation. For non-manager and skilled professionals, Faurecia has tools at the local level which enable it to link their contributions to the value generated.

Finally, Faurecia is committed to guaranteeing a compensation policy in line with the Group's culture and values.

4.2.3.6.1. CHANGES IN COMPENSATION AND BENEFITS

The total amount of compensation paid, including payroll taxes, increased by 4.87% across the Group as a whole: €3,535 million in 2019, compared with €3,371.3 million in 2018. Meanwhile, the number of employees at the end of the year increased by +0.9% (+6.9% for managers and professionals). The Group adheres to current minimum wage legislation in each country. Wage negotiations are held in the majority of countries. In 2019, worldwide, 96 agreements were concluded on salary/bonus/compensation components and 76 on profit-sharing/incentives.

4.2.3.6.2. VARIABLE COMPENSATION FOR MANAGERS

At Faurecia, variable compensation systems are aligned with the Group's strategic objectives. For executives, in particular, a system of short-term, variable compensation, based essentially on business unit performance, applies in all countries in which Faurecia operates. At the end of 2019, about 4,400 executives, out of a total of more than 18,000, had open-ended contracts.

Simultaneously, since 2018, there has been a local bonus policy applicable to all countries, in compliance with local regulations.

Lastly, a medium-term variable compensation plan was introduced for Managers who are members of the former Senior Management Group (now the Global Leadership Management Group) and who, since 2018, have not been eligible for the free shares award program. The right to benefit from this plan is subject to an attendance condition and to performance conditions similar to those voted by the Board of Directors for the free shares plan, subject to performance conditions, applicable to members of the Global Leadership Management Group (see previous paragraph).

4.2.3.6.3. ALLOCATION OF FREE SHARES SUBJECT TO PERFORMANCE CONDITIONS

Faurecia has implemented a program for the awarding of free shares subject to performance conditions for Global Leadership Management to promote motivation and loyalty. It follows a procedure established by the Board of Directors at its meeting of December 17, 2009.

The Combined General Meeting of May 28, 2019 authorized the Board of Directors to grant a maximum of 2,000,000 performance shares.

Based on this authorization, on October 9, 2019, the Board of Directors granted a maximum of 1,147,260 free performance shares to 274 beneficiaries (including fifty-two high-potential managers). The right to these shares is subject to an attendance condition and to the following three performance conditions:

- an internal performance condition, linked to the Group's net income after tax in 2021;
- a second internal performance condition linked to CSR, relating to the percentage of women (%) making up the Group's managers and professionals; and
- an external performance condition, linked to Faurecia's growth in basic earnings per share between 2018 and 2021 compared with the weighted growth of a reference group made up of twelve comparable international automotive suppliers.

It should be noted that the grants were made in October 2019 whereas the grants under the last nine plans had been made in July, due to the acquisition of Clarion Electronics in 2019.

On the basis of the authorization received from the Combined General Meeting held on May 28, 2019, the Board of Directors of October 9, 2019 also decided to grant an additional plan for the allocation of free shares subject to performance conditions to six beneficiaries (other than corporate officers of the Company) within a geographical area of the Group and also members of the Global Leadership Management Group. This plan concerns a maximum of 33,240 shares and is accompanied by attendance and performance conditions specific to the geographical area in question.

As at December 31, 2019, under the plans in place, there were a maximum of 2,990,587 performance shares that could be definitively granted through October 2023 subject to the achievement of the associated performance conditions.

Specific update concerning France

Company savings plan

In France, the Group has over the past few years implemented several mechanisms to allow employees to accumulate savings.

Since 2004, employees have had access to a Group employee savings plan (PEG) open to amounts distributed under profit-sharing and incentive plans, as well as voluntary contributions.

13 funds are available, including Faurecia Actionnariat, a mutual fund investing exclusively in Faurecia stock. At December 31, 2019, total funds managed in the employee savings plan (PEG) stood at €66.4 million, of which 20.4% was invested in Faurecia Actionnariat (3,264 employee shareholders).

Employees also have access to the Group retirement savings plan (PERCO), set up in late 2012. Like the employee savings plan, payments into the Group pension savings plan can be made from discretionary and non-discretionary profit-sharing plans as well as voluntary employee contributions. At December 31, 2019, total funds managed in the Group retirement savings plan (PERCO) stood at €7.4 million (of which €4.7 million is under active management)

A defined contributions pension scheme was also introduced in 2006 for Group executives and has been opened to voluntary contributions from employees since 2013. Over €111.5 million is managed within these various pension schemes.

Incentive Plans

The incentive agreements entered into by the Group's various French companies mostly establish how voluntary incentive payouts are calculated based on two sets of indicators:

- financial indicators on a Company level. This part accounts for about 40% of the overall payout and is calculated annually;
- operational performance indicators calculated at site level and selected from among the Faurecia Excellence System FES indicators. This part accounts for about 60% of the overall payout and is calculated half-yearly.

Under these agreements, the payout is capped at 5 to 6% of payroll if the objectives are achieved –although in exceptional cases it may be raised from 6% to 8% if objectives are exceeded– and is allocated to employees partly in proportion to salary and partly applied on a uniform basis depending on hours worked.

In 2019, €22.7 million was paid out to employees under the incentive plan (versus €22.6 million in 2018), of which €9.8 million was invested in Group employee savings plans in France (PEG or PERCO).

Profit-sharing

The mandatory profit-sharing agreements of the various group companies stipulate, for the most part, that employee profit-sharing calculated in accordance with the legal formula must be allocated among employees prorated on the basis of their compensation for the year in question, subject to compliance with regulatory limits.

The amounts allocated to the profit-sharing reserve may be held in a no-access account or invested in the corporate mutual funds set up in connection with the Group employee savings plan (PEG) or retirement savings plan (PERCO).

In 2019, €13.6 million was paid out to employees under the profit-sharing plan (versus €6.2 million in 2018), of which €6.1 million was invested in Group employee savings plans in France (PEG or PERCO).

4.2.4. EFPD Social dialog

Pursuant to the development of economic and social dialogue of the Code of Ethics in force since 2007 in the context of the Being Faurecia program, the Group's various entities continued an active policy of dialogue and negotiation with employee representative bodies.

Challenge of the social dialog risk:

The absence or poor management of social dialogue could have an impact on the Group's performance and the well-being of its employees.

Faurecia has always considered social dialogue to be a true lever for improving operational efficiency and defining the Group as an integral player in sustainable development, development of economic and social dialog is accorded special attention. In this context, the Group is committed to communicating in a regular and structured manner to the various employee representative bodies about its accomplishments, profits and more generally about its strategy. Whenever possible, priority is also given to research and concluding agreements in the various areas where employee commitment is a gauge for success in the implementation of projects.

Social dialog is also a preferred vehicle of communication to share about safety and improvement of working conditions while emphasizing concrete achievements and best practices.

4.2.4.1. An environment of contrasting business activity by region

In 2019, at constant exchange rates and despite the drop-in business linked to a slowdown in the market across all regions, Faurecia managed to record a performance level that was well above the level of automobile production growth thanks to its resilience and agility.

The drop-in activity was reflected by the change in registered employee numbers, which nevertheless grew thanks to the acquisition of Clarion Electronics in April 2019, increasing from 92,884 in late 2018 to 93,699 in late 2019 (up 0.9%).

Industrial redeployment initiatives affected 61 plants in 2019, impacting 5,664 jobs in 13 countries, mostly in Asia, North America, South America, and Europe.

In this context, despite the restructuring processes launched in Western Europe and the difficulties in hiring permanent staff encountered in certain Central European countries, Europe has seen registered employee numbers increase by 1.0%, thanks also to a good level of resistance linked to the commercial success of certain vehicles and to the acquisition of Clarion Electronics.

In North America, despite the positive effect generated by the acquisition of Clarion Electronics, with a particularly strong presence in this region, the number of registered employees fell by 1.4% due to the major restructuring efforts made in order to manage the anticipated end of production at Faurecia Seating and performance levels below those recorded by regional automotive production.

In South America, in an equally difficult context marked by restructurings, registered employee numbers fell by 8.2%.

Finally, despite a clear slowdown observed in China which led to a certain number of businesses being combined within larger plants and, therefore, to the closure of a certain number of small-scale plants, Faurecia continued its growth in Asia where the number of registered employees grew by 5.7%, thereby benefiting from the consolidation of Clarion Electronics with a strong presence in China and Japan.

4.2.4.2. Greater social dialogue and consultation with employee representative

Implementation of an active policy of consultation and negotiation in 2019 resulted in a record number of signed agreements. 356 agreements with facilities or companies were thus concluded in 26 countries, including 159 in particular in France, 63 in Germany, 33 in Brazil, 18 in Mexico, 16 in Argentina, nine in Thailand, six in China and five in the United States, Italy, Czech Republic and Uruguay.

Out of these agreements, 27% related to pay and other forms of compensation, 21% to profit-sharing for employees, 16% to conditions in the workplace, 15% to working hours and 6% to the provision of tools and/or digital processes.

More specifically, negotiations about the organization of work and working hours allowed sites to adapt to fluctuations in workloads due to changes in customer needs or the closing and/or start-up of new programs, in such a way to maintain or even grow, the flexibility needed to safeguard competitiveness.

In the continuum of all the agreements on competitiveness and performance since 2012, which concern 49 sites, the constant search for competitiveness is a key issue to keeping the business going or to winning new programs, thereby avoiding any new plans for industrial redeployment.

In addition, in all the countries in which it operates, the Group is keen to implement existing plans so as to reduce the impact on jobs arising from a slowdown in business. At the same time, in the event of any industrial redeployments, the Group prefers to make use of internal mobility, both on a geographical and cross-divisional level, as well as voluntary redundancy plans. In the event that a site closure is required, the Group endeavors, where this is possible, to put in place re-industrialization projects by providing financial and/or operational assistance to industrial players that are likely to propose redeployment solutions to its employees. In cases where compulsory redundancies cannot be avoided, providing support for those employees seeking redeployment is a priority.

Wishing to have a more accurate reflection of its European reach and so as to reinforce its international brand image, Faurecia S.E., the Group's parent company, adopted the legal form of a European Company in 2018 and, in this context, negotiated the creation of a European Company Committee, known as the "Faurecia European Company Committee (FE2C)". This body replaced the previous body for the purpose of sharing information, exchanging viewpoints and holding dialogue on the European level created in 2003. The October 22, 2018 agreement, signed for an unlimited term stipulates, in continuity of what had been undertaken to date, that regular and constructive dialog will continue; the information and, if applicable, consultation on a European level on industrial goals, the Group's strategy, and their potential impact in terms of employment being continued in a spirit of trust-based cooperation.

In accordance with this agreement, the 25 members of the body were divided in direct proportion to the number of employees from the 16 countries in Europe in which Faurecia has a presence. The 25 members were then elected or appointed in accordance with the rules in force in their country. The Committee welcomed nine new representatives, joining the 16 representatives who had already held office within the previous body.

The European Committee held plenary sessions twice during the course of the year, on May 21 and 22, 2019 in an ordinary meeting and on October 29, 2019 in an extraordinary meeting, in the context of the proposed acquisition of the remaining 50% of the joint venture with SAS. The Committee's presiding body, now composed of representatives from the seven largest countries in terms of employee numbers (i.e. France, Poland, Germany, Czech Republic, Spain, Romania, and Portugal), met four times during the course of the year, including one extraordinary meeting held via conference call in the context of the aforementioned proposed acquisition. The meeting held in November 2019, initially planned to take place in Portugal, in accordance with the agreement in force, was held on an exceptional basis at the registered office to enable the Group Chief Executive Officer to present the proposed consolidation between Groupe PSA and the FCA Group.

In order to help the representatives of the European Company Committee successfully perform their assignments under the best possible conditions, the launch of a training program was agreed focusing mainly on modules aimed at enabling them to fully comprehend the challenges and constraints of the automotive sector, and to understand their role as representatives to this body. This training should be completed before the 2020 plenary session.

Moreover, the two Board members representing employees who have been sitting on Faurecia's Board of Directors since November 1, 2017, are continuing their 4-year terms.

4.2.5. Promotion of diversity

Faurecia is stepping up the promotion of diversity as a true strength and asset, generating both a positive impact on performance and also a source of innovation and motivation for all of the Group's employees. Diversity, guided on a daily basis by the Group's values, convictions and Code of Ethics, addresses all aspects whether it is origin, gender, age or disability. In 2019, 32.1% of managers and professionals part of the GLC were non Europeans.

Particular emphasis is brought to bear on strengthening the gender balance with the goal of increasing the presence of women as senior executives within the Group and more generally throughout the entire population of managers and skilled professionals.

- **Indicators to follow gender diversity**

	2019	2018	2017
% of women on the Group Leadership Committee	14.8%	15.3%	11.6%
% of women managers and skilled professionals	24.4%	23.8%	23.3%
% of women are members of a plant Management team	21%	20.7%	20.8%

- **Diversity within the governing bodies**

  The Executive Committee (Excom) of Faurecia is composed of 14 members, including two women, a rate of 14%. In 2019, four new members entered, including one woman, which represents a promotion rate of 25%. The Excom members are either recruited from among the directors of Faurecia (260 GLC) or externally. The plan to strengthen GLC members to reach 21% women in 2022 aims to appoint 40% of new female GLCs each year, which increases the possibility of appointing women to Excom in the future.

  At the end of 2019, the rate of women among the 10% of positions of greatest responsibility was 14.5%.

- **The associated actions to promote diversity in the Group are:**
  - **the deployment of teleworking,** and the implementation of concierge-type services, in order to promote a better balance between personal and professional life;

- **the annual review of women's careers:** the People Review was adapted in order to include a specific section on female talent at various levels within the Group. Simultaneously, an effort was launched to support spouses of expatriate employees thanks to external and personalized support that helps with moving, facilitates cultural and professional adaptation and helps to find local employment;
- **an annual statistical analysis of pay equality:** since 2016, additional analyses have been carried out in the Group's key countries to ensure equality in terms of pay. The results of the three statistical studies carried out show no major differences;
- **the program aimed at recruiting and developing female talent:** in order to promote this Group gender equality approach, a Diversity Officer was appointed in 2019. She reports to the Executive Committee member in charge of human resources. In this context, recruitment agencies were reviewed in order to raise their awareness regarding compliance with the new CSR gender balance commitments. In order to align with these targets, Faurecia's country recruitment officers also promote this gender balance. In 2019, the results were significant with growth in the percentage of external recruitment of women managers and skilled professionals representing 30.1% in 2019 compared with 25.9% in 2018. In addition to these initial actions, a program aimed specifically at recruiting high-potential female executives was launched with an external partner in order to have more candidates able to take managerial roles, and to thereby reach the goal in terms of gender balance among Faurecia's 300 most senior executives. A program for the development of female talents, which will be built on mentoring, coaching and sponsorship is also currently being finalized. During 2019, as part of the continued deployment of its "Faurecian Talent Initiatives" approach, the Group implemented actions to accelerate gender balance through its recruitment, career development and outreach to women;
- **training** is a permanent lever to speed up this cultural change: Faurecia University ensures that diversity management is an integral part of the training delivered to managers, and it has handled the establishment of training programs targeting women in order to enable them to bolster their leadership (influence, impact and visibility). This program has now been rolled out in Faurecia University's four campuses (Mexico, United States, China, Europe), increasing the training effort from 57 female managers in 2018 to 205 in 2019. Finally, to guarantee inclusive management that better takes into consideration the challenges of gender diversity in the team dynamic, a training course tailored for management committees has been drawn up with the human resources consulting firm Korn Ferry and will be rolled out in 2020;
- **a network of internal diversity and inclusion ambassadors** was launched in order to promote diversity within their scope of work by sharing Group initiatives. With over 40 members worldwide now, ambassadors can obtain support from local networks and may organize internal events and take part in diversity activities and associations in their countries. A sponsor at the Group level coordinates this network via bi-monthly meetings, with support from the communication teams.

4.2.6. Social performance indicators

The information presented in this section has been disclosed in accordance with the provisions of Articles R. 225-105 and R. 225-105-1 of the French Code of commerce and with the key guidelines put forward by the "Global Reporting Initiative" and relating to employment data held by companies.

It meets the requirements of the legislator regarding the social data of listed companies, the wishes of the Management of the Faurecia group and the requests of the main shareholders of the Company.

In the 39 countries in which the Group is present, 500 reporting units have been declared to the Human Resources department. These units were defined according to an analytical breakdown of the Group's activities, allowing consolidation by product, geographical area and legal entity. Social data is then consolidated globally, by geographical area: Europe, North America, South America, Asia and other countries.

Based on the 68 indicators that were established, the reporting units answered 100 questions that were answered at the level of the audit and reporting team within the Group's HR Management department.

Social reporting is articulated around two complementary axes of analysis: a part concerning some of the main types of effects passed by gender, age and occupational category, and then by the absenteeism rate indicators, the number of applications received or training expenditure spent.

The return of this information was completed on January 10, 2019 via the Group's usual consolidation system (Métis).

The scope in question remains compliant with the statutory scope adopted in the context of the financial report, including the Faurecia Clarion Electronics data.

Total workforce 2019 vs. 2018

	2019				2018				2019 vs 2018			
	Registered Employees	Temporary Employees	Number of Employees	Of which% open-ended contracts (CDI)	Registered Employees	Temporary Employees	Number of Employees	Of which% open-ended contracts (CDI)	Registered Employees	Temporary Employees	Number of Employees	Of which open-ended contracts (CDI) (in points)
Europe	44,263	8,261	52,524	77.1%	44,785	8,844	53,629	76.3%	-1.2%	-6.6%	-2.1%	0.7
North America	19,751	823	20,574	89.5%	20,026	970	20,996	84.5%	-1.4%	-15.2%	-2.0%	4.9
South America	5,104	83	5,187	95.9%	5,560	169	5,729	95.3%	-8.2%	-50.9%	-9.5%	0.6
Asia	17,106	10,736	27,842	59.3%	16,176	9,577	25,753	61.3%	5.7%	12.1%	8.1%	-2.0
Others	7,475	1,894	9,369	62.2%	6,337	2,249	8,586	59.7%	18.0%	-15.8%	9.1%	2.5
FAURECIA	**93,699**	**21,797**	**115,496**	**74.6%**	**92,884**	**21,809**	**114,693**	**74.2%**	**0.9%**	**-0.1%**	**0.7%**	**0.5**

Number of employees:

The Group's total number of employees grew by over 800, i.e., up 0.7% in 2019.

This growth is partly due to the acquisition of Clarion Electronics following which nearly 6,600 new employees joined the Group in April 2019, mainly in Asia (+4,555 employees), North America (+1,468 employees), and in Europe (+529 employees).

The synergies recorded in the months following this integration allowed these employee numbers to be reduced by nearly 14% to reach nearly 5,700 employees in late December 2019.

Efforts focused mainly on China (-700 employees) and Japan (-200 employees).

Outside of this scope, the Group's total employee numbers fell by over 4,800 (-4.3% on a like-for-like basis) due to the slowdown in business activity over all regions in which the Group has a presence. Other than Clarion Electronics, this decline represents a drop of 3.0% in total employee numbers in Europe, 9.3% in North America, 10.0% in South America, and 6.0% in Asia.

The relative proportion of short-term contracts remained stable over the period, rising from 74.2% to 74.6%. The proportion of temporary employees also remained stable at 19%.

Total employment increased mainly in Asia in 2019 (+2,089 people) due to the integration of Clarion Electronics employees in China and Japan, and also in North Africa with an increase in employee numbers in Tunisia (+287 people) and Morocco (+583 people).

Registered employees:

The Group's registered employees increased by 815 people in 2019 (+0.9%). This increase was particularly noticeable in Asia (+5.7%, i.e., +930 people) due to the integration of Clarion Electronics employees, and in other countries (+18.0%, i.e., +1,138 people).

The slowdown in business impacted Europe (-1.2%, i.e., -522 people), North America (-1.4%, i.e., -275 people) and South America (-8.2%, i.e., -456 people).

Excluding consolidation effects related to the acquisition of Clarion Electronics, the reduction in the Group's registered employee numbers came to a 5.0% drop, i.e., nearly 4,600 fewer people, mainly in China, the United States, Mexico, and Germany.

Temporary employees:

The number of temporary employees remained generally stable over the period, despite the acquisition of Clarion Electronics (-0.1%). As in 2018, temporary employees represent 19% of total employee numbers as at close 2019. Excluding consolidation effects, this is a 1.2% drop compared with 2018.

In Europe, the rate rose from 16.5% to 15.7%. It reached 16.1% at the end of 2019 in Western Europe, compared to 15.1% in Central Europe.

This rate remains high in Asia (38.6%), with the proportion of temporary labor being structurally high in China.

Registered employees 2019 vs. 2018

	2019				2018				
	Operators & workers	Technicians, foremen & administrative staff	Managers & skilled professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & skilled professionals	Total	Change '19 vs. '18
Europe	28,474	6,582	9,207	44,263	28,926	6,618	9,241	44,785	-1.2%
North America	14,104	1,574	4,073	19,751	14,792	1,300	3,934	20,026	-1.4%
South America	3,828	795	481	5,104	4,221	840	499	5,560	-8.2%
Asia	7,251	1,995	7,860	17,106	8,125	1,505	6,546	16,176	5.7%
Others	6,072	653	750	7,475	4,984	640	713	6,337	18.0%
FAURECIA	**59,729**	**11,599**	**22,371**	**93,699**	**61,048**	**10,903**	**20,933**	**92,884**	**0.9%**

The number of registered employees rose by 0.9% in 2019, including an increase of 6.9% for managers and professionals, 6.4% for technicians, foremen and administrative staff and a fall of 2.2% for operators and workers. Excluding the effects linked to the acquisition of Clarion Electronics, the number of registered employees fell by 5.0% in 2019, including 2.0% for managers and professionals, 4.4% for technicians, foremen and administrative staff and 6.1% for operators and workers.

In Europe, the number of registered employees fell by 1.2% (-2.2% on a like-for-like basis), including a drop of 1.6% for operators and workers, 0.5% for technicians, foremen and administrative staff, and 0.4% for managers and professionals. The main impact was felt in Germany.

In North America, the number of registered employees fell by 1.4%, i.e. -275 people, mainly in the USA. Excluding the acquisition of Clarion Electronics, this a 9.0% reduction, including a 11.8% drop for operators and workers, Mexico and USA combined.

In South America, in the context of economic difficulties, the number of registered employees decreased by 8.2%, mainly in Argentina and Uruguay.

In Asia, the number of registered employees increased by 5.7% thanks to the acquisition of Clarion Electronics with a strong presence in Japan and China.

On a like-for-like basis in 2018, the number of registered employees in Asia decreased by 15.2%, impacted by a net slowdown in business in China.

This reduction comes to 23.4% for operators and workers, 18.7% for technicians, foremen and administrative staff, and 4.1% for managers and professionals.

Other countries recorded a rise in their registered employees of 18.0%, mainly in Morocco (+486 people) and Tunisia (+454 people).

Registered employees by type of contract 2019 vs. 2018

	2019			2018			2019 vs. 2018		
	Open-ended contracts (CDI)	Fixed-term contracts (CDD)	Total	Open-ended contracts (CDI)	Fixed-term contracts (CDD)	Total	Open-ended contracts (CDI)	Fixed-term contracts (CDD)	Total
Europe	40,486	3,777	44,263	40,945	3,840	44,785	-1.1%	-1.6%	-1.2%
North America	18,411	1,340	19,751	17,752	2,274	20,026	3.7%	-41.1%	-1.4%
South America	4,973	131	5,104	5,460	100	5,560	-8.9%	31.0%	-8.2%
Asia	16,504	602	17,106	15,775	401	16,176	4.6%	50.1%	5.7%
Others	5,827	1,648	7,475	5,129	1,208	6,337	13.6%	36.4%	18.0%
FAURECIA	**86,201**	**7,498**	**93,699**	**85,061**	**7,823**	**92,884**	**1.3%**	**-4.2%**	**0.9%**

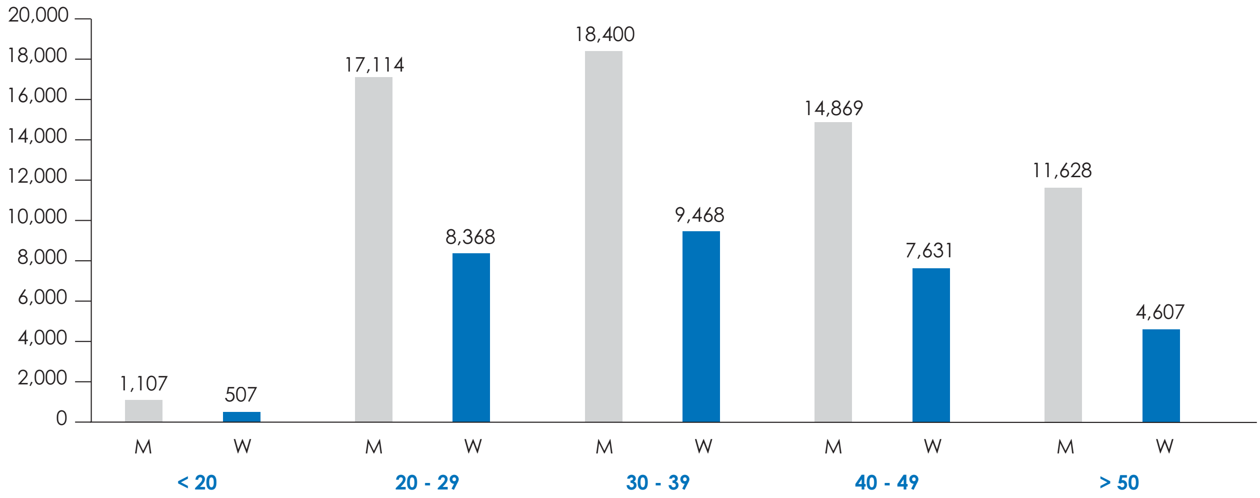
Open-ended contracts rose by 1.3% (+1,140 people). Over the same period, the number of employees with fixed-term contracts fell by 4.2%, i.e., -325 people. The impact of the acquisition of Clarion Electronics represents the integration of 5,900 open-ended contracts (CDI) and 482 fixed-term contracts (CDD) in April 2019, over 69% of which are in Asia (essentially China and Japan). Open-ended contracts accounted for 92.0% of the registered employees as opposed to 91.6% in 2018.

Excluding consolidation effects, the number of employees with open-ended contracts fell by 4.6%, i.e., -3,900 people. There was a 9.1% fall in the number of fixed-term contracts, i.e., -711 people. These adjustments are due to the reduction in business in Europe, North America, South America, and above all, in Asia.

On a like-for-like basis, the number of open-ended contracts fell by over 2,600 in China, over 900 in Europe, 600 in North America, and 500 in South America.

2019 age pyramid by gender

Registered employees	< 20		20 -29		30 -39		40 -49		> 50		Total	
	M	W	M	W	M	W	M	W	M	W	M	W
Operators & workers	974	442	11,135	5,541	10,509	6,254	8,840	5,682	6,755	3,597	38,213	21,516
Technicians, foremen & administrative staff	133	65	2,116	1,315	2,051	994	1,940	698	1,778	509	8,018	3,581
Managers & skilled professionals	0	0	3,863	1,512	5,840	2,220	4,089	1,251	3,095	501	16,887	5,484
TOTAL	**1,107**	**507**	**17,114**	**8,368**	**18,400**	**9,468**	**14,869**	**7,631**	**11,628**	**4,607**	**63,118**	**30,581**



Women accounted for 32.6% of the Group's registered employees, an increase of 1.4 points compared with 2018.

They accounted for 36.0% of operators and workers, 30.9% of technicians, foremen and administrative staff, and 24.5% of managers and skilled professionals at the Group level.

Faurecia is a relatively young Group with 58.7% of employees aged under 40 and 28.9% aged under 30.

16,235 of registered employees are aged over 50, i.e. 17.3%, up 1.6 points as compared to 2018.

For all age brackets, the breakdown by staff category remained stable, with operators and workers accounting for 64% of registered employees, technicians, foremen and administrative staff representing 12%, and managers and skilled professionals accounting for 24%.

2019 Clarion Electronics acquisition

	2019			2019			
Registered employees	**Open-ended contracts (CDI)**	**Fixed-term contracts (CDD)**	**Total**	**Operators & workers**	**Technicians, foremen & adminis-trative staff**	**Managers & skilled professionals**	**Total**
Europe	526	3	529	321	131	77	529
North America	1,194	274	1,468	920	295	253	1,468
South America	38	2	40	14	13	13	40
Asia	4,142	413	4,555	1,665	983	1,907	4,555
Others	0	0	0	0	0	0	0
FAURECIA	**5,900**	**692**	**6,592**	**2,920**	**1,422**	**2,250**	**6,592**

This table sets out the profiles of the Clarion Electronics employees integrated in April 2019 by contract and socio-professional category.

External hires 2019 vs. 2018

Registered employees	2019 Hires on open-ended contracts (CDI)	2019 Hires on fixed-term contracts (CDD)	2019 Total	2018 Hires on open-ended contracts (CDI)	2018 Hires on fixed-term contracts (CDD)	2018 Total	2019 vs. 2018 Hires on open-ended contracts (CDI)	2019 vs. 2018 Hires on fixed-term contracts (CDD)	2019 vs. 2018 Total
Europe	3,045	3,775	6,820	4,987	4,135	9,122	-38.9%	-8.7%	-25.2%
North America	2,739	4,784	7,523	2,813	8,334	11,147	-2.6%	-42.6%	-32.5%
South America	676	132	808	1,190	90	1,280	-43.2%	46.7%	-36.9%
Asia	2,570	926	3,496	4,006	907	4,913	-35.8%	2.1%	-28.8%
Others	1,022	1,492	2,514	1,049	1,085	2,134	-2.6%	37.5%	17.8%
FAURECIA	**10,052**	**11,109**	**21,161**	**14,045**	**14,551**	**28,596**	**-28.4%**	**-23.7%**	**-26.0%**

This table sets out changes in hiring excluding the effect of transfers of fixed-term contracts to open-ended contracts, and excluding the flows generated by the arrival of Clarion Electronics employees in April 2019.

For all registered employees, the number of hires fell by 26.0% as compared with 2018, including 28.4% decrease for open-ended contracts and a 23.7% decline for hires on fixed-term contracts. On a like-for-like basis compared with 2018, the number of hires fell by 29.1%, including a 30.6% drop for open-ended contracts and a 27.7% drop for fixed-term contracts. These figures evidence the Group's responsiveness in adapting to reductions in volumes across all regions.

In Europe, hires via open-ended contracts fell by 38.9% compared with 2018, mainly in Central Europe (-43.5%), and in particular in Romania, Czech Republic, and Slovakia, after several years of strong recruitment in this region. Hires in Western Europe fell by 24% over the same period, mainly in France.

In North America, 2,739 hires were made on open-ended contracts, compared with 2,813 in 2018 (+2.6%), mainly in the United States. Hires on fixed-term contracts fell by 42.6%, falling from 8,334 in 2018 to 4,784 in 2019, particularly in the United States and Mexico, in order to respond quickly to fluctuations in business activity.

In South America, the volume of hires fell as compared to 2018 (by nearly 37%, all contracts combined), mainly due to a net decline in fixed-term contact hires. This change should be considered in view of the substantial slowdown in hires since 2015 in response to the economic downturn in this region.

In Asia, after many years of growth, the volume of hires on open-ended contracts underwent a marked slowdown (-35.8%), in particular in China, given the net slowdown in business in the region.

In other countries, hires on open-ended contracts were stable compared with 2018. These hires primarily occurred in Morocco.

External hires 2019 vs. 2018

Registered employees	2019 Operators & workers	2019 Technicians, foremen & administrative staff	2019 Managers & skilled professionals	2019 Total	2018 Operators & workers	2018 Technicians, foremen & administrative staff	2018 Managers & skilled professionals	2018 Total
Europe	5,096	1,034	690	6,820	6,852	1,326	944	9,122
North America	6,453	427	643	7,523	10,016	392	739	11,147
South America	603	191	14	808	985	245	50	1,280
Asia	2,576	238	682	3,496	2,921	406	1,586	4,913
Others	2,125	219	170	2,514	1,739	214	181	2,134
FAURECIA	**16,853**	**2,109**	**2,199**	**21,161**	**22,513**	**2,583**	**3,500**	**28,596**

Operators and workers represented 79.6% of hires in 2019, compared with 10.0% for technicians, foremen and administrative staff, and 10.4% for managers and skilled professionals, compared with 78.7%, 9.1% and 12.2% respectively in 2018. The 26.0% reduction in external hires in 2019 encompasses a 25.1% reduction for operators and workers, a 18.4% reduction for technicians, foremen and administrative staff, and a 37.2% reduction for managers and skilled professionals, across all types of contracts. There were nearly 2,200 managers and skilled professionals hired, 1,870 of them on open-ended contracts (85%). In 2018, they stood at 3,500, including 2,130 on open-ended contracts. Hires of managers and skilled professionals on open-ended contracts (CDI) therefore fell 40.2% in 2019.

In Europe, hires of operators and workers fell by 25.7%, mainly in Romania. Hires of technicians, foremen and administrative staff fell by 22.0%, and hires of managers and skilled professionals fell by 26.9, mainly in France.

In North America, hires of operators and workers decreased by 35.6%. The number of hires of structural and managerial staff also fell by 5.4%, mainly in the USA.

In South America, hires registered a decline of 37.0%, across all categories.

In Asia, the number of hires per professional category fell by 11.8% for operators and workers, 41.4% for technicians, foremen and administrative staff, and 57.0% for managers and skilled professionals. This change mainly concerned China and are directly linked to the slowdown in business in this country.

In other countries, the number of hires of workers and operators grew by 22.2%, essentially in Tunisia and South Africa.

Transfers from fixed-term to open-ended contracts 2019 vs. 2018

	2019				2018			
Registered employees	Operators & workers	Techni-cians, foremen & adminis-trative staff	Managers & skilled profes-sionals	Total	Operators & workers	Techni-cians, foremen & adminis-trative staff	Managers & skilled profes-sionals	Total
Europe	1,179	198	124	1,501	1,110	262	238	1,610
North America	2,537	102	232	2,871	2,818	69	126	3,013
South America	0	1	0	1	0	1	0	1
Asia	34	4	2	40	57	6	2	65
Others	274	10	25	309	246	19	11	276
FAURECIA	**4,024**	**315**	**383**	**4,722**	**4,231**	**357**	**377**	**4,965**

The number of transfers from fixed-term contracts to open-ended contracts fell by 4.9% in 2019.

These transfers almost exclusively involved operators and workers.

Departures by reason 2019 vs. 2018

	2019					2018				
Registered employees	Resignations (open-ended contracts)	Individual layoffs	Group layoffs	Others	Total	Resignations (open-ended contracts)	Individual layoffs	Group layoffs	Others	Total
Europe	3,170	2,422	186	2,205	7,983	3,446	1,978	369	2,334	8,127
North America	2,364	4,588	397	1,898	9,247	2,327	5,322	116	2,958	10,723
South America	125	899	174	101	1,299	164	762	10	413	1,349
Asia	3,235	1,918	799	661	6,613	2,285	1,425	23	1,146	4,879
Others	488	168	3	699	1,358	340	306	0	473	1,119
FAURECIA	**9,382**	**9,995**	**1,559**	**5,564 ***	**26,500**	**8,562**	**9,793**	**518**	**7,324**	**26,197**

* *Of which 1,932 end of fixed-term contracts, 2,794 resignations from fixed-term contracts, and 838 retirements or deaths.*

The number of employees who left the Group totaled 26,500 in 2019, compared with 26,197 in 2018, an increase of 1.2%.

7.3% of them were at the end of a fixed-term contract.

Resignations of employees with open-ended contracts represented 36.6% of departures in 2019 compared with 32.6% in 2018. They increased in West and Central Europe and above all in Asia and mainly in China. 72.1% of them concerned operators & workers (mainly in China, Poland, Czech Republic, Romania, United States, and Mexico), 7.2% concerned technicians, foremen & administrative staff, and or 20.6% concerned managers and skilled professionals (mainly in China, France, and United States).

The proportion of individual and collective layoffs increased, rising from 39.4% to 43.6% of total departures, recorded mainly in China, the United States, and in Mexico.

Training hours 2019 vs. 2018

	2019		2018	
	Training hours	Training hours per employee	Training hours	Training hours per employee
Europe	613,722	14.9	615,391	14.9
North America	515,765	27.5	560,135	28.1
South America	97,562	19.6	101,556	19.0
Asia	435,844	29.9	428,229	29.2
Others	203,445	28.2	133,553	22.4
FAURECIA	**1,866,338**	**21.6**	**1,838,864**	**21.1**

For 2019, this indicator has been consolidated on a like-for-like basis excluding Clarion Electronics.

The average number of training hours rose in 2019. It stands at 21.6 hours per employee on a group level, up 0.5 points on 2018.

The total number of hours of training given in 2019 increased by 1.5% over the period, mainly in Poland, South Korea, and Morocco.

Expatriates by region of deployment on 31/12/2019

	2019	2018
Europe	65	79
North America	51	56
South America	3	7
Asia	59	61
Others	10	15
FAURECIA	**188**	**218**

For 2019, this indicator has been consolidated on a like-for-like basis excluding Clarion Electronics.

The change in the number of expatriates and the great diversity of their nationalities are aimed at supporting the Group's international growth.

The number of expatriates declined by nearly 14% in 2019 in view of the strong increase in local managerial teams.

Employees with disabilities 2019 vs. 2018

	2019	2018
Europe	936	892
North America	15	15
South America	150	98
Asia	42	36
Others	43	47
FAURECIA	**1,186**	**1,088**

For 2019, this indicator has been consolidated on a like-for-like basis excluding Clarion Electronics.

Faurecia employs more than 1,200 people with disabilities, mainly in Europe. This figure increased by 9.0% compared to 2018.

The criteria used to define employees with disabilities are defined by legislation in each country, legislation that is more voluntaristic in Europe and particularly in France and Germany, than in other countries.

In France and Germany, the proportion of employees with disabilities was unchanged at nearly 5% of registered employees.

Changes in South America are explained by the implementation of a proactive insertion policy in Brazil.

2019 Work schedules

Registered employees	Two 8-hr shifts (1)	Three 8-hr shifts (2)	Weekend (3)	Others	Total
Europe	10,835	14,594	359	18,475	44,263
North America	4,318	6,915	3	8,515	19,751
South America	1,649	597	0	2,858	5,104
Asia	4,999	1,019	71	11,017	17,106
Others	3,830	2,385	4	1,256	7,475
FAURECIA	**25,631**	**25,510**	**437**	**42,121**	**93,699**

(1) *Work in two shifts.*
(2) *Work in three shifts.*
(3) *Reduced weekend hours.*

Work schedules are organized to meet the needs of our customers in light of the production capacity of our plants. The fixed shift work schedules ((1), (2) and (3)), which concern primarily our production plants, represent over 55.0% of our registered employees.

Part-time staff 2019

	2019	2018
Europe	699	613
North America	4	6
South America	3	4
Asia	0	0
Others	0	0
FAURECIA	**706**	**623**

For 2019, this indicator has been consolidated on a like-for-like basis excluding Clarion Electronics.

Part-time employment contracts only apply to Europe, and in particular to France, Germany and Spain.

They represent, in 2019, 2.2% of registered employees in France as in 2018, 3.9% in Germany compared with 3.4% in 2018 and 3.5% in Spain as in 2018.

Overtime (in hours) 2019 vs. 2018

	2019		2018	
	Overtime (in hours)	% hours worked	Overtime (in hours)	% hours worked
Europe	2,585,182	3.8%	3,233,782	4.6%
North America	3,912,911	10.1%	5,057,029	11.9%
South America	366,758	3.8%	595,523	5.7%
Asia	5,773,360	20.5%	6,072,529	20.7%
Others	987,232	6.8%	846,224	7.1%
FAURECIA	**13,625,443**	**8.5%**	**15,805,087**	**9.6%**

For 2019, this indicator has been consolidated on a like-for-like basis excluding Clarion Electronics.

Overtime hours are determined in accordance with the legislation of each country.

The amount of overtime hours in 2019 fell by 1.1 point compared with 2018 and represents 8.5% of hours worked across the Group.

Recourse to overtime hours increased in Tunisia and Morocco in 2019. It fell in all other regions in line with the slowdown in business.

Absenteeism on 31/12/2019 vs. 31/12/2018

	2019					
	Sick leave	Absence as a result of work-related accidents	Other absences	Total	Abs. rate 2019	Abs. rate 2018
Europe	2,326,591	125,509	223,477	2,675,577	3.9%	3.8%
North America	227,411	19,318	634,449	881,178	2.3%	2.6%
South America	118,224	14,166	20,324	152,714	1.6%	2.0%
Asia	62,323	9,660	60,767	132,750	0.5%	0.5%
Others	219,444	23,227	11,388	254,059	1.7%	2.1%
FAURECIA	**2,953,993**	**191,880**	**950,405**	**4,096,278**	**2.6%**	**2.7%**

For 2019, this indicator has been consolidated on a like-for-like basis excluding Clarion Electronics.

Absenteeism reported was due to illness, workplace accidents and various unauthorized absences.

The number of hours of employee absence fell by 6.8% between 2018 and 2019, to reach nearly 4.1 million hours in total compared with 4.4 in 2018.

At the same time, the number of hours worked decreased by 2.6% from 164.3 million to 160.1 million hours over the same period.

That led to an increasing rate of absenteeism at 2.6% for 2019.

Sick leave accounted for nearly 72% of hours of absence recorded across the Group. This percentage is nearly 87% in Europe.

Maternity/paternity/parental leave at 31/12/2019

	Maternity leave				Paternity leave				Parental leave				Total			
	Operators & workers	Technicians, foremen & administrative staff	Managers & skilled professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & skilled professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & skilled professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & skilled professionals	Total
Europe	641	118	179	938	470	120	245	835	550	198	172	920	1,661	436	596	2,693
North America	170	7	37	214	213	15	54	282	0	0	1	1	383	22	92	497
South America	66	21	9	96	107	8	3	118	0	0	0	0	173	29	12	214
Asia	102	48	95	245	227	26	310	563	45	18	41	104	374	92	446	912
Others	285	29	27	341	7	3	3	13	0	1	0	1	292	33	30	355
FAURECIA	**1,264**	**223**	**347**	**1,834**	**1,024**	**172**	**615**	**1,811**	**595**	**217**	**214**	**1,026**	**2,883**	**612**	**1,176**	**4,671**

For 2019, this indicator has been consolidated on a like-for-like basis excluding Clarion Electronics.

The number of employees taking maternity leave grew by 3.7% in 2019, mainly in China and Morocco. Those benefiting from paternity leave decreased respectively by 2.2%, mainly in Europe. Parental leave increased by nearly +11% (mainly in Central Europe).

The conditions and durations of maternity/paternity and parental leave are governed by legislation in each country.

Occupational illnesses by type as at 31/12/2019

	2019					
	Musculoskeletal disorders of the arms	Musculoskeletal back disorders	Exposure to asbestos	Deafness or hearing impairments	Others	Total
Europe	192	30	1	2	23	248
North America	15	4	0	0	0	19
South America	20	23	0	0	0	43
Asia	0	0	0	0	0	0
Others	0	0	0	0	0	0
FAURECIA	**227**	**57**	**1**	**2**	**23**	**310**

For 2019, this indicator has been consolidated on a like-for-like basis excluding Clarion Electronics.

0.3% of the Group's registered employees had an occupational illness in 2019, a ratio which remains stable compared with 2018.

Musculoskeletal disorders of the arms accounted for almost 73% of the occupational illnesses recorded within the Group.

The conditions for recognition of these different pathologies are governed by legislation in each country.

Nearly 42% of these disorders were recorded in France.

Subcontracting 2019

	2019			2018		
	One-off subcontracting projects	Ongoing subcontracting	Total	One-off subcontracting projects	Ongoing subcontracting	Total
Europe	567	1,425	1,992	638	1,459	2,097
North America	504	521	1,025	193	709	902
South America	296	420	716	368	258	626
Asia	85	631	716	214	703	917
Others	82	260	342	71	231	302
FAURECIA	**1,534**	**3,257**	**4,791**	**1,484**	**3,360**	**4,844**

For 2019, this indicator has been consolidated on a like-for-like basis excluding Clarion Electronics.

The use of subcontractors decreased by 1.1% in 2019.

This change is explained mainly by a lower usage of subcontractors in Europe and Asia.

Social and cultural activities in 2019 (for registered employees)

(in € thousands)	Accommodation	Transportation	Catering	Medical care	Supplementary health and personal risk insurance	Subsidies	Total
Europe	10,272	15,548	10,183	5,830	21,875	4,957	68,665
North America	11,304	11,204	5,180	2,827	5,941	444	36,900
South America	696	4,044	4,071	7,647	655	198	17,311
Asia	16,001	11,960	12,297	20,293	25,609	1,247	87,408
Others	656	2,438	1,708	590	718	88	6,198
FAURECIA	**38,927**	**45,193**	**33,440**	**37,187**	**54,798**	**6,934**	**216,480**

For 2019, this indicator has been consolidated on a like-for-like basis excluding Clarion Electronics.

The total increase is 1.5% for 2019.

4.3. Environmental performance

As a major player in pollution control systems and sustainable mobility, Faurecia has long been committed to weighing environmental issues as it engages in activities spanning product design to product end-of-life, management of the environmental impact of its production plants, and collaboration with suppliers. Reducing environmental impacts is part of the Group's product approach, encompassing lowering vehicle emissions of greenhouse gases (GHG) thanks to weight and volume reduction and improvements to energy efficiency (for example, by using energy recovery techniques), and controlling emissions of polluting gases.

Environmental Risks and *Opportunities*	**Key performance indicators***	**2017**	**2018**	**2019**	**2019/ 2022 Targets**
Environmental impact of sites and climate change	Part of ISO 14001-certified production plants	78.1%	77.7%	77.0%	-
	Tons of untreated waste/€m of sales	13	14	15	-5%
	Energy consumption (MWh)/€m of sales	112	116	117	-10%
	Tons of CO_2 equivalent/€m of sales *(scopes 1 and 2 calculated on a production perimeter, in 2019 with around 726,000 tonnes of CO_2 equivalent, emissions are stable compared to 2018, including a calculation uncertainty of +/-9%, mainly due to emission factors)*	39	41	42	-20%
Innovation of products and services promoting air quality and reduced carbon footprint	*Rollout of the EcoDesign methodology (based on simplified life cycle analyses)*	-	-	-	Assess 100% of the innovation portfolio and 80% of the portfolio of existing products
Circular economy (responsible use of resources; waste management and recycling/recovery)	*Waste recycling rate (externally)*	*61%*	*58%*	*59%*	
Sales from November 1 N-1 to October 31 for the reporting year N *(in € millions)* excluding FCE BG		17,401	17,672	17,041	

* *Group scope excluding the Faurecia Clarion Electronics Business Group.*

4.3.1. **Environmental policy**

Governing policies and bodies

The HSE policy is steered by the Group's QHSE (quality, hygiene, safety, environment) department. It is rolled out to sites via the "Green Attitudes" campaign, which aims to strengthen the environmental culture of the teams and educate them about behaviors in their daily work that can help improve the Group's environmental performance. This campaign is organized around four themes: protection of the soil and subsoil, energy management, the quality of air emissions as well as waste management. It consists of posters illustrating 10 environmental attitudes to adopt, an online training module and a self-assessment questionnaire. The latter enables the progress by sites adopting good environmental attitudes to be assessed. Since 2019, monitoring of these action plans has also been audited via the FES (Faurecia Excellence System[1]) management system.

The organization of Faurecia's HSE comprises a Group HSE Officer supported by a network of HSE Officers in each Business Group. This network meets once a month. Each Business Group's HSE department is organized with a network of operating division and site HSE managers.

Training employees on the sites environmental impact

Upon being on-boarded, new employees, both permanent and temporary, attend an education session on environmental impact management on the certified sites so they can immediately learn about the environmental best practices of the site where they work. In 2019, more than 45,096 training hours were dedicated to the environment.

For the most part, environmental training is done internally. The sessions deal with environmental impact and risk management, waste classification and management, chemicals management, implementation of natural disaster emergency response plans and also the environmental monitoring of subcontractors' sites.

The training provided by external organizations helps to develop internal expertise, such as mastering the ISO 14001 certification process.

The investment related to protecting the environment

In 2019, investments related to environmental protection amounted to €10.7 million. Around 80% of the investments are dedicated to energy efficiency. Provisions for environmental risks represented €2,953,000. Provisions are mainly related to site remediation costs.

In accordance with the applicable regulatory provisions, Faurecia has identified two French sites subject to the obligation to provide financial guarantees for their safety. On July 1, 2019, the amount of guarantees established was €304,843 for the sites in question.

(1) The Faurecia Excellence System (FES) governs the organization of Faurecia's production and operations. It is designed to continuously improve the quality, cost, delivery and safety performance of the Group. The FES complies with the requirements of the quality, environment and safety standards of the automotive industry (ISO/TS 16949, IATF 16949, ISO 14001, OHSAS 18001). It benefits from the capitalization of more than fourteen years of Faurecia's experience and has been continuously enriched with the best internal and external practices of lean manufacturing. The FES makes it possible to secure an appropriate operational performance of Faurecia's production plants, whatever their geographical position and their local activity specificities, thanks to common working methods and language.

4.3.2. EFPD Environmental impact of production plants and climate change

The environmental risks identified concern soil, water and air pollution, waste, limited use of dangerous chemical products and noise pollution.

4.3.2.1. Improving the sites' environmental performance through ISO 14001 certification

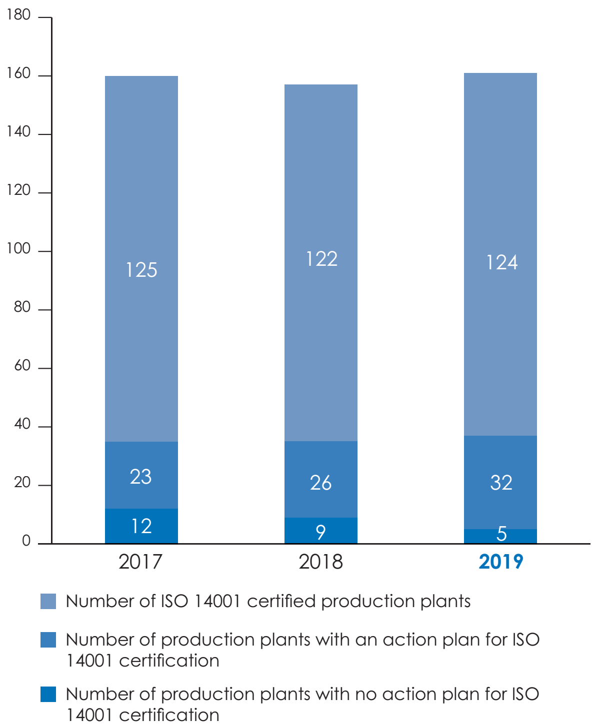
As part of the implementation of Faurecia's environmental policy, the Business Groups have committed to an ISO 14001 certification approach for all production plants with over 2 years' activity. Through this certification, Faurecia commits to responding to its customers' requirements and thereby to demonstrating its environmental performance.

In 2019, 77% of production plants held ISO 14001 certification, an increase of 2.7% at constant scope. At actual scope, a slight decrease of 0.8% was observed. This decrease is due to the entry of 12 new sites into the reporting scope of which only two are certified ISO 14001. Five plants were newly certified during 2019.

In 2019, 33 assembly sites (known as Just in Time sites) and 12 research and development sites were also ISO 14001 certified.

The percentage of sites with ISO 14001 certification is tracked every six months by the Risk Committee.

Number of production plants with ISO 14001 certification or with an action plan for attaining ISO 14001 *



* Faurecia Clarion Electronics Business Group is outside of the scope.

4.3.2.2. Energy efficiency and carbon emissions

As part of the Group's sustainable development approach, Faurecia has set itself the ambition of achieving carbon neutrality by 2030. A project officer was appointed in November 2019 with the task of defining a strategy and implementing it in partnership with the Business Groups.

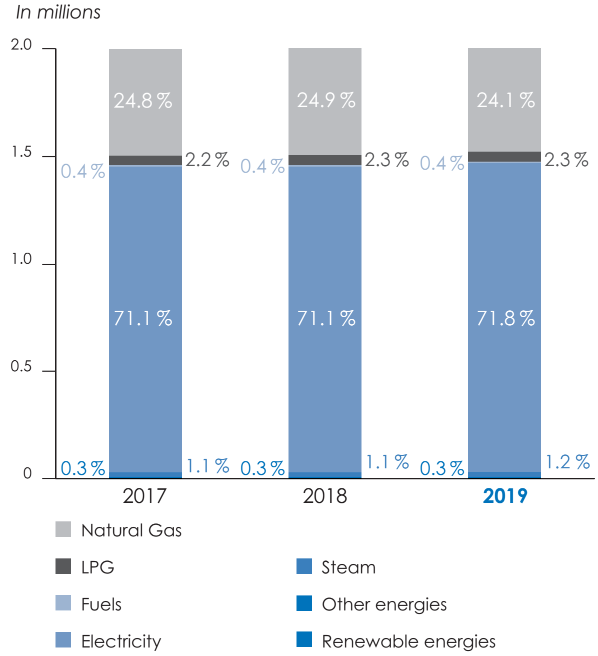
4.3.2.2.1. IMPROVING ENERGY EFFICIENCY OF SITES

Faurecia's sites are encouraged to improve their energy efficiency by optimizing the energy efficiency of their buildings, production tools and by improving purchasing.

Electricity and natural gas are the two most used energy sources (respectively 72% and 24%) by Faurecia sites for industrial and home uses. Fossil fuels represented a share of 27%.

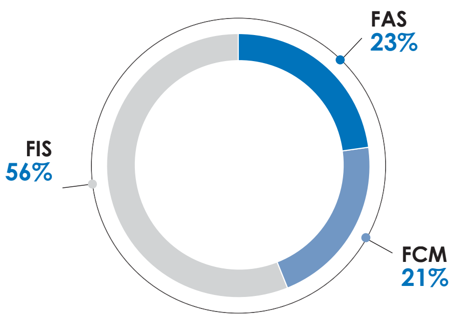
In 2019, total energy consumption was 2,001,919 MWh (down 3% at constant scope compared to 2018). At actual scope, total energy consumption decreased by 2% thanks to the energy saving actions carried out by the sites and presented below.

Energy consumption, overall and by source, in MWh*



* Faurecia Clarion Electronics Business Group is outside of the scope.

Breakdown of total energy consumption by Business Group*



* Faurecia Clarion Electronics Business Group is outside of the scope.

Encouraging energy savings at site level

As part of its "Green Attitudes" approach, the Group encourages sites to implement energy saving actions, and specifically: the replacement of incandescent light bulbs by LEDs, the detection of compressed air leaks and the implementation of energy recovery techniques.

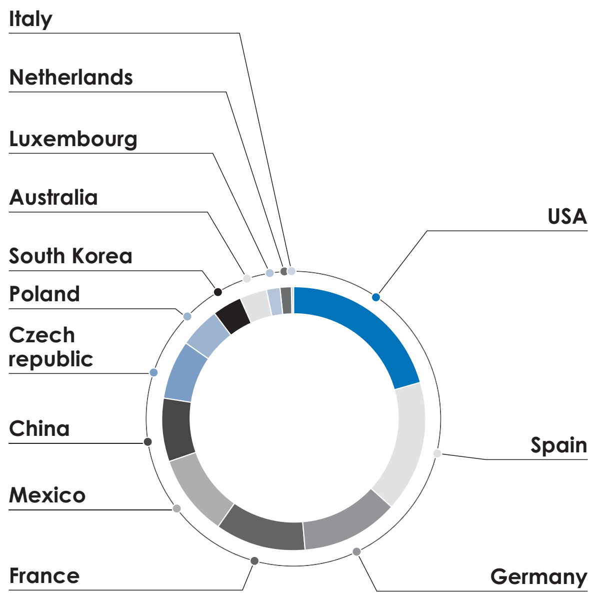
In parallel, the sites conduct energy audits to identify other energy saving possibilities. Since 2015, 77 sites (21 assembly sites, 50 production plants and six research and development sites) have conducted energy audits, representing 33% of the sites within the reporting scope, 20% of the sites that conducted these energy audits did so voluntarily and free from any regulatory obligations.

In 2019, 66 sites (including 47 production plants, 13 assembly sites and 6 R&D sites), or 28% of the sites included in the reporting scope, implemented initiatives to increase the energy efficiency in their buildings and production tools. In total, the amounts invested represented over €8.3 million, or almost double the amounts invested in 2018 (over €4.3 million in 2018). The actions most commonly mentioned by the sites to maximize energy efficiency were the installation of intelligent lighting systems, the use of LEDs, building insulation work, and buying or refurbishing production machines that consume less energy. The Bains sur Oust site, in the Faurecia Interiors Business Group in France, for example, invested €1,200,000 to change a cooling unit.

To improve the energy efficiency of buildings and, more generally, to reduce their environmental impacts starting from the design phase, the Group encourages all of its new buildings (new constructions) to be LEED® (Leadership in Energy and Environmental Design) certified. To obtain certification, new buildings must meet strict requirements in terms of site layout, efficient water management, energy use, the selection of materials, interior air quality and design factors. In 2019, the Changshu site in China, in the Faurecia Seating Business Group, was LEED certified at the "certified" level. From the building's design stage, the choice of the HVAC (Heating, Ventilation and Air Conditioning) system, the lighting system and the water use system enabled considerable savings to be obtained compared to a conventional building. The site estimates its annual water consumption savings at around 3,250 tons.

Developing renewable energies

Faurecia is committed to purchasing increasingly low-carbon electricity, in collaboration with its suppliers, site by site. In 2019, the average percentage of carbon-free electric energy in the Group was over 45%, including 15% of renewable electric energy, mainly wind, hydro and solar energies, as follows per country :



In 2020, a global action plan was launched over the 2020-2025 period to produce or buy even more carbon-free electricity, better than local power grids, in particular by on-site or off-site power purchase agreements.

4.3.2.2.2. REDUCE AND CONTROL CARBON EMISSIONS AND THEIR CONSEQUENCES

Since 2012, Faurecia has estimated its direct (scope 1)[1] and indirect (scope 2) emissions[2] and since 2016, includes its emissions related to the Group's entire value chain, i.e., including upstream and downstream from its business activity (scope 3)[3]. In 2019, the Group launched an update of its carbon footprint conducted in partnership with the company Deloitte and publishes for the first time its emissions in value for scope 3. This update of Faurecia's carbon footprint (the latest version was in 2017 with Carbone 4) allows the Group to obtain a good understanding of its various emission sources and its levels of uncertainty.

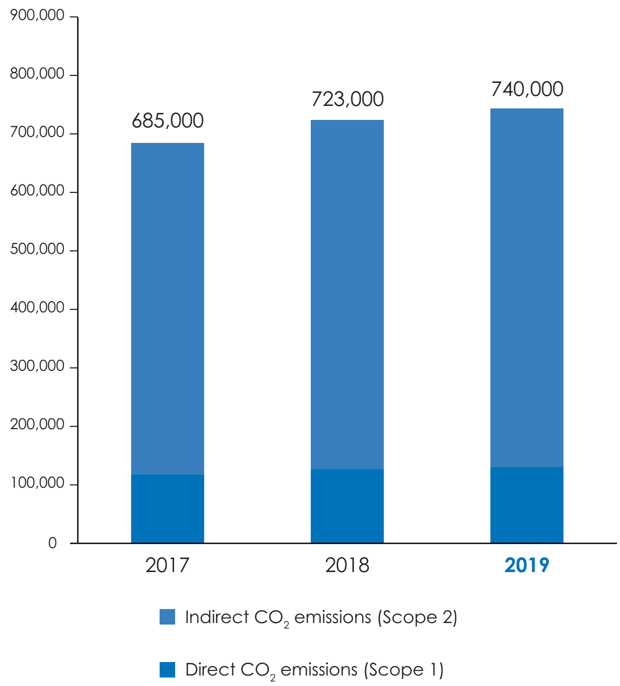
(1) Scope 1: Direct emissions corresponding to consumption of the primary energy source (natural gas, domestic heating oil…).

(2) Scope 2: indirect emissions corresponding to energy consumption (electricity, heat) that the Company uses but does not produce.

(3) For more information, see Section 4.3.5.2. Carbon emissions calculation methodologies.

In 2019, Faurecia's direct and indirect emissions amounted to 740,000 tons (scope 1+ scope 2). Scopes 1 and 2 represent around 3% of the Group's total CO_2 emissions. The increase in emissions in 2019 is explained by a change in the reporting scope which now includes all Faurecia sites including administrative sites and research and development sites, representing more than 17,000 tons of CO_2 equivalent, to which added to this is the consideration of emissions linked to external heat for around 4,800 tons of CO_2 equivalent.

Summary of GHG emissions in tons CO_2 equivalent – scope 1 and scope 2 *



* Excluding Faurecia Clarion Electronics Business Group

Detailed breakdown of emissions in tons of CO_2 equivalent - scope 1, scope 2 and scope 3

Emissions scope *(excluding Faurecia Clarion Electronics Business Group)*	Emissions (tCO_2e) 2019	Uncertainty
SCOPES 1&2		
Scope 1	130,000	low
Scope 2	610,000	low
UPSTREAM SCOPE 3		
Purchased goods and services	4,780,000	medium
Capital goods	358,000	high
Fuel and energy-related activities	207,000	low
Upstream transportation	418,000	medium
Waste	168,000	medium
Business travels	44,000	low
Commuting	178,000	high
Upstream leased assets	43,000	medium
DOWNSTREAM SCOPE 3		
Downstream transportation	155,000	medium
Processing of sold products	55,000	high
Use of sold products	16,000,000	medium
Product's end of life	275,000	medium
Downstream leased assets	0	
Franchises	0	
Investments	33,000	high
	AROUND 23,500,000	**MEDIUM**

Level of uncertainty in CO_2 emissions calculation, scope 1, 2, 3

	Uncertainty* +	Uncertainty* -	Value (tCO_2e)
Scope 1 & 2	9%	-9%	740,000
Scope 3	34%	-27%	22,700,000
Scope 1,2,3 controlled (scope 1,2,3 excluding use of sold products)	39%	-19%	7,500,000
Scope 1,2,3 global	33%	-26%	approx. 23,500,000

* *The level of uncertainty in calculating CO_2 emissions is assessed taking into account the accuracy of the input data and the uncertainties on the emission factors by country and type of energy.*

4.3.2.3. **Preventing and managing waste**

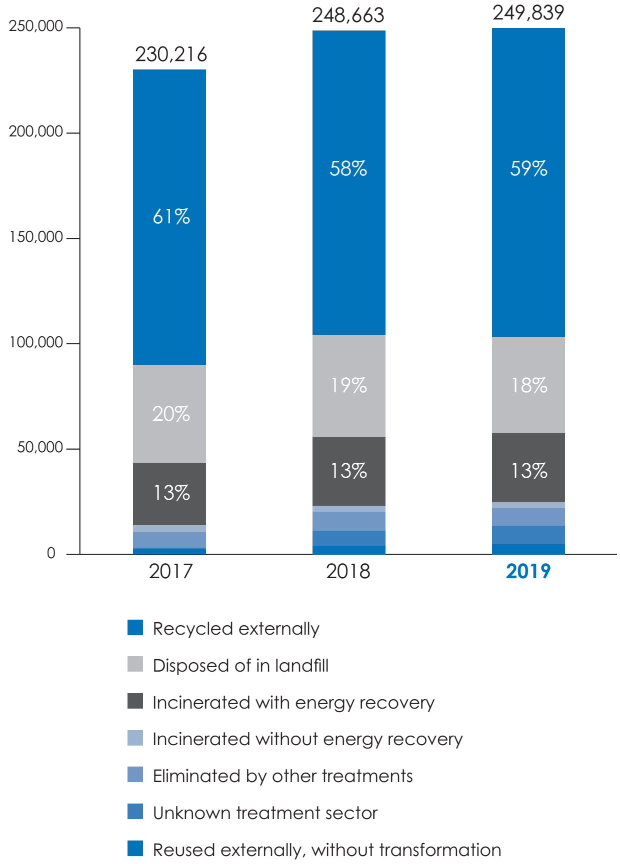
In 2019, the sites generated 249,841 tons of waste (stable at constant scope and actual scope compared to 2018).

Non-hazardous waste constitutes 62% of the waste generated by the Group's sites. 74% of waste from Faurecia sites was recycled, recovered or reused externally and 18% of waste was disposed of in landfills.

The Faurecia Interiors Business Group represents 43% of the Group's total waste and 74% of the waste disposed of in landfills. In 2019, the Business Group reduced its tonnage of hazardous waste sent to landfills by 56%. The "zero waste" initiative at the Kosice site in Slovakia can also be mentioned. This approach took place in several stages: raising awareness among employees of the "0 waste" concept, elimination of all plastic materials from non-production operations, the transition to 100% recycled plastics and steel from production operations, and the use of the internal water treatment plant to recycle waste water. Thanks to this project, the site did not record any waste sent to landfills in 2019, and 38% of the annual total of waste, and 99% of the waste water is now recycled.

The Faurecia Seating Business Group represents 34% of the Group's total waste and 17% of the waste disposed of in landfills. Since 2017, the actions implemented by this Business Group have enabled a 70% reduction in waste sent to landfills over a scope of 25 sites for which the local regulations and/or infrastructures enable the implementation of sustainable alternative solutions for landfills, representing a total of 2,086 tons of landfill waste avoided.

Breakdown of total amount of waste generated, in tons, by treatment method (100% of 2019 actual scope) *



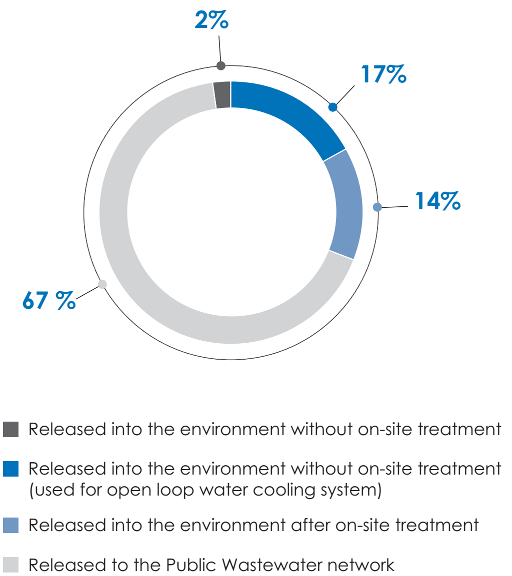
* Faurecia Clarion Electronics Business Group is outside of the scope.

The initiatives related to externally recycled waste are covered in Section 4.3.4.4

4.3.2.4. Limiting accidental discharge into the water and soil

This risk, inherent in the industrial activity of a site, is well understood by the Faurecia sites and their operators, who are trained to react in the event of accidental spillage, notably through the application of the "10 Environmental Attitudes". In addition, all the ISO 14001-certified sites systematically include prevention of this risk in their management system.

Destination of released water, in % *



* Faurecia Clarion Electronics Business Group is outside of the scope.

Since 2012, Faurecia has been assessing the environmental risks of its industrial projects, by systematically conducting environmental audits and subsoil investigations research when appropriate.

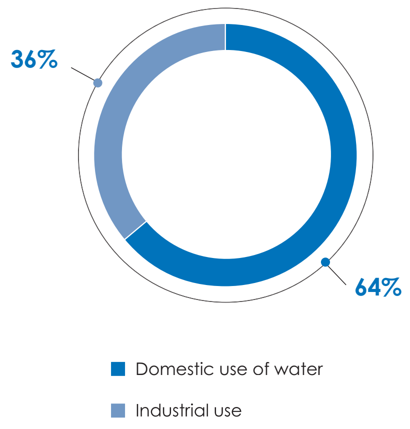
In the context of industrial restructuring resulting in plant closures, the Faurecia group systematically assesses the environmental impact and carries out a soil and subsoil investigation when appropriate.

4.3.2.5. Using resources in a responsible manner

REDUCING WATER CONSUMPTION

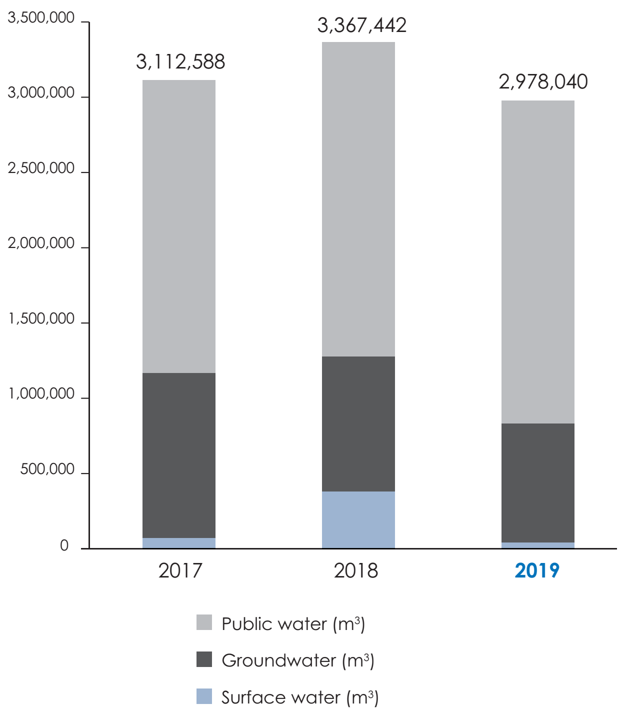
Sanitary use represents 64% of water consumption at Faurecia's sites (see the diagram breaking down consumption by use below). Faurecia's total water consumption in 2019 was 2,978,040 m^3, a decrease of 16% compared to 2018 at constant scope (-12% at actual scope). This decrease is mainly due to three sites with the implementation of installations with lower water consumption.

Distribution of water consumption, by use *



* Faurecia Clarion Electronics Business Group is outside of the scope.

Water consumption by source of supply in m^3 *



* Faurecia Clarion Electronics Business Group is outside of the scope.

MANAGING CONSUMPTION OF RAW MATERIALS

2019 was a transition year towards carbon neutrality for Faurecia. The implementation of this project is supported by a change in the consumption data reporting process, notably for raw materials, and specifically for two major items, metal and plastics. Metals represent 80% of the total weight of metal and plastic raw materials purchased, compared to 20% for plastics. In 2019, 39% of the total weight of metal and plastic raw materials purchased by the Group were recycled materials (49% of metals, and 7% of plastics).

4.3.2.6. Limiting the use of dangerous chemical products

Substance management systems are put in place across the entire supply chain, from suppliers to manufacturing customers, for all products delivered by Faurecia. Among other benefits, this approach gives the Group access to complete information on the substances entering into its products, in compliance with regulations such as the European Union's REACH (Registration, Evaluation and Authorization of Chemicals) regulation. Thanks to this approach, Faurecia also keeps a close watch on new developments in its supply chain in order to investigate substitutes for certain substances when necessary.

Among its initiatives in this area, Faurecia has developed an anticipatory approach to the identification and sharing of information within the supply chain on chemicals or constituents of concern, based on a list of chemicals or constituents considered as potentially of concern for its products and their use. In some cases, such as catalyst protectors in exhaust systems (ceramic fibers), Faurecia has defined an internal procedure that is more stringent than REACH.

Faurecia also takes part in work carried out alongside automakers and various industry federations or associations in order to anticipate possible restrictions on the use of substances in the coming years and coordinate efforts to propose alternatives where necessary. The federations and associations involved include the French Vehicle Equipment Industries Alliance (FIEV), the French Automotive Industry Cluster (PFA), the German Automotive Industry Association (VDA), and the European Association of Automotive Suppliers (CLEPA). In this context, Faurecia leads the REACH and GADSL (Global Automotive Declarable Substance List) working groups.

4.3.2.7. Limiting VOC emissions *(Volatile Organic Compounds)*

Faurecia is committed to limiting airborne emissions of regulated Volatile Organic Compounds (VOCs, process emissions[1] which are subject to specific rules as they contribute to the formation and accumulation of harmful compounds such as ozone in the environment.

In 2019, VOC emissions amounted to 1,672 tons (i.e., -24% at constant scope and -19% at actual scope compared to 2018). This decrease is due to the reduction in VOC emissions in the Faurecia Interiors Business Group, i.e., -29% at constant scope due notably to work to optimize the operational management of installations in order to limit the diffusion of emissions.

The Faurecia Interiors Business Group sites are the Group's main source of VOC emissions (67%), due to activities requiring significant use of glues, paints and release agents. Three production plants from this Business Group are responsible for 39% of the VOC emissions Group-wide. Two of these sites have considerably reduced their emissions by installing new equipment (solvent recycling machines and electrostatic spray guns), which explains the reduction in VOCs at the Group level.

4.3.2.8. Location of Faurecia sites and the local natural environment

20 sites, comprising 13 production plants, five assembly sites and two research and development sites, are located less than 3 kilometers from a protected area. 75% of these sites are located in Europe, 10% in Latin America, 5% in North America and 5% in South Africa.

These protected areas close to the Faurecia sites are Natural Areas of Ecological Fauna and Flora Interest type 1 or 2, areas that protect species becoming or already endangered (leopards, ground squirrels, terrestrial squirrels, etc.), and natural water area (rivers and streams) protection zones.

(1) For more information, see Section 4.3.5.3. Calculation methodology for volatile organic compound emissions.

4.3.3. Innovation of products and services promoting air quality and reduced carbon footprint

The need to reconcile mobility and reduction of environmental impacts has given rise to ever tighter regulations worldwide, with the aim of reducing vehicle emissions. Air quality and energy efficiency are at the heart of the innovations that Faurecia has brought to the area of sustainable mobility for over 15 years.

In this context, Faurecia invests massively in new technologies for electric battery and fuel cell vehicles and continues to develop weight-reduction solutions and other systems to reduce fuel consumption.

As a world leader in clean technologies, Faurecia is committed to promoting emission-free mobility and industry, and to offering innovative solutions in three domains: zero emissions mobility; solutions for improving urban air quality and reduction of emissions from all types of vehicles.

4.3.3.1. Developing solutions for zero emission mobility

Faurecia's technologies for zero emission sustainable mobility are a key component of the Group's worldwide solutions for an emission-free world. Faurecia plans to extend its initiatives for tomorrow's mobility and invests massively in technologies for electric and fuel cell vehicles. Faurecia also continues to focus on weight-reduction solutions and systems to reduce fuel consumption.

STATE-OF-THE-ART FUEL CELL SYSTEMS

Fuel cell technology offers an attractive and complementary alternative to electric battery cars. The range and recharging time of electric cars with fuel cells approaches that of a gasoline-powered car, the difference being that they are emission-free. By 2030, the Group estimates that at least 2 million new premium vehicles and trucks will be equipped with fuel cell technology.

Faurecia is utilizing its experience in integrating systems and its partnerships with the French Alternative Energies and Atomic Energy Commission (CEA), to combine hydrogen tank and fuel cell technologies into a comprehensive solution for light-duty and utility vehicles. Faurecia signed an agreement with the CEA for the development, mass production and commercialization of a high-performance fuel cell. Faurecia's first goal is to at least halve the cost of a fuel cell so that this solution becomes more attractive to automakers and they equip their vehicles as technology evolves and recharging infrastructure grows.

For Faurecia, hydrogen is at the heart of tomorrow's energy systems. Produced from a multitude of energy sources, it is a storable energy carrier that generates no CO_2 emissions. Faurecia is convinced that within 10 to 15 years fuel cell technology will assume a significant place in the energy mix for powering engines.

In this context, in November 2019, Faurecia and Michelin group formalized the creation of Symbio, a joint venture bringing together all of their activities dedicated to hydrogen fuel cell technologies, with the aim of becoming the world leader in hydrogen mobility. Michelin and Faurecia will commit to an initial investment of €140 million in the joint venture to accelerate the development of new generation fuel cells, launch mass production and grow the business in Europe, China and the United States.

BATTERY SYSTEMS

Faurecia is working to develop a range of battery packs and comprehensive battery housing solutions for electric and rechargeable hybrid vehicles. The Group is currently expanding its offer to allow the integration of thermal management functions for batteries and battery modules. Faurecia's goal is to offer innovative solutions for battery systems by using its skills and know-how in systems integration, composite materials and thermal management.

4.3.3.2. Developing solutions for cleaner urban mobility and improving air quality

Faurecia's technologies for sustainable mobility are contributing to significantly reducing emissions in urban settings. In order to meet the challenge of improving air quality, especially in cities where the issue is ever more critical, the industry must continue to improve the performance of traditional vehicles and accelerate their electrification.

Faurecia is proposing solutions for clean mobility adapted to all types of vehicles and is developing a range of digital services in order to consolidate its position as a leader in technological solutions for cleaner and more intelligent mobility, particularly in cities.

DIGITAL SOLUTIONS FOR CITIES

Backed by strong technological expertise in post-treatment and real-time monitoring systems for NOx emissions, Faurecia designed a Clean Drive application that can analyze driver behavior and offer personalized advice to reduce one's ecological footprint with regard to mobility. The application can coach drivers and offer alternative directions to avoid the most polluted areas.

The Group also developed a digital dashboard that maps air quality in cities and interacts with users of the "Clean Drive" application.

These two solutions make up a digital ecosystem intended to help cities and residents to adopt more sustainable practices in mobility.

ASIA

At the start of 2019, following a call for innovation by the Singapore National Environment Agency on real-time monitoring of nitrogen oxide (NOx) emissions and particles emitted by diesel vehicles, Faurecia was entrusted with a two-year pilot project for the real-time monitoring of emissions from a utility vehicle fleet.

In addition to real-time emissions monitoring, Faurecia will supply a digital dashboard of real-time information on the level of vehicle emissions. The user will be able to interact with drivers, and provide customized recommendations with the aim of reducing their ecological footprint through more responsible driving.

Faurecia has also signed a partnership with Singapore's main research organization, the Agency for Science, Technology and Research (A*Star). This covers the in-depth analysis of the data collected, in order to assess the potential for traffic management systems based on real emissions.

4.3.3.3. Developing solutions for ultra-low vehicle emissions

A world leader in solutions for improving air quality and energy efficiency of passenger vehicles for 15 years, Faurecia is expanding this expertise to utility vehicles and high horsepower engines.

4.3.3.3.1. PASSENGER VEHICLES AND LIGHT-DUTY VEHICLES

The regulations governing CO_2 emissions have already imposed significant reductions on light-duty vehicles around the world: the goal of 180 g CO_2/km in force ten years ago has yielded a new lower target of 95 g CO_2 in Europe by 2020, 80 g in 2025 and 59 g in 2030, with similar trends in China over the same time periods. In the United States, the situation is still uncertain.

Emission reduction systems

Faurecia is providing systems to reduce emissions and noise pollution that promote compliance with these new emissions standards. The Group supplies post-treatment systems for internal combustion and hybrid powered type engines, in order to reduce their emissions and noise levels and recover lost energy. In particular, we note:

- recirculation of low-pressure exhaust for gas engines (EGR BP): This technology re-injects a precise volume of cooled exhaust into the engine for the purpose of improving combustion cycle efficiency, and thus reducing fuel consumption by up to 6% (WLTP procedure);
- the exhaust gas heat recovery compact system (EHRS): This solution makes it possible to improve a vehicle's energy performance by recovering up to 75% of exhaust heat to heat the passenger cabin or the engine, and thus reduce fuel consumption by 5-6% in cold weather on all types of hybrid vehicles;
- the gas particle filter: This system allows for the reduction of particulate emissions from hybrid gas engines by a factor of 10 in order to comply with regulatory standards. Faurecia was the first on the market in 2014;
- the EHC electrically heated catalyst: Faurecia developed this key technology so that vehicles would comply with new regulations and optimize the removal of pollutants emitted by internal combustion engines. EHC technology is a state-of-the-art system that activates the low-temperature catalyst and uses electric energy to raise the temperature of exhaust gases. This system optimizes post-treatment performance by heating gases and the ceramic catalyst cells.

Making parts lighter with the use of bio-sourced materials

Faurecia offers bio-sourced materials that can reduce the weight of parts. This innovation, whose environmental impact was assessed by a life cycle analysis according to ISO 14040 and ISO 14044 international standards, makes it possible to decrease scope 3 carbon emissions on both the products and services purchased and at the use of products sold. The main characteristic of these materials is the use of vegetable fibers as reinforcement, mixed with a resin (which itself may be bio-sourced or not). Natural hemp fibers used by Faurecia also make it possible to attain high performance in reducing environmental impact: the proportion of natural fibers in plastics is renewable, the sustainability of plastics as well as the lesser weight of products allows for responsible consumption and use of these materials. Plastic materials strengthened with hemp are recognized as compatible with industrial recycling processes already in place and are thus as of now recoverable.

Three technologies patented by Faurecia utilize biomaterials. Lignolight technology, using compressed fibers for between 50% and 90% of the resin, applied to door panels, improves density by 40% compared with traditional components. NAFILean technology (Natural Fiber Injection), which combines natural hemp fibers with polypropylene resin, reduces weight by 25% compared with talc-loaded polypropylene.

Since their first mass application by PSA Group, biomaterials are used in automotive components of six automakers. One of the latest to have done it is Byton for its electric SUV. To date, more than 17 vehicles are equipped with NAFILean technology.

NAFILITE, a second generation of this product, is currently being manufactured. This technology can further reduce weight by 10%. Faurecia's portfolio includes natural fibers combined with polypropylene fibers.

Natural fibers currently account for 30.5% of the total amount of fibers used by the Group. This percentage increased by 2.6% compared with 2017.

4.3.3.3.2. UTILITY AND TRANSPORT VEHICLES

Powered by diesel for the most part, utility vehicles will have to reduce their emissions levels in the years to come in order to adapt to strict regulations. Faurecia is developing new architectures for post-treatment of habitual pollutants like nitrogen oxide (NOx), in order to comply with ultra-low international emission standards such as CARB and Euro 7.

In 2018, Faurecia offered an innovative solution to an important General Motors program to save fuel and reduce CO_2 emissions. Called "Resonance Free Pipe™" (RFP™), this innovation reduces the weight and the architectural complexity of exhaust by eliminating resonance.

In 2019, Faurecia received Automotive News magazine's 2019 PACE award for this innovation.

4.3.3.3.3. EXTREMELY HIGH-POWERED ENGINES

With the goal of extending its expertise in the sustainable mobility of passenger and light-duty vehicles to extremely high-powered vehicles, Faurecia strengthened its technological offerings for clean mobility with its acquisition of Hug Engineering in 2018. Hug Engineering is a leader in whole systems for exhaust gas purification of extremely high-powered engines (more than 750 CV), which are used in marine propulsion, production of electricity, the rail industry, agriculture and other industrial sectors.

As for marine propulsion, only vessels built after 2014 and operating within the United States must have a post-treatment system (around 1% of an estimated fleet of 250,000 vessels). Over the course of the coming years, Europe and China will follow suit with similar regulations and will apply stricter emissions standards concerning polluting emissions (NOx, PM, CO, HC).

Therefore, Faurecia, through Hug Engineering, can help shipyards and manufacturers to develop cleaner vessels with its Clean4Marine & NautiClean technologies.

4.3.3.4. Making tools available for environmental innovation

For each innovation and development project, the different components of eco-design –the presence of substances of concern, recyclability, the environmental impact and interior air quality– are checked by the designer using an eco-design checklist. Therefore, the possibilities for recycling end-of-life products are studied with a view to integrating the best solutions, ensuring reduced environmental impact and taking into account all utilization cycles at the design stage.

Based on need, an in-depth study can be done, for example, by conducting a Life Cycle Analysis (LCA).

Defined by the international standards ISO 14040 and ISO 14044, the LCA consists of assessing the environmental impact of products that Faurecia designs and manufactures for automotive use: taking into account the extraction of raw materials, product manufacturing, delivery to manufacturers, consumer use, up to and including the end of the life cycle. It involves the fullest possible impact assessment, including climate change (including CO_2), the consumption of non-renewable resources (oil and coal) and eutrophication.

Faurecia is an active participant in developing LCA with automakers and partners in the automotive sector in order to have a shared understanding of the environmental issues.

As environmental regulations tighten, especially for the automotive industry, the Life Cycle Assessment working group led by the collective industry organization Plateforme de la Filière Automobile (PFA) endeavors to share assumptions on the methodology of life cycle assessment in the automotive industry and engage in dialogue on the main assessment results that are available. Through its active involvement in this Group, which will continue its work in 2020, Faurecia has gained a holistic approach in partnership with its customers and in anticipation of possible future regulatory requirements.

Under the auspices of the *Verband der Automobilindustrie*[1] (VDA), Faurecia also participates in the Eco-design working group, which aims to stimulate dialogue and deepen knowledge on this topic for the automotive industry. The subjects addressed include the different LCA methodologies, the impact of environmental issues on business, and the exchange of information on eco-design.

REDUCING EMISSIONS OF VOLATILE ORGANIC COMPOUNDS

For several years Faurecia has been studying VOC (Volatile Organic Compound) emissions that impact vehicle interior air quality (VIAQ). As part of its commitment to reducing these emissions, the Group is developing or designing low-emission materials or products for Faurecia Interiors and Faurecia Seating. In collaboration with its suppliers, the Faurecia Composite Technologies division, within Faurecia Clean Mobility, is developing new polyester resin or styrene-free vinyl ester-based materials with the aim of reducing VOC associated emissions both in its plants during part manufacturing and in vehicle interiors.

(1) German Automotive Industry Union.

In this context, Faurecia also participates in working groups on VIAQ at the United Nations, in collaboration with automaker representatives. This approach aims to monitor the health of people on-board and continuously improve Faurecia's and the automotive industry's knowledge in measurement methodologies and the impact of Group products present inside vehicles.

4.3.3.5. Responsible innovation and competitiveness

CHALLENGES RELATED TO RESPONSIBLE INNOVATION AND COMPETITIVENESS

In an environment with significant technological change and faced with the challenges of today and the future, innovation is a key development vector for Faurecia, both to differentiate itself from competitors, and to offer products and services that meet new uses and have a positive impact on society.

Faurecia has committed to designing innovation responsibly, by developing innovative solutions and products that benefit both the Group and all its stakeholders. Faurecia has implemented a cutting-edge global ecosystem, enabling it to develop partnerships with leading players worldwide, in order to extend its technological expertise and improve its innovation ability.

RESPONSIBLE INNOVATION

Faurecia's strategy priorities –Sustainable Mobility and the Cockpit of the Future– are the result of the Group's interpretation of major global and sectorial trends. Faurecia develops innovations for a better world and offers responsible value creation to all its stakeholders.

The Sustainable Mobility approach symbolizes Faurecia's contribution for over 10 years to reducing emissions worldwide through its products. In 2018, the Group became a partner of Clean Air Asia to accelerate the adoption of air quality improvement solutions in Asia, based on the networks and programs of this organization.

The Group's expertise and innovation ability work every day to improve air quality and energy efficiency worldwide.

Against this background, Faurecia has positioned itself as a world leader in solutions to improve air quality and energy efficiency for passenger vehicles, and extends this expertise to utility vehicles and high horsepower engines.

Faurecia has accelerated its strategy as part of the growing electrification of vehicles by developing lightweight battery packs with integrated thermal management, efficient fuel cell systems and lightweight hydrogen tanks.

Within the Cockpit of the Future approach, Faurecia continues to develop technologies to make today's and tomorrow's vehicles safer. The Group expects radical change, notably in autonomous vehicles, and consequently has imagined solutions to adapt seat belts and airbags to the new seat positions within the cockpit. Faurecia's major innovation in partnership with ZF is the design of a seat integrating all safety elements (airbags, new generation pretensioners, etc.) able to move to positions to improve comfort or offer new user experiences whilst guaranteeing a high level of safety.

COMPETITIVENESS AND PARTNERSHIPS

Faurecia is convinced that its innovation ecosystem is a key component in the success of its transformation and a crucial innovation and competitiveness driver. In 2019, the Group continued to develop its technological platforms, strategic partnerships, its Faurecia Ventures program and its university partnerships.

In this context, in 2019, Faurecia inaugurated a new technological platform in Tel Aviv that will enable it to accelerate the rollout of its cyber security strategy. As vehicles are increasingly connected, it is currently essential to improve passenger safety. Faurecia has also invested in GuardKnox, an Israeli automotive cyber security provider, that offers a comprehensive cyber defense (hardware and software) system for connected and autonomous vehicles.

In 2018, Faurecia strengthened new technology development by opening a new tech center in Yokohama, to be more customer centered and form new partnerships in Japan. Faurecia continues to expand in Japan with the acquisition of Clarion Electronics. With this strategic and complementary acquisition in terms of technology, geographic presence and customer portfolios, Faurecia is positioned as a leading player for the integration of electronic systems in the cockpit.

Faurecia group has also signed a partnership with Japan Display Inc. to meet new autonomous driving trends and develop a screen that will adapt to all new well-being scenarios that passengers will experience, feel and appreciate onboard tomorrow's vehicles.

To meet these new requirements, Faurecia has also announced that it has acquired a majority interest in the Swedish company Creo Dynamics, which provides innovative acoustics and Active Noise Control (ANC) solutions, to allow it to improve user comfort and the user experience.

Improving acoustic comfort is also at the heart of the partnership with Devialet, a French designer of innovations in acoustic engineering (expertise in acoustic architecture, speaker design, signal processing and with a high-end reputation).

With the aim of continuing to improve life onboard, Faurecia has announced the creation of a joint venture with Aptoide, one of the major independent Android app stores. The aim of this joint venture is to develop and operate Android app store solutions for the global automotive industry covering different uses such as games, navigation, download services or parking.

The partnership signed recently with Microsoft will enable the company to develop more digital services.

In addition to the existing partnerships with recognized institutions, including the Collège de France and the CEA, the Group has also developed new academic partnerships, in particular by joining the European Foundation for Management Development network, an international not-for-profit association of business schools and companies, bringing together 900 university, commercial, public service and consulting organizations via the CLIP certification issued to Faurecia University.

4.3.4. **Circular economy**

The circular economy designates an economic model whose goal is to produce goods and services in a sustainable manner, by limiting consumption and the waste of resources (raw materials, water, energy) as well as production of waste. It means breaking with the linear economic model (extract, produce, consume, toss) in favor of a "circular" economic model[1]. The automotive industry, dependent on natural resources, is facing a scarcity of resources. Committed to the circular economy, Faurecia is using natural and processed resources in its production by optimizing:

- supply sources and production processes;
- the use of by-products and waste treatment methods (reuse, recycling and recovery);
- end-of-life product recyclability.

4.3.4.3. **Product recyclability**

Faurecia incorporates recyclability in its ecodesign approach by anticipating the end-of-life phase and optimization of production waste recovery.

European Directive 2000/53/EC of September 18, 2000 on end-of-life vehicles stipulates inter alia that vehicles will have to be 95% recoverable by weight, of which 85% will have to be actually reusable or recyclable, by January 1, 2015.

Given such regulatory requirements, automakers are placing ever-greater demands on their suppliers in terms of end-of-life product recyclability.

All of Faurecia's Business Groups are affected by these obligations and, depending on the characteristics of the component in question, have implemented plans and solutions to ensure that end-of-life products are processed as efficiently as possible in the future.

As regards current solutions, an innovative product must be measurable both in terms of improved technical and economic performance and its environmental impact. Faurecia is committed to a process of forecasting and recovering future end-of-life products. Selective trials overseen by Faurecia comprise the first phase of a comprehensive approach by the automotive sector in partnership with industrial firms, academia and auto "clusters", to forecasting volumes of materials available for recycling in the future.

Faurecia Interiors Business Group, after performing tests on the recycling and recovery of complex products via disassembly, has begun similar operations after shredding vehicles. Industrial-scale recyclability studies and tests have been undertaken with certain car-shredding plants, both on existing products and materials being developed, including agro-composites. For example, the NAFCORECY (NAtural Fiber COmposites RECYcling) project was able to demonstrate, with the help of European companies specialized in recycling, that parts made of NAFILean (polypropylene with natural fibers) can be processed with post-shredding technologies for end-of-life vehicles or recycling technologies used for industrial waste.

4.3.4.4. **Waste reclamation**

In order to best preserve the resources needed for their production process (energy and raw materials), Faurecia's industrial sites try to recycle and recover a maximum amount of the waste generated throughout the production chain.

In 2019, Faurecia sites recorded the following waste reprocessing rates:

- 59% of waste is recycled[2] externally (an increase of 1% at constant scope compared to 2018);
- 13% of waste is reclaimed through energy recovery[3] (stable at constant scope compared to 2018);
- 2% of waste is reused externally, without transformation, stable at constant scope.

In total, 74% of waste from Faurecia sites was recycled, recovered or reused externally in 2019.

(1) Extract from the Official Source of the Ministry of Ecological Transition and Solidarity.

(2) Waste recycled off-site must be retreated/retransformed by an outside company.

(3) Energy recovery involves using the waste's calorific value by burning it and recovering this energy in the form of heat or electricity.

Breakdown by% of generated waste by treatment method and by continent where Faurecia sites were located in 2019

	Europe	North America	South America	Asia	Other countries
Externally recycled	51.5%	71.5%	78.9%	69.0%	37.5%
Incinerated with energy recovery	18.5%	2.1%	0.0%	5.2%	38.1%
Reused externally, without transformation	2.1%	1.1%	0.0%	5.3%	0%
SUB-TOTAL OF RECYCLED AND RECOVERED WASTE	**72.1%**	**74.7%**	**78.9%**	**79.5%**	**75.6%**
Disposed of in landfill	16.3%	24.1%	15.6%	16.6%	21.0%
Incinerated without energy recovery	1.1%	0.3%	3.3%	3.3%	0.1%
Eliminated by other treatments	4.8%	0.9%	2.2%	0.4%	3.3%
Unknown treatment sector	5.7%	0.1%	0%	0.2%	0%
SUB-TOTAL OF NON-RECOVERED WASTE	**27.9%**	**25.4%**	**21.1%**	**20.5%**	**24.4%**
Distribution of Faurecia's production plants by continent	*42%*	*17%*	*4%*	*33%*	*4%*

* *Faurecia Clarion Electronics Business Group is outside of the scope.*

Sites are implementing local initiatives that improve the sorting of waste, recovery of waste as energy or material, and reincorporating production scraps into processes or reusing waste. In 2019, 43 sites (including 31 production plants, six assembly sites and six research and development sites) have implemented waste management actions.

The following examples can be noted:

in the area of energy recovery: the Brières site in France of the Faurecia Seating Business Group has organic waste collected by a contracted company that produces, through methanization, thermal energy and electricity;

in the area of reuse: the Nelas site of the Faurecia Seating Business Group in Portugal delivers its waste from wood packaging to a wood plant in the same industrial park, which reuses it in its production process.

4.3.5. Reporting process

4.3.5.1. Scope and dates of environmental reporting

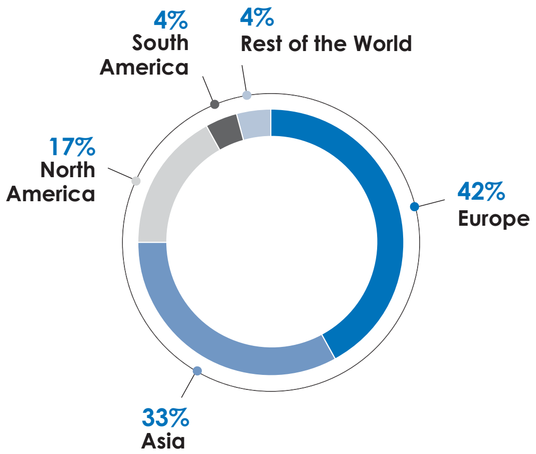
The scope of this reporting covers 161 production plants (technological plants), 53 assembly sites (called "Just in Time" sites) and 19 R&D sites, i.e., a total of 233 sites. Compared to 2019, 16 new sites[1] were included in the reporting scope and 20 sites were removed.

The new Faurecia Clarion Electronics (FCE) Business Group, bringing together Clarion, Parrot Automotive and Coagent Electronics, develops and produces in-vehicle-infotainment systems and HMI (Human Machine Interface) digital audio solutions, advanced driver assistance systems, connectivity solutions and cloud-based services for customers worldwide. This new Business Group is included in the reporting scope and has one site, Yichun, for this year. Given the weight of this entity, the Business Group's results have not been reported in the graphs and key performance indicators of this report.

Reporting covers the period from November 1st 2018 to October 31th 2019, to allow sites to collect, validate and provide data within the allotted time to PSA group, the primary shareholder of Faurecia.

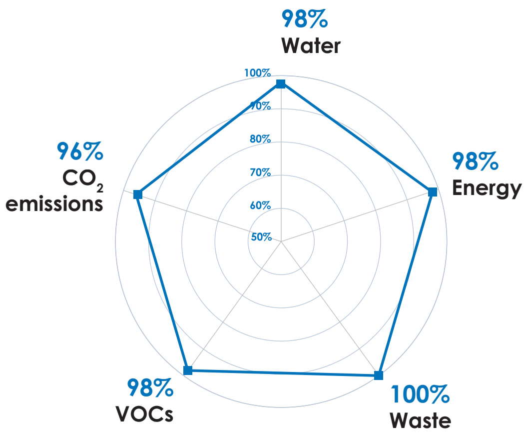
(1) This inclusion corresponds to site openings, the addition of employees at some sites or Faurecia's becoming the majority partner in some joint ventures.

Distribution of Faurecia's production plants by continent (2019 scope)*



* Faurecia Clarion Electronics Business Group is outside of the scope.

Coverage rates[1] for environmental indicators from November 1, 2018, to October 31, 2019*



* Faurecia Clarion Electronics Business Group is outside of the scope.

4.3.5.2. Carbon emissions calculation methodologies

Scopes 1 and 2:

Direct greenhouse gas emissions are calculated in CO_2 equivalent. Emissions from fuel consumption are calculated using the international emission factors recommended by the French Administration (Decree of October 31, 2012 and European Decision No. 2012/601 for CO_2 and Circular of April 15, 2002 for other gases).

Fugitive emissions are calculated using emission factors from the 5th report of the Intergovernmental Panel on Climate Change (IPCC).

Indirect electricity-related emissions are calculated from emission factors published by the IEA (International Energy Agency® version 2016) via the Carbon Database and take into account regional values for the United States.

Scope 3:

The values are calculated according to the GHG protocol (Green House Gas Protocol: international standard for accounting for greenhouse gas emissions for businesses). They include all categories except downstream leasing and franchises which do not concern the Group's activity.

The uncertainties in the calculation of CO_2 emissions were assessed taking into account the accuracy of the input data and the uncertainties about the emission factors.

4.3.5.3. Calculation methodology for VOC emissions (Volatile Organic Compounds)

The annual reference emissions on Volatile Organic Compounds (VOCs) is calculated using the Solvent Management Plan (SMP) required by the European Council Directive No. 1999/13/EC of March 11, 1999 on the reduction of volatile organic compounds emissions caused by the use of organic solvents in certain activities and facilities. The SMP is a mass balance for quantifying the inputs and outputs of solvents in an installation.

(1) The coverage rate corresponds to the number of sites that have provided numerical data compared to the number of sites affected by the subject.

4.4. Societal performance

Faurecia is committed to adopting responsible business ethics while guaranteeing the safety and quality of all of its products and services. The Group has also implemented procedures to prevent the failure of suppliers and apply its duty of care. Beyond this, the Group is convinced of the opportunity presented by investment in responsible innovation and value-added partnerships. Lastly, the commitment to local populations and dialogue with stakeholders are at the core of Faurecia's operations.

The table below presents Faurecia's main societal risks and opportunities and the associated results:

Societal risks and opportunities	Indicators	2017	2018	2019	2022 Goal
Business ethics	Percentage of employees having received training on the Code of Ethics	-	-	93%	-
Product quality and safety	Customer satisfaction index	NA	NA	4/5	Ranking 4 out of 5
	Rate of sites at risk (based on an internal analysis of operational risks)/total sites	-	-	5.8% (15 sites among 259 sites)	5%
Duty of care and responsible purchasing	Share of direct purchasing volume assessed for CSR performance (representing around 2,000 direct suppliers)	NA	NA	80%	-
	Supplier satisfaction index (assessment of 1,000 suppliers, representing 70% of the volume of direct industrial purchases)	NA	NA	2.88	2.95
Commitment to communities	*Number of societal actions carried out by Faurecia sites with local communities*	-	-	*1,000*	*Over 1,100 projects per year*

4.4.1. EFPD Business ethics

4.4.1.1. Ethics commitment issues

Faurecia has committed to responsible business ethics. As a signatory to the UN Global Compact since 2004, the Group has committed to aligning its operations and strategy with ten universally accepted principles including the fight against corruption.

This commitment is reaffirmed in Faurecia's Code of Ethics. This Code, created in 2005 and revised several times, includes updates in Faurecia's compliance systems and tools as a result of the requirements of the Sapin II Law.

The Code is intended to strengthen the Group's ethics culture and contribute to the creation of long-term value. The Management Code and the other systems, such as the anti-corruption Code of Conduct and the best practices guide in the fight against anti-competitive practices, translate many of the principles set out in the Code of Ethics into operations.

4.4.1.2. Acting to prevent corruption

CODE OF ETHICS

The Code of Ethics is structured around four topics, including ethics and rules of conduct. It also includes a whistle-blowing procedure if one of the values in the Code is breached.

The ethical principles and rules of conduct apply to:

- **Use of funds, services or Group assets**

  Any funding of political activity is forbidden, as are any unlawful payments to public authorities or officials.

  Assets, liabilities, expenses and other transactions made by Group entities must be recorded in the books and financial statements of these entities, and should be kept truthfully and accurately, in accordance with the applicable principles, rules and laws.

- **Relationships with customers, providers or suppliers**

  Gifts and entertainment accepted from/given to customers and/or service providers are subject to limits. It is prohibited to accept or give any gift or gratuity to or from customers or suppliers worth over €100 per year, regardless of the type; this is managed by an internal monitoring and control system.

  Furthermore, the payment of any amount in cash, in kind or otherwise to any customer or supplier representative in order to obtain either a contract or a business or financial advantage is prohibited.

  The selection of suppliers must be based on quality, need, performance and cost. As stated in the current Purchasing procedures, agreements between the Group and its authorized representatives, agents and consultants or any other contractor must clearly state the actual products/services to be supplied, the basis for compensation or price and all other terms and conditions. This rule also prohibits any investment in suppliers and any purchase of property or service from providers or customers for personal use.

- **Conflicts of interest**

  Employees shall not draw any personal advantage from a transaction carried out on behalf of a Group company, notably with customers and suppliers.

  An employee must also not attempt to select or organize the selection of a company, in particular as a supplier, in which either the employee, an associate or a family member has, directly or indirectly, a financial interest.

  An annual online statement is required from employees with a higher risk of finding themselves in a conflict of interest situation. A statement and processing system for potential or real conflicts of interest is available to all employees.

WHISTLE-BLOWING PROCEDURE

The Code of Ethics provides a mechanism for the purpose of managing violations of the above rules. Anyone who becomes aware of a breach of the rules set out in the Code, the rules issued to implement this Code or a regulation to which the Group is subject, may use the whistle-blowing procedure.

For this, employees are encouraged to seek the assistance of their hierarchical manager, HR manager or a Compliance manager (including the Compliance Leaders chosen within each Business Group), orally or in writing.

There is another whistle-blowing method, in particular for the most serious cases: the dedicated alert line via an interactive link (http://faurecia.ethicspoint.com/) directs the employee to an online questionnaire, which is then reviewed by the compliance team so that it is treated according to a specific procedure.

Depending on the nature and importance of the events reported, additional investigations may be launched, an inquiry may be set up or an Internal Audit decided upon.

The identity of any person using the alert line and all the details enabling him/her to be identified are protected and kept confidential by the people responsible for it within Faurecia and the supplier operating the tool. These represent a limited number of people, specially trained to receive and investigate this type of alert, and subject to strict confidentiality obligations.

TRAINING, IDENTIFICATION AND RISK MONITORING

The Compliance department, the organization of which is described in Chapter 2 of this Universal Registration Document (see Section 2.1 "Participants and systems"), is responsible for improving the understanding of the Group's Code of Ethics and Management Code.

The Compliance department continues to deploy online training (MOOC) on Ethics and Antitrust targeting the Group's community of managers & professionals. For the past three years, 26,099 Faurecia employees have followed the MOOC and 93% of managers & professionals have followed the MOOC in 2019. Along with the Human Resources, Internal Audit and Control teams, the Compliance department ensures that all the identified people are effectively trained in the internal rules, in order to maintain a strong ethics and compliance culture in the Group.

Employees also have access to practical guides on anti-competitive practices, reporting and managing conflicts of interest and the internal whistle-blowing procedure on allegations of non-compliance with the Code of Ethics. Significant communication efforts have ensured that these guides are widely distributed.

Reminder training sessions are regularly organized at the industrial sites and at the level of Business Group divisions, in particular on the risks of failure to comply with best practices in terms of the fight against anti-competitive practices.

In addition to these actions, and in the context of the Sapin II Law in particular, the non-compliance risk mapping and the risk of corruption in particular was updated based on interviews and questionnaires sent to people exposed to the identified corruption risks. The non-compliance risk mapping takes into account various numerical data to prepare remediation plans suited to the level of residual risk. Identification of these risks is incorporated into Faurecia's overall risk mapping process (see Chapter 2 of this Universal Registration Document).

The Compliance department works closely with the legal experts in antitrust practices and the permanent and periodic control functions to ensure an effective control of the identified risks.

4.4.1.3. Acting to prevent tax evasion

In support of its overall business strategy and objectives, the Faurecia group has established the following principles governing its tax policy. A tax strategy that is aligned with our business strategy, transparent, sustainable in the long term and conforms with our Code of Ethics.

Faurecia always acts in accordance with all applicable laws and regulations and is guided by relevant international standards (for example OECD Guidelines). The Group aims to rigorously comply with the essence of the law.

Faurecia ensures that tax filings and payments are made in accordance with all local regulations. The Group also maintains all tax records and performs tax reporting as required by any law in countries in which the Group operates.

Faurecia is committed to acting with integrity in all tax matters. It seeks to operate under a policy of full transparency and endeavors to maintain constructive partnerships with the tax authorities, as this can result in the more timely resolution of any disputes. The Group recognizes, however, that tax legislation and procedures are complex areas. When it is not possible to quickly and professionally resolve a disagreement with the tax authorities, Faurecia is ready to refer the matter to the competent courts in order to defend the Group's position, if necessary, using the full extent of our resources to test the Group's interpretation of the law.

Faurecia manages tax affairs in a pro-active manner and does not use contrived or abnormal tax structures that are intended for tax avoidance, have no commercial substance and do not meet the spirit of local or international law. Faurecia does not use secrecy jurisdictions or so-called "tax havens" for tax avoidance.

When the Group assesses taxes legally due for all its activities worldwide, it has two important objectives: to protect value for its shareholders and to fully comply with all legal and regulatory obligations, in line with its stakeholders' expectations.

The aim is to pay an appropriate amount of tax according to where value is created within the normal course of industrial or commercial activity. Consequently, all transfers of goods and services between companies within the Group are conducted on an arm's length basis. The pricing of such transactions between Group companies is based on fair market terms and reflects the commercial nature of the transactions.

Within this governance framework, the conduct of the Group's tax affairs and the management of tax risk are delegated to a global team of tax professionals.

4.4.1.4. Commitments to respect

Faurecia has adhered to the UN Global Compact since 2004. By doing so, the Group committed to abiding by and promoting, in its business practices, a set of values and principles drawn from international texts and conventions relating to human rights, labor standards and the environment. Faurecia's Code of Ethics meets the International Labour Organization's (ILO) fundamental treaties. Faurecia's Management Code guides the day-to-day management of teams, customers and also suppliers, and translates many of the principles set out in the Code of Ethics into operational terms.

Faurecia developed two Compliance e-learning modules that let employees test their knowledge of the Group's applicable Code of Ethics and Management Code. The pedagogical approach promotes interactive training using short videos and animations. Additional practical guides have been developed.

Faurecia's Code of Ethics covers the following issues:

PROHIBITION OF CHILD LABOR

faurecia complies with national laws and regulations relating to child labor. The Group refuses to employ children under the age of 16, under any circumstances, and complies with the provisions of the ilo regarding the health, safety and morality of young people aged between 15 and 18. The Group ensures that its suppliers and partners adhere to the same principles.

ELIMINATION OF ALL FORMS OF FORCED LABOR

faurecia is committed to the free choice of employment and the elimination of all forms of forced and compulsory labor. it ensures that its suppliers and/or partners adhere to the same principles.

FREEDOM OF ASSOCIATION AND RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

faurecia recognizes the existence of trade unions worldwide and the right of workers to form the union organization of their choice and/or to organize workers' representation in accordance with the laws and regulations in force. The Group undertakes to protect union members and leaders and not to make any discrimination based on the offices held.

The Group is also committed to promoting a policy of dialogue and negotiation. given its decentralized legal and managerial structure, this policy is implemented through collective bargaining agreements signed with the sites, on the one hand, and companies, on the other.

ELIMINATION OF DISCRIMINATION IN EMPLOYMENT AND OCCUPATION

The Group is committed not to discriminate against anyone, notably on the basis of age, sex, skin color, nationality, religion, health status or disability, sexual orientation, political, philosophical or union-related opinion in its recruitment and career development initiatives. Every employee has the right to work in a healthy environment, free from any form of hostility or harassment qualified as unlawful under the regulations and practices in force in the countries where the Faurecia group operates.

In particular, Faurecia forbids any unlawful conduct construed as sexual or moral harassment, including in the absence of any hierarchical or subordination relationship.

4.4.2. EFPD Product Quality and Safety

4.4.2.1. Product quality and safety issues

Product quality and safety have become major issues for automotive suppliers. The upswing in connected and autonomous vehicles and their related new uses, identified by Faurecia as part of the major trends in the automotive sector, also involve new challenges to guarantee the protection and safety of users.

The globalization of the automotive market requires automakers' suppliers to guarantee the same level of quality and service throughout the world.

Faurecia puts these concerns at the core of its strategic thinking. The Group is committed to ensuring that its products have impeccable quality and safety. It also considers safety to be an integral part of its Smart Life on Board approach and sees quality through its ability to meet and exceed its direct and final customers' expectations, throughout the product lifecycle.

4.4.2.2. Measures taken for products safety

The Group has a leading role to play within the automotive sector, as it is a supplier of components that play an important role in passive safety, and thus help save lives or limit injuries to drivers and passengers.

Over the years, Faurecia has become a key partner for automakers in this area, by placing safety at the core of its innovation strategy and by developing products and expertise that currently allow it to effectively anticipate coming changes. Each part that enters into the safety chain is associated with design rules that guarantee the system's performance and its longevity.

Faurecia has developed strong expertise in the "interior architecture" and "safety and comfort" segments, which have become key components in the Cockpit of the Future, and continues to build an ecosystem that allows it to continue to innovate in this direction. In 2017, Faurecia notably signed a partnership with the German automotive equipment manufacturer, ZF, to work on integrating interior safety in vehicles and on developing the technological building blocks needed for new use scenarios, specifically through the Advanced Versatile Structure (AVS) that integrates the safety systems into the seat with the increasing perspective of vehicle automation.

Faurecia and ZF have thus developed an active safety management system connecting the seat structures, safety and electronic components. A central control unit monitors the occupants and analyzes the situation in order to propose and implement an optimal seating position, including an automatic emergency action to bring seats back to the safest position in the event of an accident.

At the IAA 2018, Faurecia presented Active Wellness Express™, a revolutionary innovation designed to provide increased safety and comfort to professional drivers. This connected seat cover integrates sensors that analyze the data on the driver's physical and psychological state. The system can detect fatigue or stress upstream and apply counter-measures for increased safety, comfort and well-being behind the wheel.

Autonomous driving will broaden the field of uses within the vehicle interior. As seats may no longer be fixed facing forward and upright, new solutions for seat-belts and air bags will be needed. Faurecia is working on adapting and developing safety systems that enable passengers to continue to travel in complete safety whatever the seat position, in driving, work or relaxation mode.

Faurecia's commitment to safety is also shown by its participation in working groups on VIAQ (Vehicle Interior Air Quality) at the United Nations level, in collaboration with manufacturer representatives. These groups aim to monitor the health of people on-board and continuously improve Faurecia's and the automotive industry's knowledge in measurement methodologies and the impact of Group products present inside vehicles.

Besides safety, Faurecia is concerned to use responsible sourcing, in particular through its activities linked to the leather for seating products. On this activity, the Group works only with direct suppliers imposed and assessed by the manufacturer. In its own process, these suppliers are also screened via EcoVadis like the others. These suppliers who market by-products of the food chain, represent less than ten suppliers for Faurecia.

4.4.2.3. Measures taken for products quality

On a daily basis, Faurecia monitors the quality of the management of customer programs by its sites (one program corresponds to the manufacture of products for car models to be released on the market). This monitoring by the Operations and Sales department is based on an indicator index for evaluating potential sites at risk. Thus, on more than 500 ongoing programs around the world, in 2019 Faurecia identified 16 potential sites at risk among 259 sites in total (5.8% of the sites concerned), according to 16 criteria which assess the maturity of the site, the human resource management, number of programs managed, sales, and customer satisfaction. Actions to mitigate risks are defined and monitor continuously.

Faurecia has set itself the goal of meeting as best it can or exceeding customer satisfaction. Under the management of Faurecia group's Risk Committee, the organization monitors strict compliance with the automotive quality management standard IATF 16949 and constantly reflects on the market's risks and opportunities. This enables it to strengthen its market share and accelerate profitable growth for the benefit of all concerned stakeholders.

Faurecia translates this ambition into its Total Customer Satisfaction (TCS) strategy and its commercial signature to support, promote and affirm its competitive position in terms of quality and customer loyalty.

Faurecia group's Quality Policy is based on:

A ZERO-DEFECT CULTURE

At Faurecia, building quality is far more important than simply monitoring quality. Thus, the Faurecia Excellence System or FES, the Program Management Core System and the Total Customer Satisfaction strategy are Faurecia's key focuses. They are enshrined in the quality management manual which builds on solid supplier management and the promotion of employee autonomy.

FAURECIA EXCELLENCE SYSTEM (FES)

The FES governs the organization of Faurecia's production and operations systems. It is designed to continuously improve the health and safety, quality, cost and delivery performance of the Group.

The FES complies with automotive industry requirements (ISO 9001, IATF 16949, OHSAS 18001, specific customer requirements, etc.). The FES benefits from over 20 years' experience within Faurecia, and has been constantly enhanced with the best internal and external practices of lean manufacturing.

The FES makes it possible to ensure an appropriate operational performance of Faurecia's production plants, irrespective of where they are located and their activity, thanks to common working methods and language.

FAURECIA'S PROGRAM MANAGEMENT CORE SYSTEM

Faurecia maintains close relationships with all of the world's leading automakers, with whom the Group works to design and develop the products suited to each brand's specific requirements. Once in the production phase, the new program managers supervise their teams to ensure that the expected schedule, costs and level of quality are met.

This is carried out using Faurecia's PMCS (Program Management Core System), which includes five phases, each subject to periodic interim reviews, so that its progress can be validated:

- acquisition and verification of the customer's needs;
- product development;
- product validation and development of the manufacturing process;

- industrialization and validation of the means of production; Production Part and Approval Process (PPAP);
- acceleration and start of series production.

Faurecia has also implemented the concept of program management excellence, to track quality throughout the development process. This new approach involves the following:

- based on risk;
- review of FES audits in the programs to qualify process compliance;
- program Risk Committee to anticipate risks and/or provide appropriate support to achieve customer satisfaction.

QUALITY ACHIEVEMENTS IN 2019

During the year, Faurecia rolled out its new TCS-Quality strategy worldwide, by implementing quality agreements, sharing its new vision in all regions and including local needs.

In 2019, the organization revised its problem resolution strategy, which now includes seven types of problem-solving approaches based on recognized methodologies, divided into three sections:

- employee conduct;
- production process conduct;
- acceleration.

Risk prevention has also been included by strengthening the eight basic production quality principles to support the ultimate goal of zero defects at any time, and updating program management tools, such as AMDEC.

A supplier quality convention was organized to reinforce the relationship between Faurecia and its suppliers.

A quality academy was launched in 2019 to ensure knowledge and solid application by all employees. This quality academy started in the production scope and will be extended to other areas in 2020 and beyond (program, purchasing, engineering, etc.).

4.4.2.4. Indicators to monitor results

The key indicators of total customer satisfaction are based on a combination of performance and perception:

- Performance (complaint): Main indicator of the customer and number of incidents, i.e. 503 complaints in 2019 (down 25% compared to 2018);
- Perception (5 stars): indicator based on the “comments” score (score of 4/5 in 2019 in the context of integrating new customers) and “feelings” (score of +0.46 in 2019) of customers.

This customer-focused performance is constantly improving, in line with the goal set by the Group.

4.4.3. EFPD Duty of care and responsible purchasing in the supply chain

4.4.3.1. Issues related to the duty of care

In order to meet the requirements of Law No. 2017-399 of March 27, 2017, Faurecia has implemented a duty of care plan to identify risks and prevent serious breaches in human rights and fundamental freedoms, the health and safety of people and the environment resulting from the activities of the Group, and those of its subcontractors and suppliers with which it has an established commercial relationship.

The aspects of this Duty of Care plan relating to Faurecia’s own activities are described in Section 4.2 for the social aspect, in Section 4.3 for the environmental aspect, and Section 4.4 on business ethics and supplier risk management.

This plan applies to the entire Group as Faurecia operates in a number of countries and uses a large number of suppliers located in different countries for its raw materials and basic parts supplies.

Faurecia has a Group Purchasing department, which has implemented a sustainable purchasing policy, reflecting Faurecia’s commitment to comply with the Universal Declaration of Human Rights, the International Labour Organization’s (ILO) Declaration on fundamental principles and rights at work, the Rio Declaration on Environment and Development and the United Nations’ Convention against Corruption.

In accordance with the law, this section presents a summary of Faurecia’s duty of care plan, and its implementation, in five separate areas:

- risk identification and mapping;
- subsidiary, sub-contractor and supplier assessment procedures;
- actions to mitigate risks or prevent serious breaches;
- implementation of a whistle-blowing system and receipt of alerts;
- monitoring system for implemented measures.

4.4.3.2. Subsidiary, sub-contractor and supplier assessment procedures

RISK MANAGEMENT PROCEDURE

Management of the supplier life cycle includes an assessment process of the risk applicable to all of Faurecia’s major suppliers. This process is described in the supplier risk management procedure (Group purchasing policy available on Faurecia’s website at: www.faurecia.com). All Faurecia’s buyers build on four quantitative criteria to which they add a qualitative assessment based on their own experience or view of the supplier. All these criteria enable the buyers to build a detailed action plan. The Group relies on this assessment and the related documentary audit to enact Law No. 2017-399 of

March 27, 2017, on the duty of care by parent companies and instructing companies.

1. **Overall Assessment:** This assessment takes into account the general business environment in the concerned country (World Economic Forum publications) as well as historical exchange rate and inflation data.
2. **Financial Screening:** Assessment based on the financial performance of the company in question (via a general screening or more in-depth ad hoc studies); An alert procedure has been set up for all major events concerning financial risk.
3. **CSR Assessment,** with the partner EcoVadis covering:
   - *Ethical Business Practices:* Assessment of the organization's ability to implement tangible actions to ensure data protection, fight against corruption, fraud, anti-competitive practices, money laundering and avoid conflicts of interest,
   - *Labor Practices*: Assessment of the organization's level of maturity in terms of the actions on employee health and safety, working conditions, social relations, forced labor and child labor, discrimination and respect for fundamental rights,
   - *Environment and Sustainable Procurement*: assessment of the formalized policy, verification mechanisms and certification obtained.
4. **Economic Dependency Assessment:** Assessment of the level of mutual dependency with suppliers, allowing the level of the action plan to be implemented to be weighted.

CSR EVALUATION PROCEDURES FOR SUPPLIERS

Supplier quality audits, which are a prerequisite to joining Faurecia's panel of "direct" suppliers, include CSR issues.

Against this backdrop, Faurecia's purchasing teams are assisted by an external CSR specialist partner, EcoVadis, in order to better understand, verify and optimize the practices of its suppliers in this area. This external assessment of CSR compliance by suppliers and the related documentary audit are in line with the organization and requirements set out in the Code of Conduct sent to suppliers. Supplemented by specific documentation for each project, Faurecia ensures compliance with REACH and conflict minerals regulations. In addition to the partnership with EcoVadis, Faurecia has implemented a screening process to assess the level of protection against fire, as well as the level of risk associated with natural disasters.

At the end of 2019, Faurecia have assessed the CSR performance of 1,948 suppliers, which represents around 80% of the suppliers.

This assessment is incorporated into the purchasing process and is systematically taken into account in the award of contracts. It is also included in the criteria for performance evaluation of suppliers.

4.4.3.4. Actions to mitigate risks or prevent serious breaches

Faurecia has implemented processes to guarantee the proper operation of the risk management systems at all levels:

- referencing on the supplier panel: the comprehensive assessment of risks, including the CSR assessment, is part of the entry process for suppliers to Faurecia's panel;
- management of the relationship between Faurecia and its suppliers: a supplier's qualification level depends on its final risk level, throughout its life cycle. For suppliers at risk, on all criteria, an action plan has been requested since 2018. The goal will be to ensure that these action plans are effective. The allocation of new projects is subject to obtaining an analysis by EcoVadis;
- risk analysis of materials used by suppliers: Precise management of substances via the systematic participation in the International Material Data System (IMDS) from the design stage enables Faurecia and its customers to avoid all unauthorized uses.

Since 2013, Faurecia requires its suppliers to comply with its sustainable purchasing policy, as monitored with its partner, EcoVadis.

4.4.3.5. Implementation of a whistle-blowing system and receipt of alerts

Faurecia's whistle-blowing system was reviewed as part of compliance with the Sapin II Law. It may be used by Group employees to report breaches of human rights and fundamental freedoms, health and safety of people and the environment. This alert procedure was opened to all Group suppliers via the website: www.faurecia.com

4.4.3.6. Monitoring system for implemented measures

The procedure, officially implemented in November 2018, was gradually deployed throughout 2019 to reach an assessment of over 1,100 out of 1,987 direct suppliers. Deployment will continue in 2020 and will be supplemented by monitoring of supplier risk reduction action plans.

4.4.3.7. **Monitoring of supplier quality**

From an operational point of view, poor quality of supplier services is measured using two main indicators:

- PF4 ("quality" incidents detected at the Customer) as well as the other types of incidents are monitored and consolidated;
- the quantities of non-compliant products entering production plants: parts per million.

Suppliers generating poor quality incidents must implement safeguarding actions and actions to resolve the problem. An internal reporting process enables Faurecia to provide a suitable level of support to the supplier to help resolve the problem.

For the first time during the second half of 2019, the Group launched a satisfaction survey of around 1,000 direct suppliers, representing 70% of the Group's direct industrial purchases, in order to measure the level of satisfaction in the relationship between Faurecia and its suppliers. The satisfaction index achieved was 2.88 on a scale of 1 to 4. The index measures supplier satisfaction in four areas: strategy, innovation, operational excellence and business ethics. This survey will be carried out each year.

4.5. Report by the independent third party on the consolidated non-financial statement presented in the management report

For the year ended December the 31th 2019

This is a free translation into English of the independent third party's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders

In our capacity as independent third party, accredited by COFRAC number 3-1058 (scope available at www.cofrac.fr), and member of the Mazars network of one of the Company's Statutory Auditors, we hereby report to you on the non-financial statement1 for the year ended December the 31th 2019 (hereinafter the "Statement"), included in the Group management report pursuant to the requirements of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

The Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and which are available on request from the entity's head office.

Independence and quality control

Our independence is defined by the requirements of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R. 225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000[1]:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;

(1) ISA 3000 – Assurance engagements other than audits or reviews of historical financial information.

- we verified that the Statement includes each category of social and environmental information set out in Article L. 225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation];
- we verified that the Statement provides the information required under Article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (relating to social dialogue, business ethics, duty of vigilance and responsible purchasing policy and the quality and safety of products), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities[1];
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with Article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 11% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of 7 people between November 2019 and February 2020 and took a total of 5 weeks.

We conducted around thirty interviews with the people responsible for preparing the Statement, representing in particular CSR, Compliance, Human Resources, Labor Relations, Quality, HSE and Purchasing departments.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, February the 19th 2020

French original signed by:

Independent Verifier

Mazars SAS

Edwige REY
Partner, CSR & Sustainable Development

(1) *FAS: sub-consolidation FAS China, YANGCHENG, WUXI.*
FIS: sub-consolidation FIS Northern Europe, Gorzow I & II, Pitesti (for KPI waste only).
FCM: Braganca, Pamplona.

Appendix 1: Information considered most important

QUALITATIVE INFORMATION (ACTIONS AND RESULTS)

- Health and safety conditions at work;
- Talent acquisition and retention;
- Social dialogue;
- Business ethics;
- The duty of vigilance and the responsible purchasing policy;
- Measures implemented for product quality and safety;
- The environmental impact of production sites and the fight against climate change.

QUANTITATIVE INDICATORS (INCLUDING KEY PERFORMANCE INDICATORS)

Social responsability	Percentage of resignations of managers and professionals Percentage of newly graduated managers and junior professionals in hiring Number of establishment or enterprise agreements signed during the year Lost time injury frequency rate (FR0t) Frequency rate of accidents at work with and without lost time (FR1t) Total number of employees recorded and breakdown by contract Number of training hours per employee per year
Environmental responsability	Percentage of ISO 14001-certified production sites Tonnes of waste and their ratio per unit of sales Energy consumption and its ratio per unit of sales Greenhouse gas emissions (scopes 1, 2) as well as their ratio per unit of sales Percentage distribution of waste quantities by treatment channel by continent, waste recycling rate (external) Emissions of volatile organic compounds
Societal responsability	Customer Satisfaction Index Number of suppliers having undergone a CSR performance evaluation over the year and percentage of their purchasing volume in relation to overall purchasing volume Supplier Satisfaction Index Percentage of employees trained in the Code of Ethics

5
Capital stock and **shareholding structure**

5.1. Shareholding

5.1.1. Changes in capital stock

All issued shares are representing the Company's capital stock.

As of December 31, 2019, the Company's capital stock amounted to €966,250,607, divided into 138,035,801 fully paid-up shares with a par value of €7 each, all in the same class.

The breakdown of Faurecia's capital stock and voting rights over the last three years is as follows:

Shareholders at 12/31/2019	Shares	% capital stock	Theoretical voting rights (1) *	% theoretical voting rights	Voting rights exercisable at General Meetings (2) *	% voting rights exercisable at General Meetings
Peugeot S.A.	63,960,006	46.34	127,920,012	62.99	127,920,012(3)	63.34
Faurecia Actionnariat Corporate Mutual fund	388,152	0.28	695,270	0.34	695,270(3)	0.34
Corporate officers	52,462	0.04	56,907	0.03	56,907	0.03
Treasury stock	1,149,994	0.83	1,149,994	0.57	0	0
o/w liquidity contract	*19,000*	*0.01*	*19,000*	*0.01*	*0*	*0*
Other shareholders (registered and bearer)	72,485,187	52.51	73,273,444	36.08	73,273,444	36.28
TOTAL	**138,035,801**	**100%**	**203,095,627**	**100%**	**201,945,633**	**100%**

* *Calculations based on information from the Caceis Corporate Trust Register on December 31, 2019.*

(1) *Theoretical voting rights = total number of voting rights attached to the total number of shares, including shares without voting rights (including treasury stocks). It is reminded that, in accordance with applicable regulations on the crossing of thresholds, the thresholds related to voting rights are calculated on the basis of theoretical voting rights (and not on the basis of exercisable voting rights).*

(2) *Exercisable voting rights = number of voting rights attached to the shares not deprived from voting rights.*

(3) *The difference between the number of shares held by the shareholder and the number of exercisable voting rights is the result of the double voting rights held by the shareholder.*

Shareholders at 12/31/2018	Shares	% capital stock	Theoretical voting rights (1) *	% theoretical voting rights	Voting rights exercisable at General Meetings (2) *	% voting rights exercisable at General Meetings
Peugeot S.A.	63,960,006	46.34	127,920,012	63.11	127,920,012(3)	63.39
Faurecia Actionnariat Corporate Mutual fund	333,480	0.24	640,598	0.32	640,598(3)	0.32
Corporate officers	70,285	0.05	87,581	0.04	87,581	0.04
Treasury stock	917,160	0.66	917,160	0.45	0	0
o/w liquidity contract	*191,500*	*0.14*	*191,500*	*0.09*	*0*	*0*
Other shareholders (registered and bearer)	72,754,870	52.71	73,135,293	36.08	73,135,293	36.24
TOTAL	**138,035,801**	**100%**	**202,700,644**	**100%**	**201,783,484**	**100%**

* *Calculations based on information from the Caceis Corporate Trust Register on December 31, 2018.*

(1) *Theoretical voting rights = total number of voting rights attached to the total number of shares, including shares without voting rights (including treasury stocks). It is reminded that, in accordance with applicable regulations on the crossing of thresholds, the thresholds related to voting rights are calculated on the basis of theoretical voting rights (and not on the basis of exercisable voting rights).*

(2) *Exercisable voting rights = number of voting rights attached to the shares not deprived from voting rights.*

(3) *The difference between the number of shares held by the shareholder and the number of exercisable voting rights is the result of the double voting rights held by the shareholder.*

Shareholders as of December 31, 2017	Shares	% capital stock	Theoretical voting rights [(1)*]	% of theoretical voting rights	Voting rights exercisable at General Meetings [(2)*]	% voting rights exercisable at General Meetings
Peugeot S.A.	63,960,006	46.34	127,920,012	63.09	127,920,012[(3)]	63.34
Faurecia Actionnariat Corporate Mutual fund	318,394	0.23	636,788	0.31	636,788[(3)]	0.32
Corporate officers	49,525	0.03	66,905	0.03	66,905	0.03
Treasury stock	814,320	0.59	814,320	0.40	0	0
o/w liquidity contract	*0*	*0*	*0*	*0*	*0*	*0*
Other shareholders (registered and bearer)	72,893,556	52.81	73,320,842	36.16	73,320,842	36.31
TOTAL	**138,035,801**	**100%**	**202,758,867**	**100%**	**201,944,547**	**100%**

* *Calculations based on information from the Caceis Corporate Trust Register on December 31, 2017.*

(1) *Theoretical voting rights = total number of voting rights attached to the total number of shares, including shares without voting rights (including treasury stocks). It is reminded that, in accordance with applicable regulations on the crossing of thresholds, the thresholds related to voting rights are calculated on the basis of theoretical voting rights (and not on the basis of exercisable voting rights).*

(2) *Exercisable voting rights = number of voting rights attached to the shares not deprived from voting rights.*

(3) *The difference between the number of shares held by the shareholder and the number of exercisable voting rights is the result of the double voting rights held by the shareholder.*

5.1.2. Crossing of legal thresholds

In 2019, the following disclosures were made concerning the crossing of legal thresholds. It is reminded that, in accordance with applicable regulations on the crossing of thresholds, the investment thresholds related to voting rights are calculated on the basis of theoretical voting rights (not on the basis of exercisable voting rights). Information provided below is based on thresholds crossing notices published by the *Autorité des Marchés Financiers*:

Shareholder's name	References and date of the AMF decision/notice	Date of the crossing	Threshold crossed	Upwards/ downwards	Number of shares afterwards [(1)]	% capital stock afterwards [(1)]	% theoretical voting rights afterwards [(1)]
BlackRock, Inc.	219C0235/ February 7, 2019	February 6, 2019	5% of capital stock	Downward	6,826,967	4.95%	3.37%
BlackRock, Inc.	219C0325/ February 22, 2019	February 20, 2019	5% of capital stock	Upward	7,137,252	5.17%	3.52%
BlackRock, Inc.	219C0359/ February 28, 2019	February 26, 2019	5% of capital stock	Downward	6,805,510	4.93%	3.36%

To the Company's knowledge, as of December 31, 2019 and at the date of this Universal Registration Document, no shareholder directly or indirectly, individually or in concert, holds more than 5% of the Company's capital stock or voting rights with the exception of Peugeot S.A.

In accordance with applicable regulations, the Company is entitled to ask at any time either the central depository that manages the share issuance account or directly one or several registered intermediaries for information on the holders of securities carrying immediate or future voting rights at its General Meetings, such as for example, the identity, number of securities held by each of them, the postal address and, if applicable, email address, in addition to details of any restrictions applicable to the securities, if applicable.

To the Company's knowledge, no shareholder made a pledge on the Faurecia securities that he holds.

To the Company's knowledge, there are no agreements referred to in Article L. 233-11 of the French Code of commerce.

5.2. Capital stock

5.2.1. Authorized capital stock

The table below summarizes the status of the current financial authorizations and delegations in terms of capital increases granted by the General Meeting of May 28, 2019 and how they were used during the 2019 fiscal year.

Type of authorization	Maximum amount/par value	Term	Use in 2019
General Meeting of May 28, 2019			
Resolution No. 19 Delegation of authority to the Board of Directors to issue shares and/or securities giving access to shares and/or the allocation of debt securities (of the Company or a subsidiary) with preferential subscription rights (including capital increases through the capitalization of profits, premiums and reserves) (not usable during public offering periods)	■ Capital stock: €145 million (total capital stock ceiling) ■ Debt securities: €1 billion (total debt ceiling)	26 months	No
Resolution No. 20 Delegation of authority to the Board of Directors to issue shares and/or securities giving access to shares and/or the allocation of debt securities (of the Company or a subsidiary) without preferential subscription rights by means of a public offering (not usable during public offering periods)	■ Capital stock: €95 million (ceiling common to the resolution No. 21; deducted from the total capital stock ceiling) ■ Debt securities: €1 billion (deducted from the total debt ceiling)	26 months	No
Resolution No. 21 Delegation of authority to the Board of Directors to issue shares and/or securities giving access to shares and/or the allocation of debt securities (of the Company or a subsidiary) without preferential subscription rights by means of a private placement (not usable during public offering periods)	■ Capital stock: €95 million (ceiling common to the resolution No. 20; deducted from the total capital stock ceiling); up to an annual limit of 20% of the capital stock assessed on the day on which the Board of Directors' decides to use the delegation ■ Debt securities: €1 billion (deducted from the total debt ceiling)	26 months	No
Resolution No. 22 Authorization to the Board of Directors to increase the number of securities to be issued in the event of a capital increase, with or without preferential subscription rights (not usable during public offering periods)	Up to a limit of 15% of the initial issue and at the same price as that for the initial issue (applicable to issuances made under resolutions No. 19 to 21)	26 months	No
Resolution No. 23 Authorization to the Board of Directors to award free shares, entailing the waiver by shareholders of their preferential subscription rights	Number of shares: 2,000,000 Sub-ceiling for executive and non-executive corporate officers: 10% of the above-mentioned ceiling	26 months	Authorization used by the Board of Directors of October 9, 2019 which awarded a maximum of 1,180,500 shares
Resolution No. 24 Delegation of authority to the Board of Directors to decide upon the issue of shares and/or securities giving access to shares in the Company for the benefit of employees under the conditions stipulated in Article L. 3332-19 of the French Labor Code, without preferential subscription rights	Capital stock: 2% (assessed on the day of the General Meeting of May 28, 2019)	26 months	No

5.2.2 **Potential capital stock**

As of December 31, 2019, the potential capital stock was comprised only of performance shares[(1)].

The Company's policy on the allocation of performance shares, which aims to benefit the Chief Executive Officer and the Group Leadership Committee comprising 263 members, is described in the Chief Executive Officer's compensation policy (Chapter 3, Section 3.3.4.1.3 "Compensation policy for the Chief Executive Officer" of this Universal Registration Document).

The tables below summarize the current or expired performance share plans during the fiscal year ended December 31, 2019. It is reminded that, for information purposes and to allow a consolidated reading of the data on the performance conditions selected and their rate of achievement, the definitive vesting of the performance shares is subject to fulfillment of the following performance conditions:

- an internal performance condition related since 2016 to the Group net income after tax (before 2016, it was related to the Group net income before tax), before taking into account capital gains from disposal of assets and changes in the Group's structure. This internal condition is assessed by comparing the net income of the third fiscal year after the grant date of the performance shares against the one as forecasted in the strategic plan reviewed and approved by the Board of Directors on the grant date of the performance shares. The number of shares that will be definitively granted in respect of this criterion varies according to achievement of the set targets, with a range around the target (minimum, target, maximum);
- from 2019, a second internal condition on corporate and social responsibility related to gender diversity, and more precisely, the percentage of women within the "Managers & Professionals" category of the Group for the third fiscal year ending after the date on which the performance shares are granted, compared to the targets set by the Board of Directors at the date on which the performance shares are granted. The number of shares that will be definitively granted in respect of this criterion varies according to achievement of the set targets, with a range around the target (minimum, target, maximum);
- an external performance condition, i.e., growth of the Company's net earnings per share assessed between the last fiscal year before the grant date of the shares and the third fiscal year ended after the grant date of the shares. This growth is assessed against the weighted growth of a reference group made up of twelve comparable international automotive suppliers over the same period. The number of shares that will be definitively granted in respect of this criterion varies according to achievement of the set targets (minimum, target, maximum) according to the methods described below:
  - minimum: (i) if the reference group's weighted growth in net earnings per share is below or equal to -20%, therefore negative, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth; (ii) if the reference group's weighted growth in net earnings per share is between -20% and +20%, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5% below this weighted growth; (iii) if the reference group's weighted growth in net earnings per share is above or equal to +20%, therefore positive, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth,
  - target: if the reference group's weighted growth in net earnings per share is in line with the growth in Faurecia's net earnings per share, the target external condition is fulfilled,
  - maximum: (i) if the reference group's weighted growth in net earnings per share is below or equal to -20%, therefore negative, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is above or equal to 75% of this weighted growth; (ii) if the reference group's weighted growth in net earnings per share is between -20% and +20%, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5% above or equal to this weighted growth; (iii) If the reference group's weighted growth in net earnings per share is above or equal to +20%, therefore positive, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is above or equal to 125% of this weighted growth.

(1) No stock subscription options plans have been in force since April 16, 2017. Consequently, tables No. 8 of the AFEP-MEDEF Code and AMF recommendation No. 2009-16 ("History of allocations of stock options") and No. 9 of the AMF recommendation No. 2009-16 ("Stock subscription or purchase options granted during the fiscal year to the top ten non-corporate officer employees and options exercised by them during the year") are not applicable.

DETAILED HISTORY OF PERFORMANCE SHARE PLANS (1)

Table No. 9 of the AFEP-MEDEF Code and table No. 10 of AMF recommendation No. 2009-16

Information on the allocation of performance shares	Plan No. 7 of July 23, 2015*	Plan No. 8 of July 25, 2016*
GM date	May 27, 2015	May 27, 2016
Board of Directors date	July 23, 2015	July 25, 2016
Total number of shares allocated during the relevant fiscal year by threshold, of which:	Min.: 342,201 Target: 684,674 Max.: 889,981	Min.: 380,480 Target: 760,961 Max.: 989,945
To corporate officers		
■ Yann DELABRIÈRE	Min.: 21,461 Target: 42,921 Max.: 55,798	0
■ Michel de ROSEN	Non applicable	Non applicable
■ Patrick KOLLER	Min.: 10,147 Target: 20,295 Max.: 26,383	Min.: 21,190 Target: 42,381 Max.: 55,095
Number of beneficiaries	330	326
Acquisition date	July 23, 2019 for all the beneficiaries of the plan, working and tax residents in France and abroad	July 25, 2020 for all the beneficiaries of the plan, working and tax residents in France and abroad
Availibility date	July 23, 2019 for all the beneficiaries of the plan, working and tax residents in France and abroad	July 25, 2020 for all the beneficiaries of the plan, working and tax residents in France and abroad
Performance conditions	Internal condition on Group net income (before tax) (weighting of 60%), with a required achievement rate between 75% and 125%, the target being 100% External condition on net earnings per share (weighting of 40%), according to the assessment methods described in the introductory section	Internal condition on Group net income (after tax) (weighting of 60%), with a required achievement rate between 75% and 125%, the target being 100% External condition on net earnings per share (weighting of 40%), according to the assessment methods described in the introductory section
Achievement rate of performance conditions	Internal condition on Group net income (before tax): 107.5% External condition on net earnings per share: 130% Overall achievement of conditions: 116.5%	Internal condition on Group net income (after tax): 93% External condition on net earnings per share: 130% Overall achievement of conditions: 108%
Number of shares vested at December 31, 2019	595,897	-
Accumulated number of shares canceled or forfeited as of December 31, 2019	202,884	179,002
Shares being vested at December 31, 2019	0	642,747

* *As the performance conditions for plans No. 7 and 8 are known, the effective number of shares vested, canceled or forfeited and outstanding are indicated in this table.*

(1) *The tables below present the current or expired plans during the 2019 financial year. Plans No. 1 to No. 6, which have expired, have not been recalled in this Universal Registration Document. For more information on these plans (including performance conditions, objectives set and achievements of these objectives), please refer to the 2018 Registration Document of the Company, page 209. For information, it is however recalled that for plans No. 1 to No. 6 subject to performance condition(s), performance condition(s) (i) were met for three plans (plans No. 1, No. 5 and No. 6), each time and at the maximum and (ii) were not met for three plans (plans No. 2, No. 3 and No. 4) and therefore no share was definitely vested by the beneficiaries of these three plans.*

Information on the allocation of performance shares	Plan No. 9 of July 20, 2017	Plan No. 10 of July 19, 2018**
GM date	May 27, 2016	May 29, 2018
Board of Directors date	July 20, 2017	July 19, 2018
Number of shares allocated during the relevant fiscal year by threshold, of which:	Min.: 313,962 Target: 627,924 Max.: 816,300	Min.: 209,136 Target: 418,272 Max.: 543,760
Corporate officers		
■ Michel de ROSEN	0	0
■ Patrick KOLLER	Min.: 15,154 Target: 30,308 Max.: 39,400	Min.: 10,385 Target: 20,770 Max.: 27,000
Number of beneficiaries	336	269
Acquisition date	July 20, 2021	July 19, 2022
Availibility date	July 20, 2021	July 19, 2022
Performance conditions	Internal condition on Group net income (after tax) (weighting of 60%), with a required achievement rate between 91% and 110%, the target being 100%. External condition on net earnings per share (weighting of 40%), according to the assessment methods described in the introductory section.	Internal condition on Group net income (after tax) (weighting of 60%), with a required achievement rate between 91% and 110%, the target being 100%***. External condition on net earnings per share (weighting of 40%), according to the assessment methods described in the introductory section.
Achievement rate of performance conditions	Internal condition on Group net income (after tax): 62% External condition on net earnings per share: 130% Overall achievement of conditions: 89%	Plan being vested
Number of shares vested at December 31, 2019	-	-
Accumulated number of shares canceled or forfeited as of December 31, 2019*	107,743	39,754
Shares being vested at December 31, 2019	520,181	378,698

* *Plan based on the target threshold.*

** *The Board of Directors of July 19, 2018, based on the authorization given by the General Meeting of May 29, 2018, decided to grant a complementary plan (plan No. 10b) to four beneficiaries (who are not corporate officers of the Company) in relation to a geographical zone of the Group, for a maximum number of shares of 12,830 and subject to specific performance conditions in relation with the said geographical zone. The other characteristics of this complementary plan and the acquisition date are the same as the ones of plan No. 10.*

*** *The Board of Directors' meeting of October 9, 2019 provided for an adjustment in the event of (i) the Group's sales for the fiscal year ending December 31, 2020 would be lower or higher (in value) that +/-5% compared to the forecasted sales target set for the relevant fiscal year in the strategic plan by the Board of Directors meeting of July 19, 2018 and (ii) this variation would be resulting from exogenous factors such as the change in production volumes of vehicles on a global level or exchange rates. In such a case, and in the context of the plan of the fiscal year ended in December 31, 2020, the level of the internal condition on Group net income (after tax) target to achieve would remain unchanged, but the difference between the performance threshold and the maximum target would be doubled.*

Information on the allocation of performance shares	Plan No. 11 of October 9, 2019**
GM date	May 28, 2019
Board of Directors date	October 9, 2019
Number of shares allocated during the relevant fiscal year by threshold, of which:	Min.: 439,930 Target: 881,930 Max.: 1,147,260
Corporate officers	
■ Michel de ROSEN	0
■ Patrick KOLLER	Min.: 21,620 Target: 43,250 Max.: 56,220
Number of beneficiaries	274
Acquisition date	October 9, 2023
Availibility date	October 9, 2023
Performance conditions	Internal condition on Group net income (after tax) (weighting of 60%), with a required achievement rate between 90% and 110%, the target being 100%***. Internal CSR condition related to diversity (weighting of 10%) with an achievement rate between -1 pt and +2 pts, the target being 100% External condition on net earnings per share (weighting of 30%), according to the assessment methods described in the introductory section
Achievement rate of performance conditions	Plan being vested
Number of shares vested at December 31, 2019	-
Accumulated number of shares canceled or forfeited as of December 31, 2019*	8,150
Shares being vested at December 31, 2019	873,780

* *Plan based on the target threshold.*

** *The Board of Directors' meeting of October 9, 2019, based on the authorization given by the General Meeting of May 28, 2019, decided to grant a complementary plan (plan No. 11b) to six beneficiaries (who are not corporate officers of the Company) in relation to a geographical zone of the Group, for a maximum number of shares of 33,240 and subject to specific performance conditions in relation with the said geographical zone. The other characteristics of this complementary plan and the acquisition date are the same as the ones of plan No. 11.*

*** *The plan provides for an adjustment in the event of (i) the Group's sales at December 31, 2021 would be lower or higher (in value) than +/-5% of the forecasted sales for the relevant fiscal year in the strategic plan decided by the Board of Directors meeting of October 9, 2019, and (ii) this variation would be resulting from exogenous factors such as the change in production volumes of vehicles on a global level or exchange rates. In such a case, and in the context of the plan of the fiscal year ended in December 31, 2021, the level of the internal condition on Group net income (after tax) target to achieve would remain unchanged, but the difference between the performance threshold and the maximum target would be doubled.*

All shares allocated free of change being acquired at December 31, 2019 (2,990,587 shares) represent 2.15% of the Company's capital stock at this date. [1]

(1) This amount corresponds to the number of shares for plan No. 8 calculated on the basis of performance achieved and to the maximum number of shares granted under plans No. 9, No. 10, No. 10b, No. 11 and No. 11b.

5.2.3. Change in capital stock over five years

Year and type of transaction	Amount of the capital stock increase/decrease *(in €)*		Resulting amounts of capital stock *(in €)*	Resulting share premium *(in €)*	New number of shares
	Nominal amount	Premium			
06/2015 Capital increase resulting from the creation of 800,251 shares in connection with the payment of the 2014 dividend in shares, the creation of 96,960 shares in response to requests for the conversion of OCEANE bonds, and the creation of 93,600 shares following the exercise of stock subscription options under Plan No. 18	6,935,677	28,224,379	874,412,147	921,235,268	124,916,021
11/2015 Capital increase resulting from the creation of 4,341,813 shares in response to requests for the conversion of OCEANE bonds	30,392,691	52,527,572	904,804,838	973,762,840	129,257,834
12/2015 Capital increase resulting from the creation of 7,933,744 shares in response to requests for the conversion of OCEANE bonds on January 1, 2018 and the creation of 1,200 shares following the exercise of stock subscription options under Plan No. 18	55,544,608	96,008,745	960,349,446	1,069,771,585	137,192,778
01/2016 Capital increase resulting from the creation of 690,123 shares in response to requests for the conversion of OCEANE bonds on January 1, 2018	4,830,861	8,349,171	965,180,307	1,078,120,756	137,882,901
07/2016 Capital increase resulting from the creation of 152,900 shares following the exercise of stock subscription options under Plan No. 18	1,070,300	3,269,002	966,250,607	1,081,389,758	138,035,801

5.3. Transactions carried out by the Company in its own shares

The General Meeting of May 28, 2019, authorized the implementation of a share buy-back program, superseding that authorized in the twelfth resolution of the General Meeting of May 29, 2018.

LIQUIDITY AGREEMENT

Description of the agreement

Since April 27, 2009, Faurecia has been implementing a liquidity contract that complies with the AMAFI Charter.

The current liquidity contract was signed on November 18, 2019 between Faurecia and Rothschild Martin Maurel. This contract, which complies with the AMF decision No. 2018-01 of July 2, 2018 covering the implementation of liquidity contracts on equity securities in respect of accepted market practices, replaced the previous contract of December 1, 2015, as amended on May 24, 2018.

The liquidity contract was signed for 12 months, from November 18, 2019 and is thereafter renewed by tacit renewal for successive 12-month periods. The amount of €10,837,505.31 was recorded as credit in the liquidity account on November 15, 2019.

The liquidity contract covers Company shares, and the trading platform on which the transactions are carried out is the Euronext regulated market in Paris.

The contract stipulates that its execution shall be suspended under the conditions indicated in Article 5 of the AMF decision No. 2018-01 of July 2, 2018 indicated above, i.e., (i) while the stabilization measures are being carried out under the meaning of (EU) Regulation No. 596/2014 of the European Parliament and Council of April 16, 2014 on market abuse, with the suspension of the liquidity contract taking place from the admission to trading of the securities concerned by the stabilization measures up to the publication of the information indicated in Article 6 Paragraph 3 of the Delegated (EU) Regulation No. 2016/1052 and (ii) during a public offering period or pre-offering period and until the offer is closed, when the issuer initiates the public offering or when the issuer's securities are targeted by the offering.

The contract may also be suspended on the Company's request for technical reasons, such as the counting of shares with voting rights before General Meetings or the counting of shares giving rights to dividends before the ex-dividend date and for a period that it shall specify.

The contract may be terminated at any time by the Company, without notice and with notice of one month for the investment services provider.

Implementation in 2019

In 2019, under the liquidity contract, 1,978,587 shares were purchased, i.e., 1.4% of the Company's capital stock, for a total of €83,386,370, while 2,151,087 shares were sold for a total of €90,612,402. In 2019, the capital loss made through the liquidity contract amounted to €3,063,046. Management fees for the liquidity contract came to €150,000 in 2019. As of December 31, 2019, assets in the liquidity account relating to the liquidity account comprised 19,000 shares and €9,970,893.71 in cash.

SHARES ACQUIRED BY THE COMPANY (EXCLUDING THE LIQUIDITY CONTRACT)

On December 20, 2018, the Company announced that it had entrusted a mandate to an investment services provider for the purchase of a maximum of 1,000,000 shares as part of its buy-back program authorized by the General Meeting of May 29, 2018, in order to cover the future performance share plans set up by Faurecia. These purchases must have taken place at an average price not exceeding the limits imposed by the twelfth resolution adopted by the General Meeting of May 29, 2018, during the period from January 7 to February 8, 2019.

As part of this buy-back, the Company acquired 1,000,000 shares at an average price of €36.00 (weighted gross price). The amount of trading fees was €107,995 excluding tax. The value of these shares, measured at their purchase price, totals €36,580,988.

USE OF TREASURY SHARES DURING THE FISCAL YEAR

During the 2019 fiscal year, the Company used 594,666 treasury shares for the purpose of delivering performance shares to the beneficiaries of plan No. 7.

NUMBER OF TREASURY SHARES HELD AT DECEMBER 31, 2019

At December 31, 2019, the Company held 1,149,994 treasury shares (including 19,000 under the liquidity contract) i.e., 0.83% of the Company's capital stock on that same date. It is stipulated that 1,130,994 treasury shares are allocated to the objective of covering performance share plans and 19,000 are held as part of the liquidity contract.

DESCRIPTION OF THE BUY-BACK PROGRAM

The program description presented below will not be subject to a specific publication, in accordance with the provisions of Article 241-3 of the *Autorité des Marchés Financiers* (AMF) General Regulation.

The General Meeting of June 26, 2020 (seventeenth resolution) will be asked to authorize the Board of Directors to once again trade in Company shares under the conditions described below. It is stipulated that the Board of Directors may not, throughout the duration of the authorization and without the prior authorization of the General Meeting, use this new authorization during a public offering launched by a third party, involving Company shares, until the end of the offering.

This new authorization cancels the authorization granted to the Board of Directors by the General Meeting of May 28, 2019 to trade in Company shares (sixteenth resolution).

Program objectives

Acquisitions are authorized in order to:

- hedge stock option plans and/or free grant of shares plans (or similar plans) to the benefit of employees and/or Group corporate officers, as well as all allocations of shares as part of a group or company savings plan (or similar plan), under a profit-sharing plan and or any other form of allocation of shares to the benefit of the Group employees and/or corporate officers;
- hedge securities giving access to the allocation of Company shares;
- retain the shares purchased and use these shares for exchange or payment at a later stage, as part of any possible external growth transactions;
- cancel shares;
- support the secondary market or the liquidity of Faurecia shares, through an investment service provider under a liquidity contract in accordance with the practices permitted by the *Autorité des Marchés Financiers* (AMF).

This program is also designed to allow the implementation of all market practices that may be permitted by the market authorities, and more generally, the completion of all other transactions in accordance with legislation or regulations that are or may become applicable. In such an event, the Company shall inform its shareholders through a press release.

Maximum number of shares to be acquired

The maximum number of shares that may be purchased may not at any time exceed 10% of the total number of shares comprising the capital stock (for information purposes 13,803,580 shares at the date of December 31, 2019), it being specified that (i) this cap applies to an amount of the Company's capital stock that may, if applicable, be adjusted to take into account the transactions affecting the capital stock after this Meeting and (ii) in accordance with the applicable provisions, when the shares are purchased for liquidity purposes, the number of shares taken into account to calculate the aforementioned cap of 10% corresponds to the number of shares purchased less the number of shares resold during the duration of the authorization. The acquisitions made by the Company may not, under any circumstances, lead it to hold, directly or indirectly through subsidiaries, over 10% of its capital stock. Moreover, the number of shares acquired by the Company for the purpose of retaining and using them for exchange or payment at a later stage, as part of any possible external growth transactions may not exceed 5% of its capital stock.

The shares may, in all or part, depending on the case, be acquired, sold, exchanged or transferred, in one or several installments, by all means, on all markets, including on multilateral trading facilities or through a systematic internalizer, or over the counter, including through the acquisition or disposal of blocks of shares (without limiting the part of the buy-back program that may be completed through this means), in all cases, either directly or indirectly, notably through an investment service provider. These means include the use of optional mechanisms or derivatives subject to the applicable regulations.

Maximum price per share and maximum amount allocated to the program

The maximum purchase price is set at €110 per share (excluding acquisition costs). In the event of capital increase through the capitalization of premiums, reserves or profits by allocations of free shares as well as in the event of a division of shares, reverse stock split or any other transaction affecting the capital stock, the aforementioned price will be adjusted by a multiplication coefficient equal to the ratio of the number of Company shares prior to the transaction and the number of shares after the transaction. On this basis, and for information only, based on the capital stock at December 31, 2019 comprising 138,035,801 shares, and without taking into account the shares already held by the Company, the theoretical maximum purchase amount for the program (excluding acquisition costs) would amount to €1,518,393,800.

Program term

18 months from the General Meeting of June 26, 2020.

It is reminded, where necessary, that the breakdown by objective for the equity securities held at December 31, 2019 is indicated above.

5.4. Share price

Faurecia's share (EO:FP) is listed on compartment A of the Euronext Paris market. It is on the CAC Next20 index (since December 18, 2017) and the MSCI France (since November 30, 2017).

At the end of 2019, it was valued at €48.03 (December 31, 2019 closing quotation), compared with €33.07 at the 2018 closing (December 31, 2018 closing quotation).

It increased by 45.24% over the last year, which is one of the largest increases in the automaker and automotive supplier sector, without, however, reaching its highest levels of mid-2018, before worldwide automotive production began to slow down.

Thus, the annual increase of 45.24% in 2019 outperformed the generalist indicators such as the CAC 40 (+26.37%) or the SBF 120 (+25.24%) and also the Stoxx600 Auto & Parts (+15.09%) or other French (Plastic Omnium +23.45% and Valeo +23.13%) and foreign (Adient +40.10%, Continental -4.55% or Tenneco -52.17%) automotive suppliers.

The average price of Faurecia's share over 2019 was €41.37. The price peaked at €50.64 on December 17, 2019, and hit its lowest point of the year, €30.32, on January 3, 2019.

The average number of monthly trades was 12.47 million shares, representing €512.4 million.

5.4.1. Share price and trading volume (source: Euronext)

	Price *(in €)*			**Trading volume**		
2019 share price and trading volume	**High**	**Average**	**Low**	**Close**	**Equities**	**Capital** *(in € millions)*
January	40.09	35.73	30.12	38.16	14,895,324	532,219
February	42.83	39.10	34.10	41.94	12,635,934	494,118
March	44.87	40.08	36.32	37.48	12,384,011	496,374
April	49.43	44.93	38.20	45.28	11,884,622	534,002
May	46.41	38.36	32.33	33.07	14,139,217	542,371
June	40.95	36.90	32.19	40.81	11,031,763	407,020
July	47.80	40.81	35.47	43.00	15,101,174	616,226
August	43.38	37.99	34.90	39.75	11,601,803	440,698
September	47.91	44.21	38.96	43.52	11,188,056	494,621
October	46.72	42.91	38.71	41.78	14,055,104	603,073
November	50.70	47.60	41.73	48.14	11,696,360	556,777
December	53.02	48.51	45.83	48.03	9,000,134	436,627

	Price *(in €)*			**Trading volume**		
2018 share price and trading volume	**High**	**Average**	**Low**	**Close**	**Equities**	**Capital** *(in € millions)*
January	74.50	70.85	63.72	72.38	9,304,422	659.24
February	74.32	69.63	66.26	69.28	10,117,892	704.56
March	69.26	65.58	62.72	65.72	9,400,982	616.46
April	69.96	67.02	62.32	67.80	7,713,275	516.92
May	76.98	72.17	67.82	72.50	7,732,282	556.76
June	74.68	68.36	60.44	61.12	8,198,913	560.48
July	65.20	60.13	57.54	58.14	10,857,757	652.89
August	58.56	53.94	50.34	52.78	10,030,512	541.09
September	57.68	52.61	50.00	51.84	12,026,430	633.13
October	52.78	44.94	37.72	42.91	19,633,321	882.40
November	47.17	40.53	33.76	34.42	14,509,904	588.09
December	37.45	32.36	30.06	33.07	14,607,878	476.56

5.4.2. Stock market data

	12/31/2019	12/31/2018
Stock market capitalization at end of period *(in € millions)*	6,629.9	4,564.8
Share price *(in €)*:		
■ High	53.02	76.98
■ Low	30.12	30.06
Share price at end of period *(in €)*	48.03	33.07
Shareholders' equity per share *(in €)*	29.96	26.87
Number of shares in circulation	138,035,801	138,035,801

5.4.3. Dividends

Fiscal year	Gross dividend per share (in €) (1)	Total (in €) (2)
2016	0.90	124,232,220.90
2017	1.10	151,839,381.10
2018	1.25	172,544,751.25

(1) Dividend fully eligible for the 40% tax allowance for private individuals resident for tax purposes in France as provided by Article 158, 3 2° of the French General Tax Code.
(2) Figure including the amount of the dividend corresponding to treasury shares held by the Company not paid and allocated to the retained earnings account.

For the 2019 financial year, the Company announced in its press release dated February 17, 2020 related to the 2019 annual results, its intention to propose to the shareholders the payment of a dividend of €1.30 euro per share. This announcement was made before the Covid-19 health crisis was considered by the World Health Organization to be a pandemic and led to a global crisis which had a major impact on all sectors of the economy, including the automobile industry. In this context and given the lack of visibility on the exit from the crisis, the Board of Directors resolved to postpone for one month the General Meeting of shareholders (from May 29, 2020 initially scheduled to June 26, 2020) and to decide on the content of the resolutions submitted to shareholders, including on dividends for the 2019 financial year, at its meeting which will convene the General Meeting of June 26, 2020.

5.4.4. Dividend payment policy

The Company pays dividends in line with the practices of other similar companies, based on the Group's results for the year.

5.4.5. Per share figures

(in €)	12/31/2019	12/31/2018
Non-diluted earnings (loss) per share – Attributable to equity holders of the parent	4.31	5.11
Cash flow per share from operating activities	12.92	11.90

The method used to calculate the weighted average number of shares before dilution to determine per share data is explained in Note 9 to the consolidated financial statements.

5.4.6. 2020 financial calendar

February 17, 2020	Before market	2019 annual results announcement
April 20, 2020	Before market	First-quarter 2020 sales announcement
June 26, 2020	-	General Meeting of shareholders
July 27, 2020	Before market	First-half 2020 interim results announcement
October 23, 2020	Before market	Third-quarter 2020 sales announcement

Relations between Faurecia and the financial community are described in Section 4.1.5.

6 Other information

6.1. Legal information

COMPANY NAME AND HEADQUARTERS

Company name: Faurecia
Registered office: 23-27, avenue des Champs-Pierreux – 92000 Nanterre – France
Telephone: +33 (0) 1 72 36 70 00
Fax: +33 (0) 1 72 36 70 07
Website: www.faurecia.com

The information provided on the website is not part of the Universal Registration Document, unless it is incorporated by reference into it.

LEGAL FORM

On December 26, 2018, Faurecia became a European Company with shares admitted to trading on Euronext Paris. The Company is governed by the provisions of (EC) Regulation No. 2157/2001 of the Council of October 8, 2001 on European companies, by the French Code of commerce and by the texts applicable to it; it refers to the corporate governance standards provided for by the AFEP-MEDEF Code.

Faurecia abides by the legal and regulatory provisions that apply to the governing bodies of listed companies and reports in this Universal Registration Document on the application of the recommendations made in relation to AFEP-MEDEF Code.

STATUTORY AUDITORS

The Company's financial statements are audited by two Statutory Auditors appointed in accordance with Article L. 225-228 of the French Code of commerce.

DATE OF INCORPORATION AND TERM

Incorporated on July 1, 1929.

Company term expiry date: May 28, 2117.

INCORPORATION DETAILS

The Company is registered with the Nanterre Trade and Companies Registry under number 542 005 376.

APE (business identifier code) is: 7010Z.

CONSULTATION OF CORPORATE DOCUMENTS

During the period of validity of this Universal Registration Document, the following documents (or copies thereof) may be consulted, if required:

a. the issuer's articles of incorporation and bylaws;

b. all reports, letters and other documents, valuations and statements prepared by any expert at the Company's request, any part of which is included or referred to in the Universal Registration Document.

In addition, the following documents and information may also be consulted:

a. The registration documents (including the annual financial reports) and interim financial reports filed with the French Financial Market Authority for each of the past 10 years;

b. The Group's annual and biannual presentations of the results and outlook, as well as the quarterly financial information.

The documents indicated above may be consulted at the addresses indicated below.

CONTACT DETAILS

Faurecia
Legal department
23-27, avenue des Champs-Pierreux
92000 Nanterre

The said documents may also be viewed on the Company's website at www.faurecia.com.

CORPORATE PURPOSE

Under Article 3 of the bylaws, the Company's corporate purpose is:

- to create, acquire, run, directly or indirectly manage, by acquisition of holdings, by rental or by any other means, in Europe and internationally, all forms of industrial companies, trading companies, and tertiary sector companies;
- to research, obtain, acquire and use patents, licenses, processes and trademarks;
- to rent all types of real estate, bare or constructed;
- to provide administrative, financial and technical assistance to subsidiaries and affiliates;
- to run plants and establishments which it owns or may acquire in the future;
- to manufacture, use and/or sell, regardless of form, its own products or those of affiliated enterprises;
- to manufacture and commercialize, by direct or indirect means, all products, accessories or equipment, regardless of their nature, intended for industrial use, and in particular the automobile industry;
- to directly or indirectly participate in all financial, industrial or commercial operations that may relate, directly or indirectly, to any one of the above-mentioned purposes, including but not limited to setting up new companies, making asset contributions, subscribing to or purchasing shares or voting rights, acquiring an interest or holding, mergers, or in any other way;

and, more generally, to conduct any industrial, commercial and financial operations, and operations relating to fixed or unfixed assets, that may relate, directly or indirectly, to any one of the above-mentioned purposes, totally or partially, or to any similar or related purposes, and even to other purposes of a nature to promote the Company's business.

ROLE OF THE COMPANY IN RELATION TO ITS SUBSIDIARIES

Faurecia is a holding company, whose assets are primarily made up of equity interests. The Company's industrial assets are held by the operating subsidiaries.

Faurecia provides directly and indirectly financial, accounting, management, administrative and other services to Group companies.

The list of consolidated companies at December 31, 2019 is provided in Chapter 1, Section 1.1. "The Faurecia group - business review and financial statements" This information is usefully supplemented by an organization chart of the operational companies in the Faurecia group, provided in Section 6.2 "Oraanizational structure as of December 31, 2019" of this Universal Registration Document.

FISCAL YEAR

The Company's fiscal year covers the 12-month period from January 1 to December 31.

DISTRIBUTION OF PROFITS

Income available for distribution corresponds to net income for the year, less any losses carried forward from prior years and any amounts appropriated to reserves in compliance with the law or the bylaws, plus any retained earnings.

Out of this income, the General Meeting determines the portion attributed to shareholders in the form of dividends and deducts the amounts it considers appropriate to allocate to any reserve funds or to carry forward.

However, except in the case of a capital stock reduction, no distributions may be made to shareholders if the Company's shareholders' equity represents – or would represent after the planned distribution – less than its capital stock plus any reserves which, according to the law or the bylaws, are not available for distribution.

The General Meeting may also decide to distribute amounts deducted from optional reserves in order to pay or increase a dividend or pay a special dividend.

The Company's bylaws provide that the Ordinary General Meeting approving the financial statements for the year may also decide to offer each shareholder, for all or part of the dividend to be paid or interim dividend, the option between the payment of the dividend or the interim dividend in cash or in shares.

DIVIDENDS – STATUTE OF LIMITATIONS

Dividends not collected within five years of the payment date will be time-barred and paid over to the French Treasury.

REGISTRAR AND PAYING AGENT

The registrar and paying agent for Faurecia shares is Caceis Corporate Trust, 14, rue Rouget-de-Lisle, 92862 Issy-les-Moulineaux Cedex 9, France.

FAURECIA STOCK MARKET DATA

Faurecia's share (EO. PA) is listed on compartment A of the Euronext Paris market (ISIN code FR0000121147). It is on the CAC Next20 index (since December 18, 2017) and the MSCI France (since November 30, 2017).

The LEI code is: 969500F0VMZLK2IULV85.

GENERAL MEETING OF SHAREHOLDERS

The rules governing the participation of shareholders in General Meetings are described in Articles 24 and 25 of the Company's bylaws and are available on the governance page of the Company's website (www.faurecia.com).

General Meetings are held at the Company's registered office or at any other venue specified in the notice of meeting.

Holders of registered shares are notified by mail; the other shareholders are notified via the relevant banks and brokers through the financial notices provided for by the applicable regulations.

A continually updated schedule of all the Group's financial events, including the date of the General Meetings, is available on Faurecia's website at www.faurecia.com.

The right to participate in General Meetings shall be substantiated in accordance with the current statutory provisions.

The rights of shareholders, which may only be amended in accordance with the conditions laid down by applicable laws and regulations, are not affected by any other provision of the bylaws.

VOTING RIGHTS

The Company's bylaws do not provide for any restrictions on voting rights. Voting rights at Ordinary, Extraordinary and Special General Meetings are exercisable by the beneficial owner of the shares.

The bylaws (Article 24) assign double voting rights to all fully paid-up shares that have been registered in the name of the same holder for at least two (2) years. In the case of a bonus share issue paid up by capitalizing retained earnings, income or additional paid-in capital, the bonus shares allotted in respect of registered shares carrying double voting rights will also carry double voting rights as from the date of issue. This double voting right may be canceled following a decision of the Extraordinary General Meeting and after having informed a special meeting of the beneficiary shareholders.

Shares that are transferred or converted to bearer form are stripped of double voting rights. However, double voting rights are not lost and the above-mentioned two-year period continues to run when shares are transferred following the liquidation of a marital estate, or by way of an inheritance or in the form of an inter vivos gift to a spouse or a relative in the direct line of succession.

EQUITY THRESHOLDS THAT MUST BE DISCLOSED TO THE COMPANY

Under Article 31 of the bylaws, when any natural person or legal entity, acting alone or with others as defined in Article L. 233-10 of the French Code of commerce, owns or ceases to own a number of shares so that the capital stock or voting rights held cross a threshold equal or higher than 2% or any multiple of this percentage (or when the holding crosses the thresholds defined in the laws and regulations) that person must notify the Company by registered letter with acknowledgement of receipt of the total number of shares and voting rights he or she holds, within four (4) trading days of the threshold being crossed. This applies in addition to the obligations relating to crossing legally-defined thresholds.

In the case of failure to comply, at the request of one or several shareholders present or represented at the Meeting with combined holdings representing at least 2% of the capital stock or voting rights, the undisclosed shares will be stripped of voting rights. Said request must be recorded in the minutes of the General Meeting.

This provision supplements the statutory requirements concerning disclosure thresholds in Article L. 233-7 of the French Code of commerce.

In the context of the potential change in the Company's shareholder structure related to the contemplated distribution of Company shares by PSA to its shareholders and in order to enable the Company to more precisely monitor changes in its shareholder structure, the General Meeting of June 26, 2020 will be asked to approve an amendment to the bylaws in order to decrease the disclosure threshold to 1% and to provide that the calculation of the disclosure thresholds must be carried out according to the same methods as the crossing of statutory thresholds.

EXISTENCE OF AN AGREEMENT THAT, IF IMPLEMENTED, COULD CHANGE THE CONTROL OF THE COMPANY OR THAT COULD DELAY, POSTPONE, DEFER OR PREVENT A CHANGE IN CONTROL

To the Company's knowledge there are no arrangements in place whose implementation could result in a change in control of the Company at a future date, subject to the combination agreement on the 50/50 merger signed between Fiat Chrysler Automobiles N.V. (hereinafter "FCA") and PSA which will have, if the transation is completed, an impact on the Company's shareholding base. On December 18, 2019, the two companies announced in a shared press release available on PSA's website that they had signed a binding combination agreement committing to the 50/50 merger of their activities. This agreement notably provides that before the completion of the merger transaction, PSA will distribute its 46% stake in Faurecia's share capital to its shareholders. According to the information contained in the press release, the merger should be completed within 12 to 15 months and is subject to usual conditions, notably the vote by shareholders of both groups in their respective Extraordinary General Meetings and in compliance with regulatory requirements (antitrust and other laws).

There are currently no provisions in any Company deeds, bylaws, charters, regulations or provisions in place that could delay, postpone or prevent such a change in control.

FACTORS LIKELY TO HAVE AN IMPACT ON A PUBLIC TAKEOVER BID OR EXCHANGE OFFER

Company's capital structure

The capital structure is presented in Chapter 5, Section 5.1.1."Changes in capital stock".

Direct or indirect investments in the Company's capital stock referred to in Articles L. 233-7 and L. 233-12 of the French Code of commerce that the Company has knowledge of

The direct or indirect investments in the Company's capital stock referred to in Articles L. 233-7 and L. 233-12 of the French Code of commerce that the Company has knowledge of are presented in Chapter 5, Section 5.1.2."Crossing of legal thresholds".

Owners of any stock with special rights of control

Article 24 of the bylaws stipulates that double voting rights are allocated to all shares that have been registered in the name of the same holder for at least two years. Subject to this reserve, no securities carry special control rights referred to in Article L. 225-37-5, 4 of the French Code of commerce.

Statutory restrictions on the exercise of voting rights

As indicated above, the bylaws stipulate in Article 31 that shareholders who do not declare crossings of the legal thresholds in accordance with the specified methods will be stripped of voting rights for the shares exceeding the undeclared portion if one or several shareholders present or represented at the Meeting with combined holdings accounting for at least 2% of the capital stock or voting rights made the request, with said request recorded in the minutes of the General Meeting.

Powers of the Board of Directors

In accordance with the resolutions approved by the shareholders during the General Meeting of May 28, 2019, the Board of Directors cannot, without prior authorization of the General Meeting, implement the Company share buy-back program nor issue shares and securities giving access to shares with or without preferential subscription rights, with the exception of free performance share grants and the issue of shares or securities giving access to shares reserved for employees.

Agreements stipulating payments for members of the Board of Directors or employees if they resign or are dismissed without real and serious cause or if their employment is terminated due to a public takeover bid or exchange offer

There are no agreements of the type referred to in Article L. 225-37-5, 10 of the French Code of commerce in favor of members of the Board of Directors or employees. For commitments made for the benefit of the Chief Executive Officer in the event of forced departure, please refer to Chapter 3, Sections 3.3.1.2.2.5 "Termination payment" and 3.3.4.1.3. "Compensation policy of the Chief Executive Officer".

Agreements entered into by the Company which are amended or terminated in the event of a change in control of the Company

The syndicated loan agreement entered into by the Company on December 15, 2014 includes an acceleration clause under which – subject to certain conditions – each bank may require immediate payment of outstanding sums in the event of a change of ownership of the Company.

This is also the case for the private placement issued under German law (*Schuldscheindarlehen*) of €700 million (see Note 26.3 to the consolidated financial statements).

The bonds issued in March 2018, March 2019 and November 2019 provide for early repayment in the event of a change of control.

None of the above transactions include a minimum Peugeot S.A. shareholding clause.

MEASURES TAKEN BY THE COMPANY TO ENSURE THAT CONTROL IS NOT EXERCISED IN AN ABUSIVE MANNER

The Company is controlled under the meaning of Article L. 233-3 of the French Code of commerce, as shown in the table breaking down ownership in Chapter 5, Section 5.1.1." Changes in capital stock".

The measures taken by the Company to avoid abuse of control are described in this Universal Registration Document:

- Chapter 2, Section 2.1."Participants and systems" with regard to risk control;
- Chapter 3, Section 3.1.2. "Composition of the Board of Directors" and more specifically Section 3.1.2.6. "Independence of members of the Board of Directors";
- Chapter 3, Section 3.1.3. "Organization and functioning of the Board of Directors".

MAJOR CONTRACTS

To date, Faurecia has not entered into any major contracts that would entail a significant obligation or commitment for the Group, other than those that fall within the ordinary course of business.

DEPENDENCE

See Chapter 2, "Internal Controls & Risk Management", and especially risks associated with the automotive supplier business, supplier default risk and intellectual property risk.

SIGNIFICANT PROPERTY, PLANT AND EQUIPMENT

With nearly 300 sites (including 37 R&D centers) and 115,500 employees in 37 countries worldwide, Faurecia is a global leader in its four areas of business: Seating, Interiors, Clarion Electronics and Clean Mobility. None of its manufacturing equipment taken on an individual basis represents a material value in relation to the property, plant and equipment of the Group as a whole. They are mostly dedicated to client programs. As a result, utilization rates are largely dependent on business levels. With very few exceptions, utilization rates for equipment and facilities are not monitored centrally or systematically.

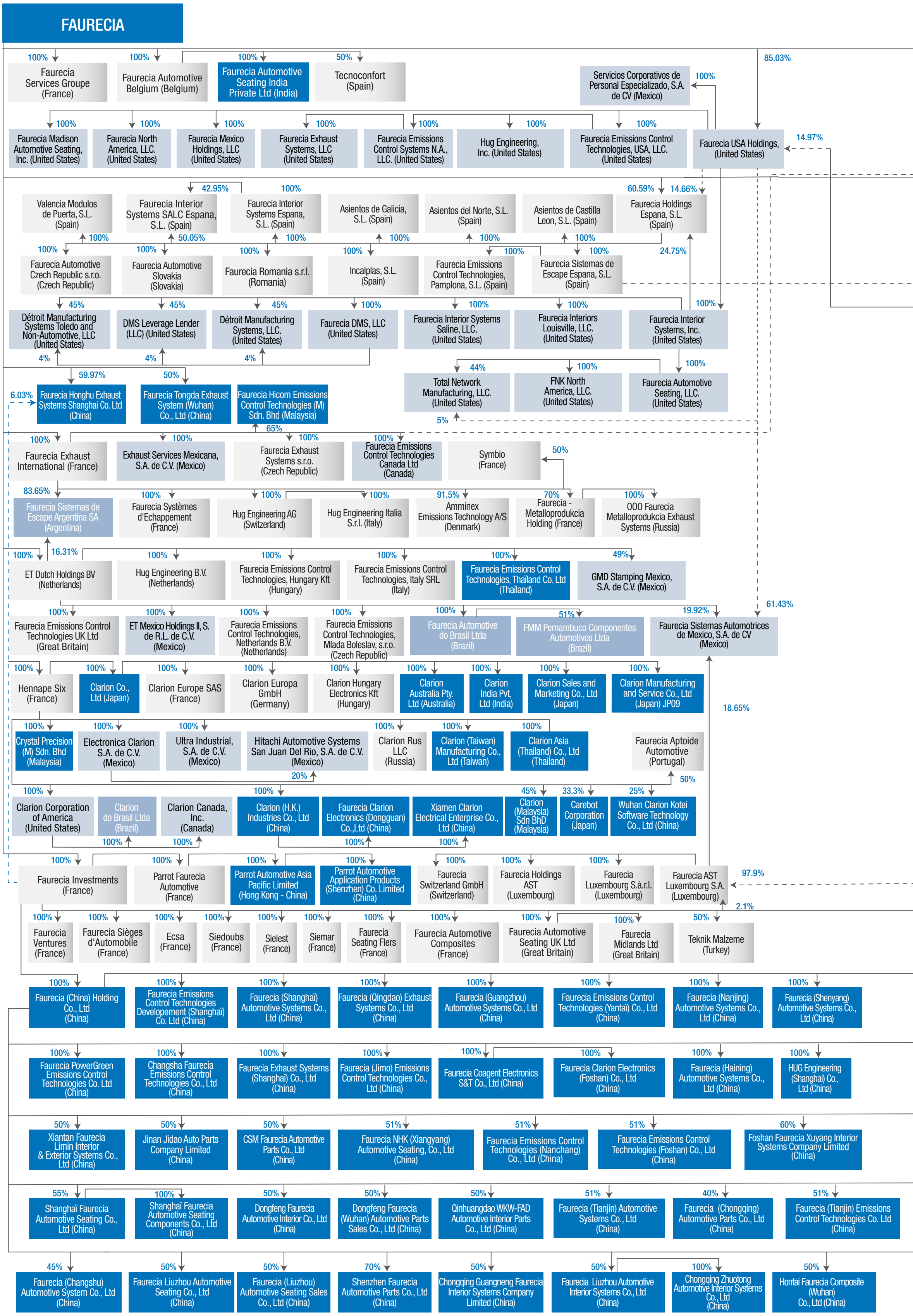
Note 12 A to the consolidated financial statements provides further information.

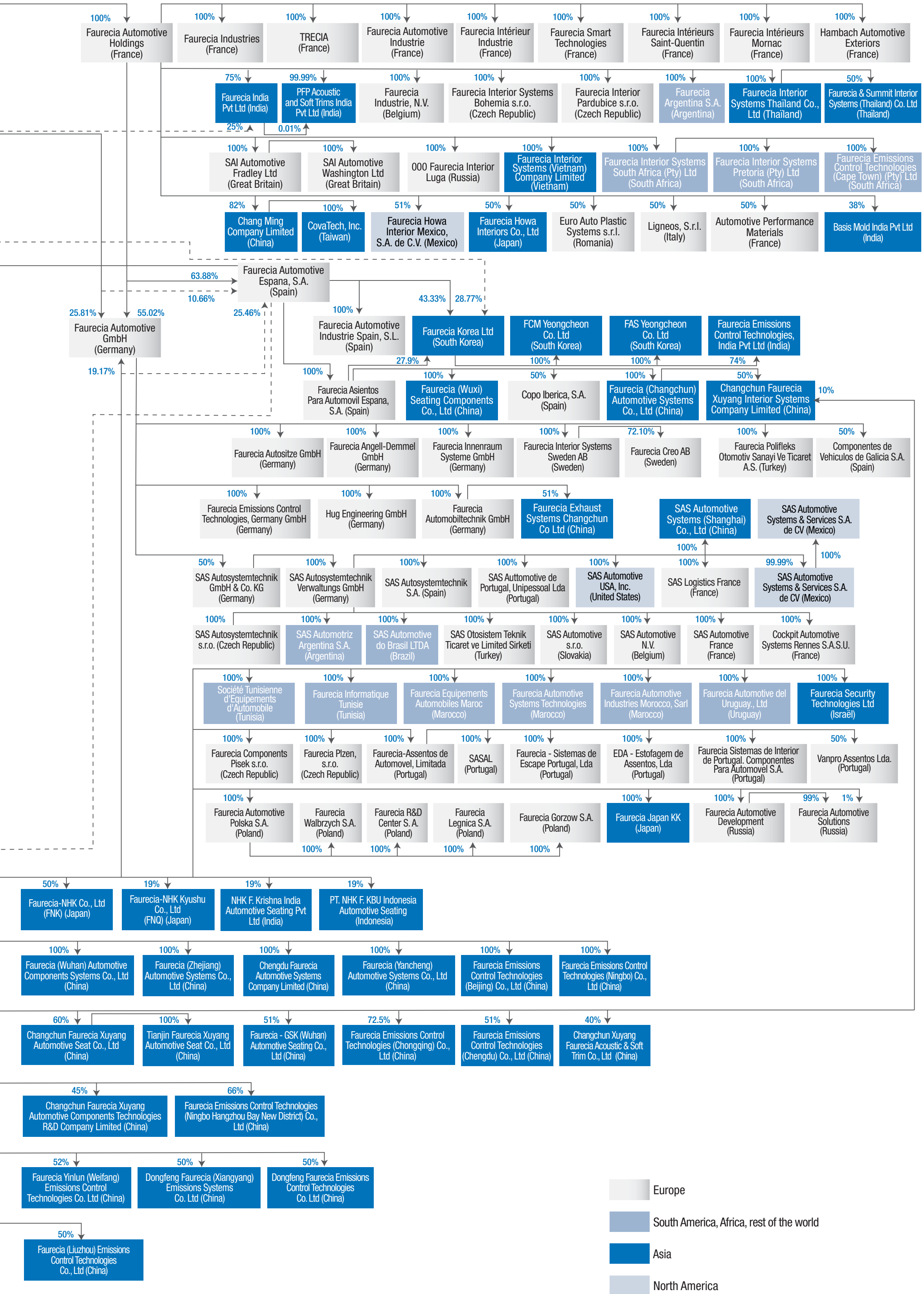
INCORPORATION BY REFERENCE

In accordance with Article 19 of European Commission Regulation No. 2017/1129, the following information is incorporated by reference in this Universal Registration Document:

- the consolidated financial statements, the annual financial statements, the corresponding Statutory Auditors' reports, the comments on the consolidated financial statements and significant events of the year by business and at Company level, set out respectively on pages 43 to 102, 111 to 129, 103 to 106, 130 to 132, 32 to 42 and 107 to 111 of the 2018 Registration Document filed with the AMF on April 26, 2019 under number D. 19.0415.
(https://www.faurecia.com/sites/groupe/files/pages/DDR%202018%20VA%2013052019_0.pdf)
- the consolidated financial statements, the annual financial statements, the corresponding Statutory Auditors' reports, the comments on the consolidated financial statements and significant events of the year by business and at Company level, set out respectively on pages 34 to 91, 99 to 117, 92 to 95, 118 to 120, 24 to 33 and 96 to 98 of the 2017 Registration Document filed with the AMF on April 26, 2018 under number D. 18.0391
(https://www.faurecia.com/sites/groupe/files/investisseurs/ddr_2017_faurecia_veng.pdf)

6.2. Organizational structure as of December 31, 2019




Faurecia Automotive Holdings (France)
Faurecia Industries (France)
TRECIA (France)
Faurecia Automotive Industrie (France)
Faurecia Intérieur Industrie (France)
Faurecia Smart Technologies (France)
Faurecia Intérieurs Saint-Quentin (France)
Faurecia Intérieurs Mornac (France)
Hambach Automotive Exteriors (France)
Faurecia India Pvt Ltd (India)
PFP Acoustic and Soft Trims India Pvt Ltd (India)
Faurecia Industrie, N.V. (Belgium)
Faurecia Interior Systems Bohemia s.r.o. (Czech Republic)
Faurecia Interior Pardubice s.r.o. (Czech Republic)
Faurecia Argentina S.A. (Argentina)
Faurecia Interior Systems Thailand Co., Ltd (Thailand)
Faurecia & Summit Interior Systems (Thailand) Co. Ltd (Thailand)
SAI Automotive Fradley Ltd (Great Britain)
SAI Automotive Washington Ltd (Great Britain)
000 Faurecia Interior Luga (Russia)
Faurecia Interior Systems (Vietnam) Company Limited (Vietnam)
Faurecia Interior Systems South Africa (Pty) Ltd (South Africa)
Faurecia Interior Systems Pretoria (Pty) Ltd (South Africa)
Faurecia Emissions Control Technologies (Cape Town) (Pty) Ltd (South Africa)
Chang Ming Company Limited (China)
CovaTech, Inc. (Taiwan)
Faurecia Howa Interior Mexico, S.A. de C.V. (Mexico)
Faurecia Howa Interiors Co., Ltd (Japan)
Euro Auto Plastic Systems s.r.l. (Romania)
Ligneos, S.r.l. (Italy)
Automotive Performance Materials (France)
Basis Mold India Pvt Ltd (India)
Faurecia Automotive Espana, S.A. (Spain)
Faurecia Automotive GmbH (Germany)
Faurecia Automotive Industrie Spain, S.L. (Spain)
Faurecia Korea Ltd (South Korea)
FCM Yeongcheon Co. Ltd (South Korea)
FAS Yeongcheon Co. Ltd (South Korea)
Faurecia Emissions Control Technologies, India Pvt Ltd (India)
Faurecia Asientos Para Automovil Espana, S.A. (Spain)
Faurecia (Wuxi) Seating Components Co., Ltd (China)
Copo Iberica, S.A. (Spain)
Faurecia (Changchun) Automotive Systems Co., Ltd (China)
Changchun Faurecia Xuyang Interior Systems Company Limited (China)
Faurecia Autositze GmbH (Germany)
Faurecia Angell-Demmel GmbH (Germany)
Faurecia Innenraum Systeme GmbH (Germany)
Faurecia Interior Systems Sweden AB (Sweden)
Faurecia Creo AB (Sweden)
Faurecia Polifleks Otomotiv Sanayi Ve Ticaret A.S. (Turkey)
Componentes de Vehiculos de Galicia S.A. (Spain)
Faurecia Emissions Control Technologies, Germany GmbH (Germany)
Hug Engineering GmbH (Germany)
Faurecia Automobiltechnik GmbH (Germany)
Faurecia Exhaust Systems Changchun Co Ltd (China)
SAS Automotive Systems (Shanghai) Co., Ltd (China)
SAS Automotive Systems & Services S.A. de CV (Mexico)
SAS Autosystemtechnik GmbH & Co. KG (Germany)
SAS Autosystemtechnik Verwaltungs GmbH (Germany)
SAS Autosystemtechnik S.A. (Spain)
SAS Automotive de Portugal, Unipessoal Lda (Portugal)
SAS Automotive USA, Inc. (United States)
SAS Logistics France (France)
SAS Automotive Systems & Services S.A. de CV (Mexico)
SAS Autosystemtechnik s.r.o. (Czech Republic)
SAS Automotriz Argentina S.A. (Argentina)
SAS Automotive do Brasil LTDA (Brazil)
SAS Otosistem Teknik Ticaret ve Limited Sirketi (Turkey)
SAS Automotive s.r.o. (Slovakia)
SAS Automotive N.V. (Belgium)
SAS Automotive France (France)
Cockpit Automotive Systems Rennes S.A.S.U. (France)
Société Tunisienne d'Equipements d'Automobile (Tunisia)
Faurecia Informatique Tunisie (Tunisia)
Faurecia Equipements Automobiles Maroc (Marocco)
Faurecia Automotive Systems Technologies (Marocco)
Faurecia Automotive Industries Morocco, Sarl (Marocco)
Faurecia Automotive del Uruguay., Ltd (Uruguay)
Faurecia Security Technologies Ltd (Israël)
Faurecia Components Pisek s.r.o. (Czech Republic)
Faurecia Plzen, s.r.o. (Czech Republic)
Faurecia-Assentos de Automovel, Limitada (Portugal)
SASAL (Portugal)
Faurecia - Sistemas de Escape Portugal, Lda (Portugal)
EDA - Estofagem de Assentos, Lda (Portugal)
Faurecia Sistemas de Interior de Portugal, Componentes Para Automovel S.A. (Portugal)
Vanpro Assentos Lda. (Portugal)
Faurecia Automotive Polska S.A. (Poland)
Faurecia Walbrzych S.A. (Poland)
Faurecia R&D Center S.A. (Poland)
Faurecia Legnica S.A. (Poland)
Faurecia Gorzow S.A. (Poland)
Faurecia Japan KK (Japan)
Faurecia Automotive Development (Russia)
Faurecia Automotive Solutions (Russia)
Faurecia-NHK Co., Ltd (FNK) (Japan)
Faurecia-NHK Kyushu Co., Ltd (FNQ) (Japan)
NHK F. Krishna India Automotive Seating Pvt Ltd (India)
PT. NHK F. KBU Indonesia Automotive Seating (Indonesia)
Faurecia (Wuhan) Automotive Components Systems Co., Ltd (China)
Faurecia (Zhejiang) Automotive Seat Co., Ltd (China)
Chengdu Faurecia Automotive Systems Company Limited (China)
Faurecia (Yancheng) Automotive Systems Co., Ltd (China)
Faurecia Emissions Control Technologies (Beijing) Co., Ltd (China)
Faurecia Emissions Control Technologies (Ningbo) Co., Ltd (China)
Changchun Faurecia Xuyang Automotive Seat Co., Ltd (China)
Tianjin Faurecia Xuyang Automotive Seat Co., Ltd (China)
Faurecia - GSK (Wuhan) Automotive Seating Co., Ltd (China)
Faurecia Emissions Control Technologies (Chongqing) Co., Ltd (China)
Faurecia Emissions Control Technologies (Chengdu) Co., Ltd (China)
Changchun Xuyang Faurecia Acoustic & Soft Trim Co., Ltd (China)
Changchun Faurecia Xuyang Automotive Components Technologies R&D Company Limited (China)
Faurecia Emissions Control Technologies (Ningbo Hangzhou Bay New District) Co., Ltd (China)
Faurecia Yinlun (Weifang) Emissions Control Technologies Co. Ltd (China)
Dongfeng Faurecia (Xiangyang) Emissions Systems Co. Ltd (China)
Dongfeng Faurecia Emissions Control Technologies Co. Ltd (China)
Faurecia (Liuzhou) Emissions Control Technologies Co., Ltd (China)
Europe
South America, Africa, rest of the world
Asia
North America

6.3. Background

1891. The first automobiles, in the modern sense, are made, powered by gasoline engines. The first steel tubes follow, patented by Peugeot. They are produced mainly at Audincourt, in the Doubs region of eastern France.

1914. Bertrand Faure opens his first workshop, making seats for Paris trams and underground trains, at Levallois-Perret.

1929. Bertrand Faure acquires the license for the Epeda process, enabling the Company to improve its seats for the automotive industry and develop a new product: the spring mattress. Both businesses took off significantly after the Second World War. Bertrand Faure clients include Renault, Peugeot, Citroën, Talbot, Panhard-Levassor, Berliet and Simca.

1950. Bernard Deconinck, the son-in-law of Joseph Allibert, who formed the Allibert company in Isère in 1910, decides to invest in an enormous injection press from the United States. He could use this equipment to mold large plastic parts from a single clamping unit. He changes his customer base from refrigerator manufacturers to the automotive industry.

1955. The Frères Peugeot company, with subsidiaries including Peugeot et Cie, starts producing automotive equipment. The companies diversify over the years, making seats, exhaust systems, and steering columns. They extend operations outside France, dropping some products to concentrate on new lines.

1972. François Sommer, grandson of Alfred Sommer, merges his automotive floor coverings company with that of Bernard Deconinck's company, Allibert. They combine their know-how in textiles and plastics to found the Sommer Allibert group.

In the early 1980s, Sommer Allibert invests heavily to meet the needs of the automotive industry and becomes a leading specialist in interior vehicle fittings for all of the major automakers. International expansion follows, with the acquisition of Spain-based Lignotock, and an extended presence in Germany from 1993.

1987. Cycles Peugeot merges with Aciers & Outillages Peugeot to form Ecia (Équipements et Composants pour l'Industrie Automobile), the PSA Peugeot Citroën group's specialist automotive equipment subsidiary. Over the next ten years, Ecia undergoes concentrated industrial and geographical development.

1990. The company Epeda Bertrand Faure, which started out as a manufacturer of seats and benches for transport vehicles, such as automobiles, railroad passenger cars and streetcars, gradually diversifies into other business segments: first bedding with the Epeda and Mérinos brands, then luggage under the Delsey name in 1982, and finally aeronautics with Ratier-Figeac in 1987. Nevertheless, its core business is still manufacturing components for car seats, particularly for the French market. From 1977, it acquires businesses in Portugal, Spain and Canada and gains a toehold in Germany, but the Company's international expansion enters a new phase in 1990 when it acquires the Rentrop group in Germany. Epeda Bertrand Faure then became the European leader in automotive seating. Throughout the 1990s until 1998, the Company concentrated its expertise in automotive equipment, selling off its other businesses in bedding (Epeda and Mérinos), aeronautics (Ratier-Figeac) and luggage (Delsey).

1992. Ecia sells its cycle business, then its tool business the following year and makes significant acquisitions in companies specializing in exhaust, with Tubauto and Eli Échappement in France, Leistritz Abgastechnik in Germany and Silenciadores PCG in Spain. Ecia then becomes the European leader in exhaust systems. At the same time, its Automotive Seating Division joins forces with the Spanish automotive equipment supplier Irausa to form Ardasa. The Company supplies exhaust systems, seats, interior fittings and front ends to Volkswagen, Renault, Daimler Chrysler, Opel, Honda and Mitsubishi.

December 11, 1997. Ecia makes a friendly takeover bid for Bertrand Faure, bringing its direct and indirect stake in the Group to 99%. While Bertrand Faure sold its luggage (Delsey) and aeronautics (Ratier-Figeac) businesses, Ecia sold its motorcycle business (Peugeot Motocycles) to the PSA Peugeot Citroën group in 1998.

June 1, 1999. Ecia and Bertrand Faure merged giving birth to the Faurecia company, resulting in the PSA Peugeot Citroën group holding a 52.6% stake in Faurecia by the end of 1999. Faurecia then reports sales of over €4 billion, with a workforce of 32,000. Apart from boosting its size and its global position in automotive seating, Bertrand Faure also provides Ecia with a broader geographical and commercial presence, especially in Germany, where the Company has strong links with automakers such as Volkswagen and BMW.

Late 1999. The Faurecia group develops its exhaust systems business in North America by acquiring the US company AP Automotive Systems.

October 2000. Faurecia purchases Sommer Allibert. The PSA Peugeot Citroën group finances the transaction, thus increasing its shareholding in Faurecia to 71.5%. Well established in Germany and Spain, the Group commanded a significant European market share for vehicle interior fittings, especially door and instrument panels and acoustic modules.

2001. The acquisition of Sommer Allibert is completed with a public offer to buy out Sommer Allibert's minority shareholders. The resulting group has sales of €9.6 billion. Faurecia then buys out the remaining minority shares held by external shareholders in Sommer Allibert's German subsidiary SAI Automotive AG.

2002. The Faurecia group acquires 49% of the South Korean catalytic converter maker Daeki Industrial, number two in its market. The same year, Faurecia forms a joint venture with the Taiwanese automotive equipment company GSK, with a view to making seats at Wuhan, in China.

2003. Faurecia follows up these acquisitions by buying the South Korean exhaust systems company Chang Heung Precision, which has market share of over 20%. This gives Faurecia's exhaust systems business a manufacturing presence in all continents. In Europe, the Group signs an agreement with Siemens-VDO, which strengthens and expands their joint venture (SAS): this company assembles cockpits for BMW, Daimler Chrysler, the Ford group, Renault-Nissan and the Volkswagen group.

2005. The Group strengthens its presence in Korea by increasing its shareholding in Daeki (specializing in exhaust systems for Hyundai) to 100%, and signs a joint-venture agreement with the South Korean company Kwang Jin Sang Gong (specializing in door modules for Hyundai Motors and Kia Motors).

2007. The Group takes over the bumper activity of Cadence Innovation France, thus strengthening its market position in this sector in France.

2009. Faurecia acquires Emcon Technologies (formerly Arvin Industries), and becomes the world leader in exhaust systems. This business combination strengthens Faurecia's position with automakers in Germany (as Arvin Industries acquired Zeuna Stärker in 1998), in the USA (particularly Ford), in South America, in India and in Thailand. It gives Faurecia a route into the niche commercial-vehicles market (trucks and off road). With this all-equity acquisition, One Equity Partners (JP Morgan Chase & Co.'s private equity arm), holds a 17.3% stake in Faurecia and PSA Peugeot Citroën's interest is reduced to 57.4%.

Faurecia buys out its joint-venture partner Tata to become the sole owner of Taco Faurecia Design Center. The company is renamed Faurecia Automotive Engineering India and becomes Faurecia's development center in India.

2010. Faurecia becomes European leader in exterior automotive parts by acquiring the German activities of Plastal along with the acquisition of the activities of Plastal Spain S.A. With these transactions, Faurecia Automotive Exteriors broadens its customer base, notably with Ford and the four German premium brands, but also enriches its product offering and reinforces its industrial presence along with its research and development capabilities. It was able to expand internationally, setting up a joint venture in China with Huaxiang, supplier of exterior parts to FAW-Volkswagen.

After taking an 18.75% stake in Xuyang group, in China, the Group is able to expand the line of products and services offered in the strategic areas of complete seats, interior systems, acoustic modules, and interior covers. A strategic alliance with the Geely and Limin groups marks a significant new development stage for Faurecia Interior Systems and Faurecia Automotive Exteriors in China.

In the fourth quarter of 2010, Faurecia Automotive Seating bought the "seat comfort technology" business of the German company Hoerbiger Automotive Komfortsysteme GmbH, and diversified its technological offer in complete seats.

Finally, to strengthen the technological prowess of Faurecia Interior Systems, the Group acquired Angell-Demmel Europe GmbH, the world leader in decorative metal parts for automobile interiors.

2011. In January, Faurecia takes a 21.2% stake in the Danish company, Amminex A/S, thus strengthening its diesel emission control technology.

Faurecia also strengthens its presence in China by signing, in January, a new joint venture agreement with Ningbo Huazhong Plastic Products Co. Ltd to make exterior automobile parts; and, in June, by enlarging the scope of its cooperation with the Changchun Xuyang group. This allows it to develop locally, specifically with the FAW group. In July, it signs an agreement with the Economic and Technological Development Zone of Yancheng for an investment project allowing Faurecia to develop its seat-mechanism activity.

In November, Faurecia launches a €350 million bond issue maturing in December 2016 (the issue is supplemented by another €140 million issue in February 2012 with the same maturity date) and a syndicated line of credit is arranged for €1,150 billion, in two tranches: A (€690 million) and B (€460 million) maturing in November 2014 and November 2016 respectively.

2012. On May 3, Faurecia announces its acquisition of the Ford ACH interior components plant in Saline, Michigan (USA). This plant supplies cockpit modules, instrument panels, door panels and center consoles for 12 automotive programs assembled in 8 Ford plants across North America.

In parallel with this acquisition, Faurecia signs a joint venture agreement with Rush group Ltd, a Rush group company. The joint venture, called Detroit Manufacturing Systems (DMS), takes over activities such as the assembly and sequencing of interior parts at a new plant in Detroit.

On February 14, Faurecia announces that in addition to its €350 million bond issue in November 2011, it has placed another issue with a nominal value of €140 million.

On April 27, Faurecia announces that it has placed a new bond issue with a nominal value of €250 million, maturing in June 2019.

On August 30, Faurecia announces that with effect from that date, it has acquired Plastal France (Plastal SAS), a supplier of plastic body parts for Smart branded vehicles (Daimler group). The transaction follows the previous acquisitions of Plastal Allemagne and Plastal Espagne in 2010, and includes the manufacturing and assembly plant and the operational headquarters in Hambach (France).

On September 10, Faurecia issues convertible bonds (OCEANE), maturing on January 1, 2018. After exercising an over-allotment option on September 12, 2012, it raises €249,999,989.00 (12,833,675 bonds).

On November 29, Faurecia launches a level 1 ADR program listed on the "over-the-counter" (OTC) market in the USA. Each Faurecia ordinary share (listed on the NYSE Euronext Paris market) comprises two ADR shares.

2013. On April 10, Faurecia Interior Systems signs a joint venture agreement with the Thai component manufacturer Summit Auto Seats to support Ford in its development in South-East Asia, particularly in Thailand.

On April 22, Faurecia and Chang'an Automobile group, one of the largest automakers in China, sign a joint-venture agreement.

On November 19, Faurecia and Magneti Marelli announce their agreement to cooperate in designing, developing and manufacturing HMI products for vehicle interiors. The agreement will enhance the added value of interior solutions for the vehicles that Faurecia and Magneti Marelli supply to automakers and end customers.

On December 30, Faurecia redeems early the OCEANE bonds maturing on January 1, 2015 (ISIN FR0010827055). Bondholders opt virtually unanimously to convert their bonds into Faurecia shares: 11,284,793 shares (99.83% of the total outstanding) were converted into 11,736,190 new Faurecia shares.

2014. On January 29, Faurecia announces the establishment, with the Japanese automotive equipment manufacturer Howa, of a joint venture called Faurecia Howa Interiors, for the production in Mexico of interior systems for Renault-Nissan. The agreement signed opens up new commercial prospects for Faurecia: with Nissan in Mexico, Thailand, Spain, Brazil and in South Africa.

On October 3, Faurecia announced the establishment of 50:50 joint venture with Interval, a major French agricultural cooperative.

This agreement results in the establishment of Automotive Performance Materials (APM) which aims to develop and produce biosourced raw materials in order to continue Faurecia's drive to reduce vehicle weight while respecting the environment.

Note that in 2014 Faurecia celebrates 20 years of presence in China. It is also the year in which Faurecia returns to the Paris Motor Show after an absence of 12 years.

2015. On March 27, Faurecia and Dongfeng Hongtai, a subsidiary majority owned by Dongfeng Motor Corporation, one of the largest automotive groups in China, enter into a broad partnership agreement covering all of the Faurecia group's business activities. The first result of this partnership is the formation, in May 2015, of two joint ventures, one with a view to the development, manufacture and delivery of automotive interior components (Dongfeng Faurecia Automotive Interior Co., Ltd) and the other with a view to the development, manufacture and delivery of automotive exterior components (Dongfeng Faurecia Automotive Exteriors Co., Ltd).

On September 24, Faurecia and Beijing WKW Automotive Parts Co., Ltd, one of China's leading manufacturers of automotive interior and exterior decorative parts, sign a joint venture agreement. Together, the two partners aim to unlock synergies in the area of aluminum interior decorative parts for light vehicles.

On December 7, Faurecia announces the early redemption, effective January 15, 2016, of the OCEANE bonds convertible into or exchangeable for new or existing shares issued in September 2012.

On December 14, Faurecia signs a Memorandum of Understanding (MoU) for the sale of its worldwide Automotive Exteriors business to Compagnie Plastic Omnium. The business that would be sold, which is comprised of bumpers and front-end modules, has sales of €2 billion in 2014 and employs 7,700 people in 22 industrial sites. The Automotive Composites business, the Faurecia plant supplying components to Smart in Hambach (France), and two joint ventures in Brazil and China are not included in the deal. The transaction is based on an enterprise value of €665 million. The transaction is expected to close during 2016.

2016. On July 27, Faurecia and Italian company Tabu S.p.A., which specializes in the production of flexible wood trim, sign a partnership agreement which results in the set-up of the joint venture Ligneos, S.r.l. on September 5. With Tabu's unique expertise in the selection, cutting and treatment of wood, the two partners have developed patented technology aimed at extending the use of decorative wood in cars, covering a wider range of surfaces.

On July 29, in keeping with the memorandum of understanding signed on December 14, 2015, Faurecia sells its Automotive Exteriors business to Plastic Omnium. The transaction had been authorized by the European Commission on the condition that Plastic Omnium commit to selling the French sites and one Spanish site focused on the bumper business, along with the front-end module assembly business in Germany.

On October 2, Faurecia and Azin Khodro sign a partnership agreement for the set-up of a joint venture in Iran (Azin Faurecia Interior Systems Company), to develop and produce instrument panels, door panels, center consoles and acoustic modules, with production due to be launched in early 2018.

On November 29, Faurecia and German premium automaker Borgward sign a partnership agreement for the set-up of a joint venture (Borgward Faurecia Auto Systems Co., Ltd) in Tianjin, China, to jointly develop and produce complete automotive seats for the new Borgward vehicles.

On December 2, Faurecia signs a partnership agreement with MAAD, an Iranian joint venture between the Iranian groups Crouse and Avrand, for the purpose of setting up another joint venture, Faurecia Crouse Advanced Exhaust System Co. to develop and produce emission control systems for the Iranian automobile market. The start of production is scheduled for the beginning of 2017.

On December 6, Faurecia announces that it has entered into exclusive talks with Parrot Automotive, one of the leaders in connectivity and infotainment solutions for the automotive industry, in view of developing applications and platforms for connected vehicles. The first step will consist in acquiring a 20% stake in Parrot Automotive. Faurecia could increase its stake to 50.01% as from 2019 and acquire all Parrot Automotive shares by 2022. If the talks are successful, the project will be launched in the first half of 2017.

On December 13, Faurecia, who has been working in close collaboration with Danish company Amminex since mid-2009 and held 42% of its capital stock, announces that it has increased its stake in this company to 91.5%. The remaining shares are held by the Danish foundation Nordea-fonden. Amminex has developed an ammonia storage and delivery system (ASDS™) which has shown its efficiency in eliminating nitrogen oxides (NOx) in diesel engines. By increasing its stake in this company, Faurecia intends to step up the development of this technology for utility vehicles and trucks but also for passenger vehicles. Faurecia is also examining other applications for ASDS™, such as for agricultural vehicles, earthmoving machinery and the high-power engines used in boats and ships.

2017. On February 21, Faurecia announces that it has entered into a partnership agreement with TactoTek, a Finnish company providing solutions for Injection Molded Structural Electronics (IMSE): integrating printed circuitry and electronic components into 3D injection molded plastics. This investment in TactoTek strengthens Faurecia's capabilities for the development and production of intelligent surfaces which are necessary for the Cockpit of the Future.

On March 27, Faurecia announces that it has finalized and signed its strategic partnership with Parrot Automotive. This partnership will allow Faurecia to accelerate development of electronic solutions for the connected vehicle.

On May 4, Faurecia and ZF announce a strategic partnership to work on developing disruptive and differentiating interior and safety technologies for autonomous cars.

On May 15, Faurecia announces the acquisition of exclusive access to the intellectual property and manufacturing know-how of STELIA Aerospace Composites in composite hydrogen tanks. This acquisition supplements Faurecia's investment in Ad-venta, which invented a valve that makes it easier to power fuel cells.

On October 10, Faurecia and MAHLE, an automotive supplier, announce a partnership that will focus on the development of innovative interior heat management technologies for the mobility solutions of the future.

On November 6, Faurecia acquires a majority interest in the Chinese company Jiangxi Coagent Electronics Co., Ltd, which is renamed Faurecia Coagent Electronics S&T Co., Ltd. The new joint venture will develop embedded and innovative infotainment solutions in vehicles.

On December 22, Faurecia announces it has agreed to acquire 100% of the Swiss company Hug Engineering, which is held by the German group ElringKlinger, a leader in the European market in complete exhaust gas purification systems for engines greater than 750 HP and one of the main global players in its segment.

2018. On January 5, Faurecia and Accenture – a global leader in technology consulting – announce a five-year partnership agreement intended to speed up innovation in mobility services. Faurecia and Accenture will combine their innovation expertise and co-invest to create products and services for connected and autonomous vehicles.

On February 15, Faurecia's Board of Directors decides to seek the approval of shareholders to transform the Company into a European Company.

On March 1, Faurecia announces the completion of its acquisition of 100% of Swiss company Hug Engineering, a market leader in exhaust gas purification systems for high horsepower engines (above 750 hp).

On March 16, Faurecia announces an investment in the French start-up Enogia in order to enhance its expertise in energy recovery technology.

On May 9, Faurecia announces an investment in Powersphyr (a start-up based in the Silicon Valley) intended to accelerate its solutions designed for a connected, intuitive Cockpit of the Future.

On May 23, Faurecia announces an investment in American start-up Promethient, thus strengthening the Group ecosystem dedicated to thermal management technologies for tomorrow's mobility solutions.

On June 11, Faurecia announces the signing of a framework agreement for a strategic partnership with one of China's leading automakers, FAW group. This agreement concerns Cockpit of the Future technologies and sustainable mobility solutions.

On July 6, Faurecia and Parrot finalized a framework agreement to acquire as expected 100% of Parrot Automotive by Faurecia.

On July 24, Faurecia announces an investment in start-up SUBPAC, thus strengthening the Group ecosystem dedicated to a customized, adaptable and connected Cockpit of the Future.

On October 1, Faurecia announces the completion of the full acquisition of Parrot Faurecia Automotive.

On October 25, Faurecia announces the creation of a new joint venture with Liuzhou Wuling Automotive Industry Co., Ltd, China's leading car parts manufacturer.

On October 26, Faurecia announces the signing of agreements with Clarion and Hitachi, which holds a controlling interest of 63.8% in Clarion, for a public offer aimed at acquiring 100% of Clarion.

On November 21, Faurecia announces the signing of a strategic partnership with electronics and lighting specialist HELLA, for the development of innovative interior lighting solutions.

On December 19, Faurecia announces an investment in ESP Consulting, an innovative French laboratory using cognitive sciences to optimize human performance and well-being in a variety of situations.

On December 26, Faurecia changes its corporate form to become a European Company.

2019. On February 26, Faurecia announces a partnership with Japan Display Inc. to enhance the digital user experience inside the cockpits by collaborating in the development and integration of large screens within the passenger compartment.

On March 13, Faurecia successfully issues €500 million of senior bonds at 3.125% maturing in 2026 intended to refinance the bridge loan of €500 million set up to finance the Clarion acquisition, as well as the related acquisition costs.

On April 1, Faurecia announces the creation of its fourth Business Group "Faurecia Clarion Electronics", based in Saitama, Japan. This activity has the ambition to become a global leader in cockpit electronics and low-speed ADAS (Advanced Driver Assistance Systems). On October 26, 2018, Faurecia announces its proposed acquisition of the Japanese company Clarion and on March 1, 2019 the success of its takeover bid launched on January 30, 2019. On March 28, 2019, Clarion becomes a company wholly-owned by Faurecia. The new Business Group, Faurecia Clarion Electronics, combines Clarion with Faurecia's previous acquisitions of Parrot Automotive and Coagent Electronics.

On April 10, Faurecia announces that it acquired a majority interest in the Swedish company Creo Dynamics which provides innovative acoustics and Active Noise Control (ANC) solutions. Creo Dynamics technologies fully complement Faurecia Clarion Electronics' audio expertise, enabling an immersive sound experience and personalized sound bubble.

On May 27, Faurecia announces an investment in GuardKnox, an Israeli automotive cybersecurity provider, to reinforce passenger safety and data security in the connected car and for new user experiences.

On June 28, Faurecia announced the creation of a global center of expertise for hydrogen storage systems at its research and development center in Bavans, France. Faurecia aims to invest in research and development in new-generation high-pressure tanks that are more efficient and lighter, as well as in a test center to characterize these tanks.

On July 22, Faurecia announces a partnership with Microsoft to create innovative, connected and customized services within the Cockpit of the Future.

On October 14, Faurecia announces the signature of a Memorandum of Understanding with Continental to acquire the remaining 50% in its joint venture SAS. This joint venture, created in 1996, has become a major player in the assembly and logistics of complex modules for vehicle interiors. This project enables Faurecia to extend its offering of system integration to all interior modules, as well as to its new product lines such as screens, electronics, sensors and thermal comfort.

On October 28, Faurecia announces that it successfully placed an additional issue of €250 million in bonds treated as senior bonds at 3.125% maturing in 2026, issued on March 27, 2019 for a nominal value of €500 million. The net income from this issue is allocated to financing the acquisition of 50% of the shares in the joint venture SAS for €225 million.

On November 5, Faurecia announces the creation of a joint venture, held equally with Aptoide, one of the largest independent Android app stores, with the aim of developing and operating Android app store solutions for the global automotive market.

On November 13, Faurecia successfully placed €700 million in senior bonds at 2.375% maturing in 2027 to refinance its bonds at 3.625% maturing in June 2023.

After the signature on March 11 of a Memorandum of Understanding, on November 21 Faurecia and Michelin formalized the creation of Symbio, their joint venture bringing together all of Michelin and Faurecia's fuel cell activities. Symbio is held equally by Faurecia and Michelin.

On December 4, Faurecia announces its partnership with Devialet, a French designer of remarkable innovations in acoustic engineering, with the aim of offering high-quality audio solutions to automakers.

6.4. Additional information on audits of financial statements

THE AUDIT OF THE FINANCIAL STATEMENTS

In accordance with French company law, Faurecia's Statutory Auditors certify the parent company and Group financial statements and review the situation of its significant consolidated subsidiaries through members of their networks.

In 2019, ERNST & YOUNG Audit and MAZARS received €4.8 million and €3.9 million respectively for their audit assignments.

The table in Note 33 to the consolidated financial statements shows the fees that Faurecia and its fully consolidated subsidiaries recognized in their 2019 financial statements for work assigned to the Statutory Auditors.

PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

	Start date of first term of office	Date of expiry of term of office
STATUTORY AUDITORS		
ERNST & YOUNG Audit represented by Mr. Jean-Roch Varon member of the Versailles Regional Association of Statutory Auditors Tour First TSA 14444 92037 Paris-La Défense Cedex France	June 17, 1983	2025 AGM
MAZARS Represented by Mr. David Chaudat member of the Versailles Regional Association of Statutory Auditors Tour Exaltis 61, rue Henri Regnault 92400 Courbevoie France	May 28, 2019	2025 AGM

6.5. Declaration by the person responsible for the Universal Registration Document and the information officer

Person responsible for the Universal Registration Document

Patrick Koller

Chief Executive Officer (CEO)

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, the financial position and the results of the Company and the consolidated companies making up the Group, and that the management report, for which the cross-reference table is shown on page 357, provides a true and fair picture of the change in business, results and financial position of the Company and its consolidated companies, as well as a description of the main risks and uncertainties they face.

Patrick Koller

Drawn up in Nanterre, on April 30, 2020

Information officer

Michel Favre

Executive Vice-President, Group Chief Financial Officer

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Fax: +33 (1) 72 36 70 07

6.6. Cross-reference tables

Cross-reference table with Annexes 1 and 2 of Delegated Regulation (EU) No. 2019/980 of the European Commission of March 14, 2019

In order to make this Universal Registration Document easier to understand the cross-reference table below makes it possible to identify the key items of information required by Annexes 1 and 2 of Delegated Regulation No. 2019/980 of March 14, 2019.

Information	Headings	Sections
1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL**	
1.1	Persons responsible for the information	6.5
1.2	Statement by the persons responsible for the document	6.5
1.3	Expert statement	NA
1.4	Other statements if information comes from third parties	NA
1.5	Statement on the document's approval	NA
2	**STATUTORY AUDITORS**	**6.4**
3	**RISK FACTORS**	**6.4**
4	**INFORMATION ABOUT THE ISSUER**	
4.1	Legal and commercial name	6.1
4.2	Registration with the trade and companies register (RCS) and legal entity identifier (LEI)	6.1
4.3	Date of incorporation and term	6.1
4.4	Registered office – legal form – applicable legislation – website – other	6.1
5	**BUSINESS OVERVIEW**	
5.1	Principal activities	Introductory Chapter ; 1.1.1.1 ; 1.2.1
5.2	Principal markets	Introductory Chapter
5.3	Important events	Introductory Chapter ; 1.1.1 ; 1.2.1
5.4	Financial and non-financial strategy and objectives	Introductory Chapter ; 1.1.1.2 ; 1.1.1.3 ; 1.1.1.7 ; 1.2.2.3, note 2 ; 4.1.2 ; 4.2 (introductory paragraph) ; 4.2.6 ; 4.3 (introductory paragraph) ; 4.3.2.7 ; 4.4. (introductory paragraph) ; Chapter 4, annex 1
5.5	Level of dependence	6.1
5.6	Competitive position	Introductory Chapter
5.7	Investments	
5.7.1	Material investments made	Introductory Chapter, 1.1.1.6.2 ; 1.1.2.5, notes 4, 10 A, 11, 12 A and 26.3 ; 1.2.1 ; 1.2.2.3, note 17 ; 6.3
5.7.2	Ongoing material investments or firm commitments	1.1.1.6.2 ; 1.1.2.3 ;1.1.2.5, notes 4, 11 and 12A
5.7.3	Joint ventures and significant interests	1.1.2.6 ; 1.2.3 ; 6.2
5.7.4	Environmental impact of the use of property, plant and equipment	4.3
6	**ORGANIZATIONAL STRUCTURE**	
6.1	Brief description of the Group/Organizational chart	1.1.2.6 ;1.2.3 ; 6.2
6.2	List of significant subsidiaries	1.1.2.6 ;1.2.3 ; 6.2

Information	Headings	Sections
7	OPERATING AND FINANCIAL REVIEW	
7.1	Financial position	Introductory Chapter, Chapter 1
7.1.1	Presentation of the development and performance of the business	Introductory Chapter, 1.1.1.3 to 1.1.1.5 ; 1.1.2.5, note 4
7.1.2	Future changes and activities in research and development	1.1.1.1.3 ; 1.1.1.7 ; Introductory Chapter ; 1.1.2.5, note 5.4
7.2	Net operating income	Introductory Chapter ; 1.1.1.4
7.2.1	Significant factors	1.1.1.1 ; 1.1.2.5 note 2 ; 1.2.1
7.2.2	Significant changes in sales or net income	Section 1.1.2.5 note 2
8	CAPITAL RESOURCES	
8.1	Issuer's capital	1.1.2.4 ; 1.1.2.5 note 22 ; 1.2.2.3 note 15
8.2	Cash flows	Introductory Chapter (figures) ; 1.1.1.6.2 ; 1.1.2.3 ; 1.1.2.5 note 21
8.3	Borrowing requirements and funding structure	1.1.1.6 ; 1.1.2.5 note 26 ; 1.2.1 (financial structure and net debt) ; 1.2.2.3, note 17
8.4	Restriction on the use of capital	1.2.1 ; 1.1.2.5 note 26 ; 1.2.2.3 note 17
8.5	Anticipated sources of funds	1.1.1.1.3 ; 1.1.2.5 note 26 ; 1.2.2.3 note 17
9	REGULATORY ENVIRONMENT	2.2.1.10 ; 2.2.3.1
9.1	Description of the regulatory environment and influencing exterior factors	
10	TREND INFORMATION	
10.1	a) Most significant recent trends	Introductory Chapter
	b) Significant change in the Group's financial performance since the closing or a negative statement	1.1.1.1.3 ; 1.1.1.7
10.2	Factor likely to have a material effect on the outlook	Introductory Chapter ;1.1.1.1.3 ; 1.1.1.7
11	PROFIT FORECASTS OR ESTIMATES	NA
12	ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT	
12.1	Information on members of the Company's administrative and management bodies	3.1.2.2 ; 3.6
12.2	Conflicts of interest or negative statement	3.6
13	COMPENSATION AND BENEFITS	
13.1	Compensation and benefits paid or granted	3.3
13.2	Provisions for pensions and other benefits	1.1.2.5, note 25
14	BOARD PRACTICES	
14.1	Terms of office	3.1.2.1 ; 3.1.2.2
14.2	Service contracts or appropriate statement	3.8.3
14.3	Committees	3.1.3.1 ; 3.1.4
14.4	Compliance with corporate governance rules	3.4
14.5	Potential material impacts on and future changes in corporate governance	3.1.2.5
15	EMPLOYEES	
15.1	Breakdown of employees	Introductory Chapter ; 4.2.6
15.2	Equity investments and stock options	3.1.2.1 ; 3.1.2.2 ; 3.3.1.2.2.3 ; 3.3.1.2.3 ; 3.3.1.4.2
15.3	Employee profit-sharing agreements	3.3.3 ; 4.2.3.6

Information	Headings	Sections
16	**MAJOR SHAREHOLDERS**	
16.1	Breakdown of capital or appropriate declaration	5.1.1 ; 5.1.2
16.2	Different voting rights or appropriate statement	5.1.1 ; 6.1
16.3	Control of the issuer	5.1.1. ; 5.1.2 ; 6.1
16.4	Shareholders' agreement	6.1
17	**RELATED PARTY TRANSACTIONS**	
17.1	Details of transactions	1.1.2.5, note 32
18	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**	
18.1	Historical financial information	
18.1.1	Audited historical financial information	1.1.2 ; 1.1.3 ; 1.2.2. ; 1.2.4 ; 6.1
18.1.2	Change of accounting reference date	NA
18.1.3	Accounting standards	1.1.2.5, note 1 ; 1.2.2.3, note 1
18.1.4	Change of accounting framework	1.1.2.5, note 1
18.1.5	Minimum content of audited financial information	1.1.2 ; 1.2.2. ; 6.1
18.1.6	Consolidated financial statements	1.1.2
18.1.7	Date of latest financial information	December 31, 2019
18.2	Interim and other financial information	
18.2.1	Quarterly or half-yearly financial information	1.1.1.1.3
18.3	Audit of historical annual financial information	
18.3.1	Audit report	1.1.3 ; 1.2.4 ; 6.1
18.3.2	Other audited information	3.8.4 ; 1.2.4 ; 4.5
18.3.3	Unaudited financial information	NA
18.4	*Pro forma* financial information	
18.4.1	Significant change in gross values	NA
18.5	Dividend policy	
18.5.1	Description or negative statement	5.4.4 ; 6.1
18.5.2	Amount of dividend per share	5.4.3
18.6	Legal and arbitration proceedings	1.1.2.5, note 24.2 ; 2.2.3.2
18.7	Significant change in the issuer's financial position	1.1.1.1.3 ; 1.1.1.7 ; 1.2.2.3, note 2
19	**ADDITIONAL INFORMATION**	
19.1	Capital stock	
19.1.1	Amount of capital issued	5.1.1
19.1.2	Shares not representing the capital	NA
19.1.3	Treasury shares	5.1.1 ; 5.3
19.1.4	Securities	NA
19.1.5	Vesting conditions and/or any obligations	NA
19.1.6	Option or agreement	NA
19.1.7	History of the capital stock	5.2.3
19.2	Memorandum and bylaws	
19.2.1	Registration and corporate purpose	6.1
19.2.2	Existing share categories	5.1.1
19.2.3	Provisions affecting a change in control	6.1

Information	Headings	Sections
20	**MAJOR CONTRACTS**	
20.1	Summary of each contract	6.1
21	**DOCUMENTS AVAILABLE**	
21.1	Statement on documents available for consultation	6.1

Cross-reference table on information required in the annual financial report

For ease of reading, the cross-reference table below identifies information in this Universal Registration Document that also appears in the annual financial report that listed companies are required to publish under Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulation.

	Sections
STATEMENT BY THE PERSON RESPONSIBLE FOR THE DOCUMENT	**6.5**
MANAGEMENT REPORT (FRENCH MONETARY AND FINANCIAL CODE)	
Analysis of the change in business activity, results and financial position (especially the debt situation) of the parent company and the Group	Introductory Chapter ; 1.1.1. ; 1.2.1 ; 6.3
Key financial and, where applicable, non-financial performance indicators of the parent company and the Group	Introductory Chapter ; 1.1.1 ; 1.2.1 ; 4.1.2 ; 4.2 (introductory paragraph) ; 4.2.6 ; 4.3 (introductory paragraph) ; 4.3.2.7 ; 4.4. (introductory paragraph) ; Chapter 4, annex 1
Main risks and uncertainties and internal control and risk management procedures	2.1. ; 2.2 ; 2.3
Financial risks associated with the effects of climate change and presentation of measures taken by the parent company and the Group to reduce them (low-carbon strategy)	2.2.1.10 ; 4.3.2
Hedging goals and policy, exposure to price, credit, liquidity and treasury risks and use of financial instruments by the Company and Group	1.1.2.5, note 30 ; 1.2.2.3, note 21 ; 2.2.2
Information on share buy-backs	5.3
FINANCIAL STATEMENTS	
Financial statements	1.2.2
Statutory Auditors' report on the financial statements	1.2.4
Consolidated financial statements	1.1.2
Statutory Auditors' report on the consolidated financial statements	1.1.3
Report on corporate governance (see details below)	
Statutory Auditors' report on the report on corporate governance	**1.2.4**

Cross-reference table information required in the management report

For ease of reading, the cross-reference table below identifies information in this Universal Registration Document that makes up the management report, especially pursuant to Article L. 225.100 of the French Code of commerce.

Information	Sections
Parent company and Group position, **business and results** by Business Group, foreseeable changes and material post–balance sheet events	Introductory Chapter ; 1.1.1. ; 1.2.1 ; 6.3 ; 1.2.2.3, note 2
Analysis of the change in business activity, results and financial position (especially the debt situation) of the Company and the Group	Introductory Chapter, 1.1.1 ; 1.2.1 ; 1.1.2.5 notes 26 to 28 and 31 ; 1.2.2.3, notes 17 to 20
Key financial and, where applicable, non-financial performance indicators of the parent company and the Group	Introductory Chapter ; 1.1.1 ; 1.2.1 ; 4.1.2 ; 4.2 (introductory paragraph) ; 4.2.6 ; 4.3 (introductory paragraph) ; 4.3.2.7 ; 4.4. (introductory paragraph) ; Chapter4, annex 1
Main risks and uncertainties of the parent company and the Group and **internal control and risk management procedures**	2.1 ; 2.2 ; 2.3
Objective and policy of hedging transactions for which the parent company and Group's hedge accounting is used	1.1.2.5, note 30 ; 1.2.2.3, note 21
Parent company and Group exposure to **price, credit, liquidity and treasury risks**	2.2.2
Use of parent company and Group financial instruments	1.1.2.5, note 29 ; 1.2.2.3, note 21
Financial risks associated with the effects of **climate change** and presentation of measures taken by the parent company and the Group to reduce them (low-carbon strategy)	2.2.1.10 ; 4.3.2
Research and development activities and existing branches	Introductory Chapter ; 1.1.2.5, notes 5.4 and 11
Crossing of thresholds, controlled companies and equity investments	5.1.2
Changes to the Company's capital stock	5.1.1 ; 5.2.3
Report on **employee profit-sharing**	5.1.1
Purchases and sales of treasury shares	5.3
Dividends paid out by the Company over the last three fiscal years	5.4.3
Non deductible expenses and costs	1.2.1
Terms of payment	1.2.1
Amount of intra-group loans granted by the Company and Statutory Auditors' statement	NA
Company **duty of care plan**	2.2.3.3 ; 4.1.7 ; 4.4.3
Stock transactions by persons with managerial responsibilities	3.5.2
Board's choices regarding **terms and conditions of retention by corporate officers of shares allocated free of charge and/or shares from exercised stock options**	3.3.1.2.2.3, 3.3.1.2.3 ; 3.3.1.4.2 ; 3.3.4.1.3
Table of five-year financial summary	1.2.2.4
Notice of ownership of more than 10% of the capital stock of another joint stock company, **disposal of cross-shareholdings**	NA
Calculation methods and results of **adjustments of accrual bases** of marketable securities and options	NA
Injunctions or financial penalties handed down by the competition authority	NA
Report on payments **made to governments**	NA
Extra-Financial Performance Declaration (see details below) and independent third-party verifier's opinion	Opinion in 4.5
Seveso information	NA
Report on corporate governance (see details below)	

Cross-reference table on information contained in the Board of Directors' report on corporate governance

For ease of reading, the cross-reference table below identifies information in this Universal Registration Document that makes up the report on corporate governance, especially pursuant to Article L. 225-37 of the French Code of commerce.

Information	Sections
INFORMATION ON COMPENSATION OF CORPORATE OFFICERS	
Compensation policy for corporate officers	3.3
Compensation and all benefits in kind paid in respect of the term of office during the fiscal year or allocated in respect of the fiscal year to each corporate officer	3.3.1 ; 3.3.2
Restitution of variable compensation	NA
Commitments of all types made by the Company during the fiscal year	3.3.1. ; 3.8.4 ; 3.3.4.1.3
Compensation from a company included in the **scope of consolidation**	NA
Equity ratio and annual change in compensation over the last five fiscal years	3.3.1.3
Compliance with the compensation policy / Difference and exemptions to the compensation policy implementation procedure	3.3.1
Consideration of the vote of the latest Ordinary General Meeting on the compensation policy	3.3.4
Suspension and reinstatement of Board members' compensation (diversity)	NA
INFORMATION ON OTHER ASPECTS OF THE COMPANY'S BOARD AND MANAGEMENT BODIES PRACTICES	
Corporate office and duties of the corporate officers	3.1.2.2
Agreements signed, directly or through a third party between one of the corporate officers or one of the shareholders owning a fraction of voting rights greater than 10% of a company and another company controlled by the first one under the meaning of Article L. 233-3 of the French Code of commerce with the exception of agreements relating to day-to-day operations and signed under normal terms	NA
Summary table of currently valid **delegations** of authority	5.2.1
Modalities of the **Executive management**	3.1.2.4
Members, conditions for the preparation and **organization of the work** of the Board of Directors	3.1.3
Balanced representation of men and women on the Board of Directors	3.1.2.5
Limitations to the powers of the Chief Executive Officer	3.1.2.4 ; 3.1.3.3.1
Reference to a corporate governance code	Chapter 3 (introductory paragraph) ; 3.4
Procedures for **shareholder participation in the General Meeting**	6.1
Assessment of current agreements	3.8.2
FACTORS LIKELY TO HAVE AN IMPACT ON A PUBLIC TAKEOVER BID	
Capital structure	6.1
Bylaw restrictions on the exercise of voting rights and on share transfers or agreement clauses brought to the attention of the Company in accordance with Article L. 233-11 of the French Code of commerce	6.1
Direct or indirect equity investments in the Company's capital stock	6.1
Owners of any stock with **special rights of control**	6.1
Control mechanisms stipulated in a potential **employee shareholding system**	NA
Agreements between shareholders that, if the Company becomes aware of them, may give rise to restrictions on share transfer and the exercise of voting rights	6.1
Rules on the **appointment and replacement of members of the Board of Directors** and the amendment of the Company's bylaws	NA
Powers of the Board of Directors, especially regarding **share issues or buybacks**	6.1
Agreements entered into by the Company which are amended or terminated in the event of a **change in control of the Company**	6.1
Agreements **stipulating payments for members of the Board of Directors or employees** if they resign or are dismissed without real and serious cause or if their employment is terminated due to a public takeover bid or exchange offer	6.1

Cross-reference table on information constituting the Group's non-financial performance report required by the Article L. 225-102-1 of the French Code of commerce, the Global Reporting Initiative (GRI) Standards and the Principles of the Global Compact

Topic	Policies and Governance	Results of operations	Chapters	GRI	Global Compact
Business model	■ Three Business Groups to drive profitable growth ■ Achieving sustainable value creation through customer focus and operational excellence ■ An efficient risk management system ■ A value-creating model	■ NA	Introductory chapter		
Corporate Social Responsibility Strategy	■ 6 convictions, the foundation for Faurecia's sustainable development strategy ■ Quantitative targets ■ Governance ■ CSR roadmap (6 projects) ■ Commitment within the major international frameworks (Global Compact and Sustainable Development Goals (SDG), French Business Climate Pledge, EcoVadis, TCFD application) ■ Summary of the various levels on which climate challenges are integrated into the Group's strategy and governance on the basis of the eleven key recommendations made by the TCFD ■ Dialog with stakeholders			GRI 102-14	7. Applying the precautionary approach to environmental challenges 8. Undertaking initiatives to promote greater environmental responsibility 9. Promoting the development and diffusion of environmentally friendly technologies
Methodology to identify extra-financial risks and opportunities		NA	Chapter 2 CSR Chapter 4. 4.1.7		
Main extra financial risks			Chapter 2 CSR Chapter 4. 4.1.7		
Safety in the workplace	■ Existence of an HSE network at all levels of the organization ■ Systematic analysis of accidents ■ Mandatory training in HSE rules ■ Regular audit of all sites and systematic in the event of an alert ■ Ergonomic analysis of all workstations	■ FR0t ■ FR1t	CSR Chapter 4. 4.2.1	GRI 403-2 GRI 403-3	
Talents attraction and retention	■ Partnerships with more than 100 post-secondary institutions ■ Integration program directed specifically at new hires ■ Internal mobility policy (including abroad) ■ Regular review of compensation policy ■ Quantitative indicators through dedicated reporting	■ Turnover rate of managers and professionals ■ Percentage of recently recruited employees in the Group	Chapter CSR 4. 4.2.3	GRI 202-2 GRI 401-1 GRI 401-2 GRI 404-1 GRI 404-2 GRI 404-3	
Social dialog	■ Existence of a European Committee ■ Integral part of the duties of the site HR manager ■ Annual survey of employee satisfaction, including social climate	■ Number of establishment or company agreements signed during the fiscal year	CSR Chapter 4. 4.2.4.	GRI 102-41	3. Respect for freedom of association and the right to collective bargaining
Business ethics	■ Global network of "Compliance Officers" ■ Employee training & awareness raising ■ Code of Ethics/internal procedures ■ Existence of a whistle-blowing system	■ Percentage of managers and professionals having received training on the Code of Ethics	Chapter CSR 4. 4.4.1.	GRI 102-16 GRI 102-17 GRI 205	2. Ensuring that their own companies are not complicit in human rights violations. 10. Acting against all types of corruption, including extortion and bribery

Topic	Policies and Governance	Results of operations	Chapters	GRI	Global Compact
Duty of care and responsible purchasing policy	■ "Buy Beyond" sustainable purchasing policy ■ Systematic CSR analysis of new programs of our suppliers ■ Required minimum level score ■ Quality Audit of our suppliers covering all CSR aspects ■ Existence of a whistle-blowing system	■ Rate of suppliers whose CSR performance was evaluated ■ Supplier satisfaction index	CSR Chapter 4. 4.1.7 CSR Chapter 4. 4.4.3	GRI 102-16 GRI 102-17 GRI 308-1 GRI 308-2 GRI 406-1 GRI 407-1 GRI 408-1 GRI 409-1 GRI 412-1 GRI 412-2 GRI 414-1 GRI 414-2	Concerns the principles 1 to 9
Product Quality and Safety	■ ATF 16949 Certification ■ Existence of a designated Quality Control department at all levels of the organization ■ Measuring customer satisfaction ■ Whistle-blowing procedure and culture of documentation and conflict resolution (QRCI, etc.) ■ World Quality Day ■ Specialized and independent auditors	■ Customer satisfaction index ■ % of sites at risk (based on an internal analysis of operational risks)/total sites	CSR Chapter 4. 4.4.2	GRI 416-1	
Environmental impact of production plants and climate change	■ Analysis and control of local environmental risks based on ISO 14001 ■ Monthly HSE committees ■ Network of HSE managers at all levels including at each Faurecia site ■ HSE requirements integrated into the Faurecia Excellence System (FES) ■ Regular internal and FES audit of sites	■ Percentage of ISO 14001-certified production plants ■ Tons of CO_2 equivalent scopes 1 & 2 (production)/€m of sales ■ Energy use in MWh/€m of sales ■ Tons of waste/€m of sales	CSR Chapter 4. 4.3.2	GRI 307 GRI 302-1 GRI 305-1 GRI 305-2 GRI 305-7 GRI 306-1 GRI 306-2 GRI 306-3 GRI 306-4 GRI 304-1	7. Applying the precautionary approach to environmental challenges 8. Undertaking initiatives to promote greater environmental responsibility 9. Promoting the development and diffusion of environmentally friendly technologies
Principle Comply or Explain	Given the nature of our activities, we consider that the following themes: food waste, the fight against food poverty and responsible, fair and sustainable nutrition are not major CSR risks and so do not justify a detailed presentation in this management report.				
Opportunities					
Promotion of diversity		■ % of women/total managers and skilled professionals ■ % of women managers and skilled professionals within top management ■ % of non-Europeans within top management	CSR Chapter 4. 4.2.5	GRI 405-1 GRI 406-1	6. Companies are invited to eliminate discrimination in employment and occupation
Employee commitment		■ Employee engagement index	CSR Chapter 4. 4.2.2		
Employability		■ Number of hours of training per employee per year	CSR Chapter 4. 4.2.2.2	GRI 404-1	
Innovation of products to improve air quality and reduce the CO_2 footprint		■ Scope 3 of GHG emissions (including those generated via the use of products sold) ■ Number of new patents ■ Launch of the definition of an EcoDesign methodology (simplified product life cycle analysis)	CSR Chapter 4. 4.3.3		9. Promoting the development and diffusion of environmentally friendly technologies

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Designed & published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

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