2021 UNIVERSAL REGISTRATION DOCUMENT

Including the Annual Financial Report
and the Integrated Report

FORVIA
faurecia

Contents

On January 31, 2022, Faurecia has completed the acquisition of HELLA GmbH & Co. KGaA. Due to the recent inclusion of HELLA in the scope of consolidation of the Group, this Universal Registration Document mainly contains information on the scope of consolidation of Faurecia as of the end of 2021, supplemented by certain information relating to the acquisition and governance of HELLA, as well as historical financial information relating to HELLA (for more details please refer to Chapter 6 of this Universal Registration Document).

UNIVERSAL REGISTRATION DOCUMENT 2021

INCLUDING THE ANNUAL FINANCIAL REPORT AND THE INTEGRATED REPORT

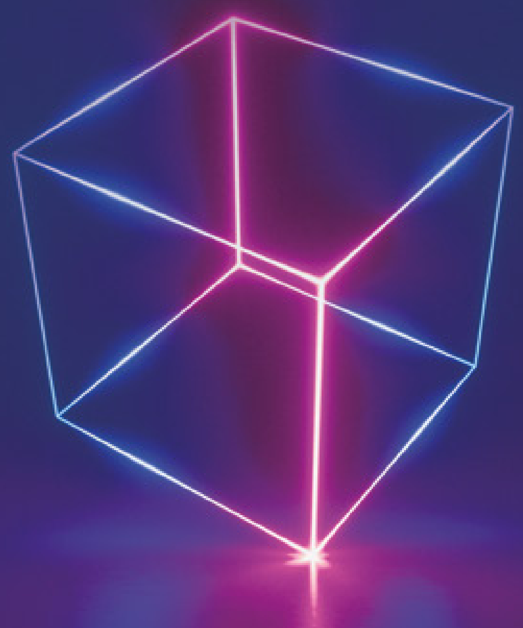
AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Universal Registration Document has been filed on April 6, 2022 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.

As we publish this Universal Registration Document, we continue to extend our support to employees, partners and suppliers affected by the tragic ongoing situation in Ukraine.

MOBILITY IS EVOLVING

SO ARE WE



This integrated report 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.

Faurecia is deeply engaged in meeting the challenges of the mobility revolution with innovative and sustainable solutions. This year we have driven a number of historic changes making us a stronger, more resilient and future-focused Group.

This document is the introductory chapter of Faurecia's 2021 Universal Registration Document. For further information please consult the Group's website **www.faurecia.com**

Innovation drives the automotive industry.
SO **DO** WE

10

Sustainability is a collective challenge.
SO WE **ACT**

30

Strategy and governance guide business.
SO WE **OPERATE**

40

Success is judged by performance.
SO WE **DELIVER**

50

Contents

"Faurecia has the privilege to be supported by two very strong family investors with a long-term vision."

Michel de Rosen,
Chairman of the Board

2021 has been a historic year for Faurecia. With the spin-off from Stellantis, we have said goodbye to the past. With the acquisition of HELLA, we enter the future.
We successfully achieved the spin-off from our long-term shareholder Stellantis, which, as PSA, supported the development of our Group over the past twenty years. Becoming fully independent has been a long-term goal of Faurecia for many years. It followed naturally from the creation of Stellantis in early 2021. We have valued the continued support from PSA and look forward to serving Stellantis as a technology partner and customer in its own strategic ambitions.

The Board of Directors carefully follows industry evolutions, to ensure Faurecia is well positioned to respond to automotive megatrends such as electrification, automated driving, cockpit experiences and circular economy. In the context of the acceleration of key fast-growing

| Foreword | from Michel de Rosen, Chairman of the Board

"With the acquisition of HELLA, we enter the future."

technology areas, notably electronics and software, we decided to present an offer to acquire HELLA – a highly complementary and compatible company. We were delighted and proud that our offer was selected by the Hueck and Roepke family and the board of HELLA. This transformational acquisition broadens our portfolio, strengthens our leadership position in our different business activities and creates the conditions for future sustainable and profitable growth.

Since August, when the deal was announced, Faurecia and HELLA teams have worked closely together to structure our future collaboration for the benefit of our customers and all stakeholders. This next step in the Group's development also reflects a true Faurecia mindset. In a difficult context, with considerable pressure, we are accelerating our transformation.

Responsibility and sustainability are strongly shared convictions for both our companies. Faurecia has created a robust governance driving our environmental, social and societal commitments, embedded into decision-making at Board, Executive and all levels of the Group. Given the essential role of sustainability in the Group's strategy, in 2021 we expanded the scope and renamed one of our three permanent Board committees as the Governance, Nominations and Sustainability Committee.

During this past year, we have also strengthened our governance and increased its independence, welcoming Jean-Bernard Lévy as Board member and Chairman of the Governance, Nominations and Sustainability Committee. We also welcomed Judy Curran as Board member on February 18, 2022, who will bring additional automotive and technology expertise. Following the acquisition of a controlling interest in HELLA, the appointment of Dr Jürgen Behrend to Faurecia's Board of Directors, as representative of the Hueck and Roepke family, will be proposed at the 2022 Faurecia shareholder meeting. Dr Behrend has forty years of automotive experience and will bring valuable operational expertise. Faurecia now has the privilege to be supported by two very strong family investors with a long-term vision - Peugeot 1810 and the Hueck and Roepke family, alongside our other significant shareholders, Exor and Bpifrance. We are convinced that the presence of such shareholders in our share capital and in our Board of Directors is a key asset and signal to the market of the Group's stability and strength.

Faurecia's annual shareholders meeting was an important occasion to present the Group's results, prospects, and strategy, as well as governance. It was also very special for us as we welcomed all the new shareholders coming from the distribution of Faurecia shares by Stellantis.

Last but not least, in order to support our new ambition, Faurecia and HELLA recently announced that the newly combined Group is named FORVIA. FORVIA embodies a Group committed to driving change in the mobility transition ahead and relies on the complementary technology and industrial strengths of Faurecia and HELLA. As we enter 2022, we look forward to collaborating on a common strategy to meet the major changes transforming our industry.

In this momentous year for Faurecia, on behalf of the Board, I thank Faurecia's management teams for their engagement, all employees for their performance throughout 2021 and all our shareholders for the confidence they have shown in our Group in this new page in our history.

"We are now a system enabler combining hardware and software."

Patrick Koller,
Chief Executive Officer

| Interview |
Patrick Koller, Chief Executive Officer

"As FORVIA, we will be a stronger and more robust Group. We are targeting sales of above €33 billion in 2025."

2021 was a foundational year for Faurecia. Before we go into detail, can you share the highlights?

Patrick Koller: Firstly, I want to thank our teams for their incredible resilience, commitment and performance in a year that has been a turning point in Faurecia's history. Together we have seen three key highlights. In March we became independent from Stellantis (ex PSA), with an enlarged international shareholder base, bringing us more visibility and greater autonomy. I would like to thank Stellantis for its continuous support over the years as a shareholder backing our company's transformation. A second was the success of our employee share ownership plan with a high subscription rate of 22%. It symbolizes employees' confidence in Faurecia's strategy and sustainable future, and their commitment to our CO_2 neutrality and diversity ambitions, and I would like to thank them again for that. Third, last August, we launched our operation to combine with HELLA, a major step forward in our ambition as a global technology leader. Within five months, we successfully achieved all the necessary steps to this significant acquisition, enabling us to launch our new Group – FORVIA – opening many new horizons for our business and people. We did all that while keeping a strong focus on delivering results despite a very challenging environment and a crisis lasting much longer than expected.

How does the acquisition of HELLA accelerate your strategy?

P.K.: It is an acquisition with a strong strategic rationale and growth path, giving us a broad portfolio across six Business Groups – Interiors, Seating, Electronics, Clean Mobility, Lighting and Lifecycle Solutions. This makes us a global player, and seventh largest Tier-1 supplier, designing and manufacturing solutions for safe, sustainable, advanced and customized mobility. To find an acquisition of this quality – in terms of technology, customer and geographic fit – is rare, and has been a unique opportunity for Faurecia. We will reduce our exposure to the internal combustion engine to about 10% of sales by 2025, while retaining great quality and profitability in our remaining activities in this business. This foresight has given us a leading edge within our industry.

We share with HELLA strong convictions, especially for a low-carbon future. It's a combination that increases the scale and scope of two highly complementary companies with a shared automotive and performance culture. We are now a system enabler combining hardware and software. As FORVIA, we are targeting sales above €33 billion in 2025.
Customers have reacted very positively to the news, especially as we will have a more international footprint, closer to them in different regions with an expanded network of R&D and production sites. Enhancing our technology offer and global presence will make FORVIA a more sought-after partner, as well as more attractive for the talented people we will need for our future.

"We will grow from a €1 billion to €7 billion electronics business by 2025 reaching a critical size and capability."

Does this also strengthen Faurecia's role in electromobility?

P.K.: Absolutely. HELLA has an interesting technology portfolio for battery-powered vehicles. Faurecia, for its part, is very advanced in hydrogen mobility, with notable contracts in 2021 with key players like SAIC, Stellantis and Renault. The success of these solutions has been demonstrated in different applications, from light commercial vehicles to heavy-duty trucks. Combining Faurecia and HELLA is positioning us more strongly on battery (BEV) and fuel cell electric vehicles (FCEV). In addition, we also have a market-leading expertise in solutions for hybrid powertrain, allowing us to support customers moving from ultra-low to zero-emissions mobility.

Following the acquisition of Clarion in 2019, what additional electronics and software expertise does HELLA bring?

P.K.: It will enable us to grow from a €1 billion to €7 billion electronics business by 2025, reaching a critical size and capability that is important for our customers. Together, we offer a comprehensive technology portfolio covering Automated Driving, Energy Management, Sensors & Actuators, Lighting and Body Electronics, HMI and Displays. As software becomes increasingly central to automotive systems, we will be able to support our customers with solutions that can be adapted and upgraded over time.
This supports our vision for Lifecycle Solutions of extending product lifecycle and vehicle value.

Also, combining HELLA's electronics, software and lighting with Faurecia's expertise in interiors, seating, HMI and displays, makes us uniquely placed to design attractive and customized user experiences in the cockpit of the future.

2021 was also marked by continued Covid-19 and a semi-conductor supply crisis. How have you managed these difficulties over the year?

P.K.: In terms of Covid-19, I would say that we have learned to live with it. The safety of our employees has continued to be our number one priority. We remain very attentive to the evolving health situation and have continuously adapted our "Safer Together" protocols in line with the latest research and public health recommendations.
Production has been more significantly affected by the semi-conductor crisis that disrupted our customers' activity and generated a permanent stop-and-go for Faurecia, requiring an incredible flexibility at operational sites. Our teams have done a great job in finding solutions to satisfy customer demand. There will be an easing of this situation, but not until H2 2022.
Overall, 2021 has been a convergence of "crises": Covid-19, supply disruptions and costs inflation. These have impacted Faurecia's results, but we have demonstrated our ability to continue to create value during this challenging period.
Next year, worldwide automotive production should rebound and the chip shortage is expected to ease in the second half of the year.

What's your outlook for 2022 and beyond?

P.K.: 2021 was a foundational year for Faurecia as we gained our independence and accelerated our strategy. 2022 will be a year of consolidation, deleveraging and renewed ambition. From day one of our collaboration with HELLA we have been focused on enhancing competitiveness and driving new value creation, with a target of over €250m of synergies by 2025. Our key priority is performance – ensuring perfect execution of program launches, capitalizing on our expanded product lines, paying close attention to sustainable cash generation and deleveraging the company. I believe that our industry will rebound, and Faurecia will make a rapid return to profitable, long-term growth.
As FORVIA, we will be a stronger and more robust Group. We will continue to develop through the lens of sustainability by confirming a commitment to becoming CO_2 neutral in operations (scopes 1 & 2) by 2025 and CO_2 Net Zero no later than 2050.

"We have demonstrated our ability to continue to create value during this challenging period."

You mentioned the creation of FORVIA. What does this name signify?

P.K.: FORVIA symbolizes a Group committed to inspiring mobility. "For" evokes our foresight and role as a leading player in this major energy and environmental transformation. "Via" conveys the journey we are embarking on.
Our role in reshaping mobility of the future and our commitments to the planet, business and people will make us a company that will offer exciting careers for the next generations of talents who will join us, as well as those who are already part of our journey.
I would like to thank everyone who is working in and with our Group to support this vision.

HIGHLIGHTS 2021 & EARLY 2022

08/03/21
Stellantis distributes its shares in Faurecia. Faurecia becomes an independent Group.

16/03/21
Launch of Faurecia's first employee share ownership plan, Faur'ESO.

31/05/21
Faurecia's first Annual General Meeting as an independent Group.

30/06/21
Very high subscription to Faur'ESO. Employee share ownership around 2% of capital.

14/08/21
Faurecia announces its intention to acquire HELLA to create a global leader in fast-growing automotive technologies.

27/09/21
Launch of voluntary public takeover offer for outstanding shares in HELLA.

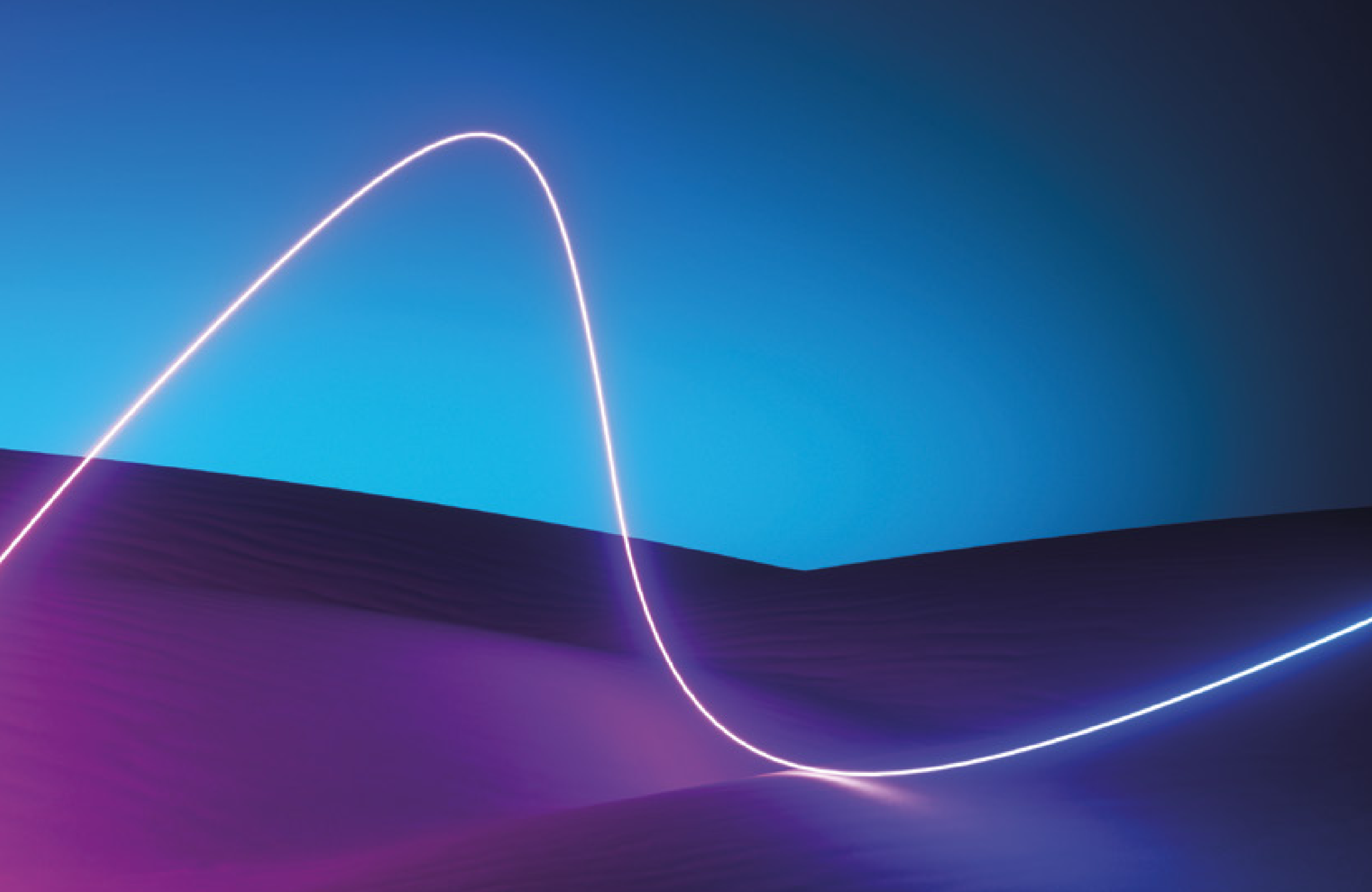
31/01/2022
Faurecia holds a controlling interest with more than 80% of HELLA shares and becomes new HELLA controlling shareholder.

07/02/2022
Creation of FORVIA.

INNOVATION DRIVES THE AUTOMOTIVE INDUSTRY

SO DO WE

Mobility is evolving fast. Our strategy is aligned with the megatrends shaping our industry: onboard experiences, automated driving, zero-emissions mobility and sustainable automotive design – materials, energy efficiency, extending product life and increasing recyclability. In 2021, we accelerated our transformation, creating a global technology leader thanks to our acquisition of a controlling interest in HELLA.



A UNIQUE COLLABORATION TO DRIVE OUR TRANSFORMATION

With the acquisition of a controlling interest in HELLA, Faurecia and HELLA create FORVIA - a global automotive supplier with an advanced technology portfolio and innovation capability. Aligned with key industry megatrends and fast-growing technology areas, FORVIA is uniquely placed to bring solutions for a safe, sustainable, advanced and customized mobility.

150,000
EMPLOYEES
& OVER 150 NATIONALITIES

300
PLANTS

1 IN 2
VEHICLES GLOBALLY EQUIPPED WITH FORVIA PRODUCTS

#7 GLOBAL AUTOMOTIVE SUPPLIER

35,000
ENGINEERS

77 R&D CENTERS

800
ACTIVE PROGRAMS IN 2021

PRESENCE IN
42 COUNTRIES

>80
CUSTOMERS

FORVIA

6 BUSINESS GROUPS

CLEAN MOBILITY

A full technology offer for every step of the zero-emission transition, from ultra-low emission powertrain technologies to power and energy management for battery and fuel cell electric vehicles.

- Ultra-low emissions solutions for passenger vehicles
- Ultra-low emissions solutions for commercial vehicles
- Zero-emissions solutions

LIGHTING

State-of-the-art lighting technologies, providing highest safety and comfort, efficiency and design.

- Headlamps
- Rear Lamps
- Interior Lighting
- Car Body Lighting

INTERIORS

Full interiors systems capability including the seamless integration of smart functionalities and development of new, sustainable materials.

- Instrument Panels
- Door Panels
- Center Consoles
- Sustainable Materials
- SAS Cockpit Modules

SEATING

Seats and seating systems that optimize the safety, comfort and wellbeing of occupants and eco-designed for customization and premium quality.

- Complete Seats
- Mechanisms & Frames
- Covers & Comfort Solutions

ELECTRONICS

A comprehensive portfolio for all market trends, drawing on technologies, capabilities and integration competencies of both Faurecia and HELLA.

- Sensors & Actuators
- Automated Driving
- Lighting/Body Electronics
- Energy Management
- Cockpit Electronics
- HMI/Displays

LIFECYCLE SOLUTIONS

Solutions for specialists, extending the vehicle lifecycle with spare parts as well as workshop equipment and applying OE know-how for special target groups.

- Independent Aftermarket
- Workshop Solutions
- Special Original Equipment

SALES AMBITION FOR 2025

>€33bn

| WE SHAPE |

SAFE MOBILITY

WE RELENTLESSLY ENHANCE MOBILITY SAFETY – INSIDE AND OUT.

Safety is the most critical aspect of every vehicle and component, ensuring a secure environment for drivers, passengers and other road users.

Many of FORVIA's technologies inside and outside the vehicle play a vital role in the design of safer mobility solutions. For example, Faurecia has developed active safety management systems linking seat structures, safety components and electronics to provide a safety cocoon in any position. Camera-based monitoring systems are essential for tracking driver drowsiness, distraction, handover readiness and mental availability.
Light is not only essential for both seeing and being seen: HELLA's high-performance technology also supports the energy efficiency of vehicles.

User-centered design expertise also allows us to develop intuitive HMI systems that play a key role in building trust between driver and vehicle as we shift to highly automated driving modes.

Leveraging our expertise across a range of hardware, software and electronics, FORVIA provides a seamless integration of the different technologies that ensure a smoother, smarter and safer mobility.

-80%

HELLA FLATLIGHT TECHNOLOGY CAN REDUCE ENERGY CONSUMPTION BY AROUND 80% COMPARED TO A CONVENTIONAL LED TAILLIGHT

TECH HIGHLIGHT

HELLA lighting technologies deliver superior performance, high design quality and improved energy efficiency.

| WE SHAPE |

SUSTAINABLE MOBILITY

WE FRAME EVERYTHING THROUGH THE LENS OF SUSTAINABILITY

Climate change affects every single person and community on our planet. We are playing our role in limiting its progression and ensuring sustainable development for future generations.

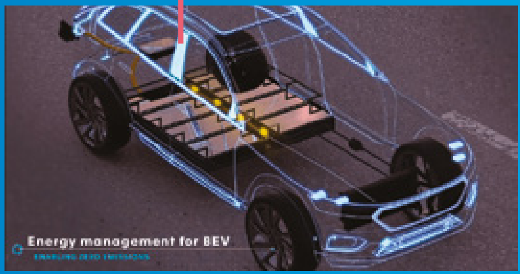
FORVIA will continue to develop mobility solutions through the lens of sustainability, committed to becoming CO_2 neutral in operations (scopes 1 & 2) by 2025, and CO_2 Net Zero for all scopes including product usage by 2050 at the latest.
Electrification is a fundamental shift for the automotive industry. Faurecia and HELLA together support the powertrain needs of passenger vehicles, commercial trucks and industrial applications with efficient aftertreatment solutions for ultra-low emissions and comprehensive solutions for electrification - battery-powered and hydrogen mobility.

With a broad technology portfolio and market-leading expertise, FORVIA is a unique partner supporting customers at every step in the transition to zero-emissions mobility.
The switch to electric powertrains will extend vehicle use in the future, driving demand for replacing, improving or upgrading elements that wear out, age or go out of date. Combining the aftermarket repairs, services, special applications and sustainable materials development of Faurecia and HELLA also allows us to develop ways to extend product lifecycle and vehicle value, in line with a more circular economy approach.

€240m

INVESTED BY FAURECIA SINCE 2018 IN R&D, MANUFACTURING, STRATEGIC PARTNERSHIPS AND ACQUISITIONS FOR HYDROGEN MOBILITY

TECH HIGHLIGHT



Faurecia and Symbio supply Stellantis with fuel cell stacks and hydrogen storage systems for its light commercial vehicle (LCV) ranges. This first LCV hydrogen mobility system at scale highlights our capability as a full systems provider.

| WE SHAPE |

ADVANCED MOBILITY

WE PROVIDE SOLUTIONS TO KEEP PEOPLE CONNECTED, PRODUCTIVE AND ENTERTAINED WHILE ON THE MOVE.

80% of vehicles will be connected by 2025, driven by safety legislation, customer expectations for infotainment and developments for automated and autonomous driving.

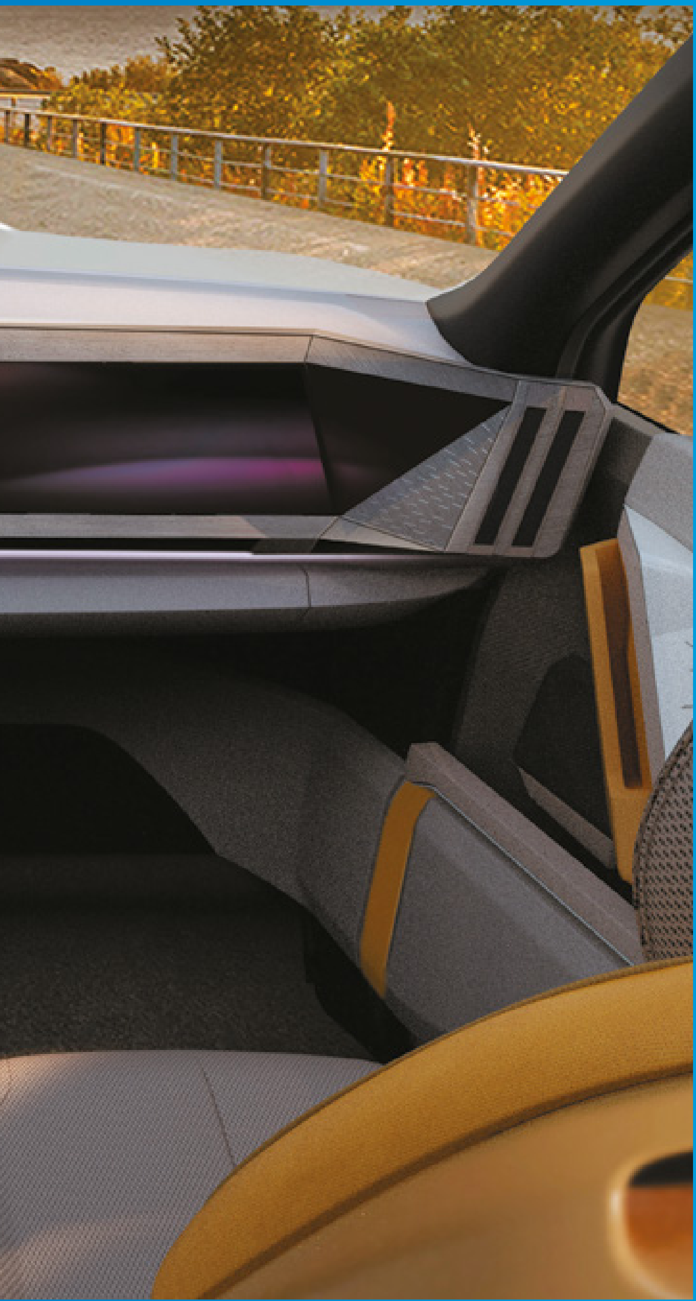
Connectivity makes the car a digital enabler for today's always-on lifestyles. With seamless digital continuity, integrated wireless charging, customizable content and services, our advanced solutions feature all the technologies for a fully connected onboard experience.

The connectivity and onboard intelligence required for automated and, in the future, autonomous driving requires a wide range of technologies. The higher the level of automation, the more complex the features and functions become.

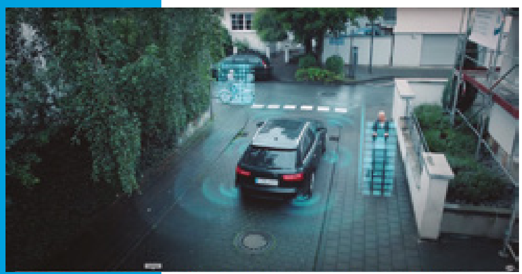
Combining the lighting, steering and braking systems, electronics, radars, sensors, software, AI, and cybersecurity expertise of Faurecia and HELLA, FORVIA creates reliable data-driven systems that make mobility safer, less stressful and more pleasurable.

3 million

VEHICLES FEATURE FAURECIA APTOIDE'S APP STORE



TECH HIGHLIGHT



Faurecia has achieved the highest global cybersecurity standard ISO 21434, ensuring safe hardware and software operations as vehicles become more connected and automated.

| WE SHAPE |

CUSTOMIZED MOBILITY

WE OFFER SOLUTIONS FOR CUSTOMIZED, AESTHETIC AND EMOTIONAL EXPERIENCES.

Because every occupant is different, we focus on designing a versatile and customized environment that adapts to each occupants' needs – whether it is for individual comfort or for shared activities and enjoyment.

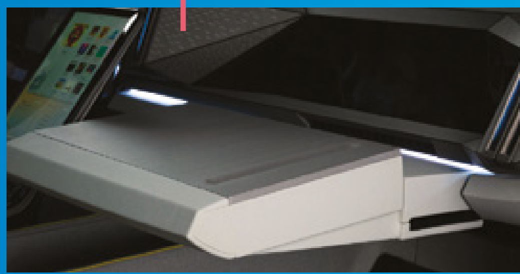
Our system engineering experience across the full cockpit interior allows us to create solutions that enhance user experience. Examples include thermal comfort systems that automatically adjust to each occupant, smart displays that improve visibility and readability, intelligent seating that alleviates potential back pain and counteracts fatigue, and ambient interior lighting. Integrating high-definition screens with dynamic lighting and user interfaces, we show how to transform the instrument panel into a unique and interactive smart surface, bringing occupants an intuitive and immersive experience.

Informed by consumer intelligence and technology insight, with a portfolio spanning seating, interiors, lighting and electronics, we create solutions that enhance people's comfort, wellness and pleasure.

30%

FASTER TIME TO SENSATION WITH FAURECIA'S INDIVIDUALIZED THERMAL COMFORT SOLUTION

TECH HIGHLIGHT



Faurecia's Seat for Me aims to ensure people feel as good at the end of the trip as when they set out. It provides relaxing or reinvigorating experiences using haptic vibes, pneumatic massage and personalized sound through the headrest.

INNOVATION AT THE HEART OF OUR STRATEGY

Faurecia has based its innovation strategy on a best-in-class ecosystem of partners to accelerate time to market and to integrate key competences for its safe, sustainable, advanced and customized mobility solutions.

OUR ECOSYSTEM

Technology partnerships with industrial companies such as ZF for the development of disruptive and differentiating safety technologies, or with Saint-Gobain Sekurit to collaborate on technologies for thermal comfort and energy saving.

Working with, or acquiring, **startups** such as IRYStec to enable the personalization of displays according to the driver's vision and ambient light conditions giving a safer and more comfortable user experience at a lower cost.

Creating Joint Ventures to share investment and benefit from complementary expertise such as with Michelin for fuel cell systems or Aptoide for an onboard app store.

Partnering with **academic institutions** such as the École Centrale de Nantes for composites, the Collège de France for polymers and fuel cell technologies, Technische Universität Dortmund for metals, Centrale Supélec-Esigelec for mechatronics and the Indian Institute of Science for sensors.

The Group has also developed **key partnerships for its major initiatives:**

- With Schneider Electric, Engie, KPMG and Artelia to accelerate Faurecia's CO_2 neutrality program;
- With Accenture for Artificial Intelligence, Microsoft for cloud strategy, Palantir for data analysis and GuardKnox for cybersecurity to accelerate digital transformation.

In addition, Faurecia plays a key role in associations and think tanks such as Movin'On, the Hydrogen Council and the World Materials Forum for sustainable mobility.

FOCUS

LIGHTING INNOVATION

New use cases for driver safety and wellbeing are stimulating innovation around interior lighting, from ambient surface lighting, lighting for driving alerts or to enhance thermal comfort. Faurecia and HELLA have been collaborating since 2018 on innovative interior lighting solutions, providing an integrated approach across lighting systems, software and electronics to surface materials and assembly into interior modules. Pooling expertise and resources accelerates leading-edge design and innovation, reducing development and tooling costs as well as providing a simpler and more efficient way of working with customers.
This has led to a series of lighting projects with leading German and European customers, ranging from interior lighting in door panels to dynamic surface lighting and decorative backlighting. All have benefitted from Faurecia and HELLA innovation around immersive lighting concepts and next-generation cockpit experiences.

FORVIA

R&D CENTERS
77

SOFTWARE & DATA ENGINEERS
2,650

TOTAL PATENT FILINGS IN 2021
1,493

PATENTS IN PORTFOLIO
14,476

A SCIENTIFIC COUNCIL TO BRING TECHNOLOGY INSIGHTS

The automotive industry is at the heart of a major technology evolution. Trends from energy applications, AI, material sciences, to cognitive sciences and circular economy techniques, have the potential to reshape the future of mobility.

Faurecia has always had a proactive approach to maintaining and increasing its technology leadership through an open innovation ecosystem of academic and research partnerships. To strengthen its ability to understand, analyze and anticipate new technology applications, the Group created a Scientific Council.

Faurecia's Scientific Council is composed of high-level representatives of globally renowned scientific institutions such as the Collège de France, the CNRS (French National Research Center) and the CEA (Alternative Energies and Atomic Energy Commission) and École Polytechnique. Its members provide a global and comprehensive overview on latest technology and science developments, propose new areas for investigation, make global assessments and define different scenarii to help in technology deployment.

AN EVEN MORE VALUED PARTNER FOR CUSTOMERS

Faurecia has built a company culture centered on our customers and focused on continually improving how we serve them, with the goal of being their preferred supplier and partner. The confidence of Faurecia's customers in our strategy is expressed both through the numerous awards that customers give to the Group, and its record order intake over the past few years.

CUSTOMER CONFIDENCE AND RECOGNITION

Faurecia saw a marked increase in customer recognition this year, with over 70 awards in 2021 for global performance, manufacturing excellence, cost savings and innovation.

In particular, the Group received the Overdrive Award and General Motors Supplier of the Year Award, Best Supplier Performance from Renault, Nissan Quality Award and Hyundai Logistics Excellence Award.

For the third consecutive year HELLA was General Motors Supplier of the Year, this time even in two categories: Autonomous/Active Safety Technologies and Lighting & Bulbs.

70

RECOGNITION AWARDS IN 2021 FOR FAURECIA

FAURECIA

€75bn

3 YEAR ROLLING ORDER INTAKE 2019-2021

STRONG COMMERCIAL MOMENTUM

By the end of 2021, Faurecia's three-year rolling order intake represented €75bn of sales. Key business awards demonstrate Faurecia's commercial momentum, such as Seating Division's success with the VW Passat and Skoda Superb, Renault Echo 5 and BMW NCAR platform for complete seats. For premium interiors, Faurecia was awarded the center console for the Fiat Chrysler DT Ram, VW Passat and Skoda Superb. Clean Mobility is providing complete aftertreatment systems for Stellantis, for on-road heavy-duty trucks from DAF (produced in Europe) and hydrogen storage solutions, notably for Stellantis and Renault zero-emissions vehicles. SAS Interior Modules won several major business awards including the cockpit and center console assembly of Porsche Macan and Panamera successor and the VW Nivus & Polo.

The Stellantis smart car IVI award for Europe, LATAM and Russia has been a notable win for Faurecia Clarion Electronics. Seating expanded its volumes in China with complete seats for Nissan Rogue and Qashqai X-Trail. Interiors continues to meet increasing worldwide demand for sustainable structural components based on its bio-composite ranges NAFI-Lean and NFPP.

	FAURECIA[1]	HELLA[2]
NEW PROGRAMS LAUNCHED IN 2021	213	382
NUMBER OF PLANTS INVOLVED	142	28

FOCUS

HELLA KEY PROGRAM LAUNCHES

ADAS
First launch of 77 GHz radar sensors for passenger cars.

ELECTRONICS
Launch of new steering electronics production in Mexico.

ELECTROMOBILITY
Start of series production of high-voltage battery management system (second generation).

LIGHTING
Further launches of SSL100 headlamp in Germany and China.

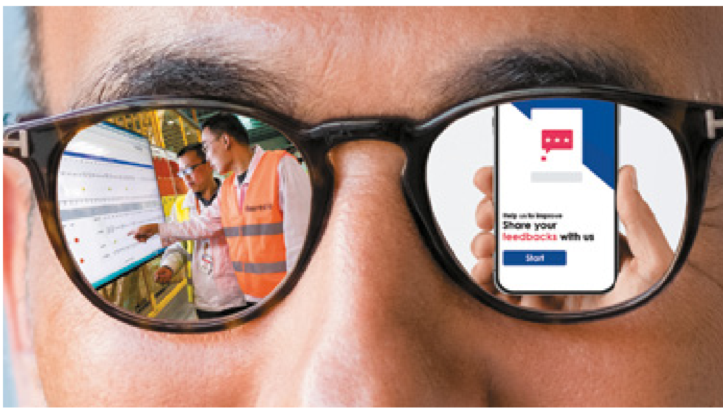
1- Faurecia figures: 01/01/21 - 31/12/21
2- HELLA figures: 01/06/20 - 31/05/21

TOTAL CUSTOMER SATISFACTION DRIVEN BY OPERATIONAL EXCELLENCE

Faurecia's focus on Total Customer Satisfaction (TCS) is a key driver of the Group's transformation. In order to understand our customers' view of Faurecia, we capture a holistic picture of both performance and perception across the entire value chain, from innovation to after-sales. Using traditional quality metrics as well as sentiment analysis through our Five-Star Customer Experience app, we are able to understand more completely what we are doing well and where there is an opportunity to improve.

Faurecia has received over 3,260 customer responses via the Five-Star customer experience app used by over 1,100 unique users and recorded an average of 4.5 stars for 2021.

Faurecia has continued strengthening its customer-centered culture which is now fully embedded in the relationship between Faurecia and its clients. In 2021, we began deployment of a Five-Star Fundamentals program, training over 1,300 employees and 40 experts/ trainers across our global business, and dedicated the theme of our 2021 World Quality Week to "seeing through our customers' eyes" in order to better understand the level of service we provide.



OPERATIONS: CONNECTED, AUTOMATED, DATA DRIVEN

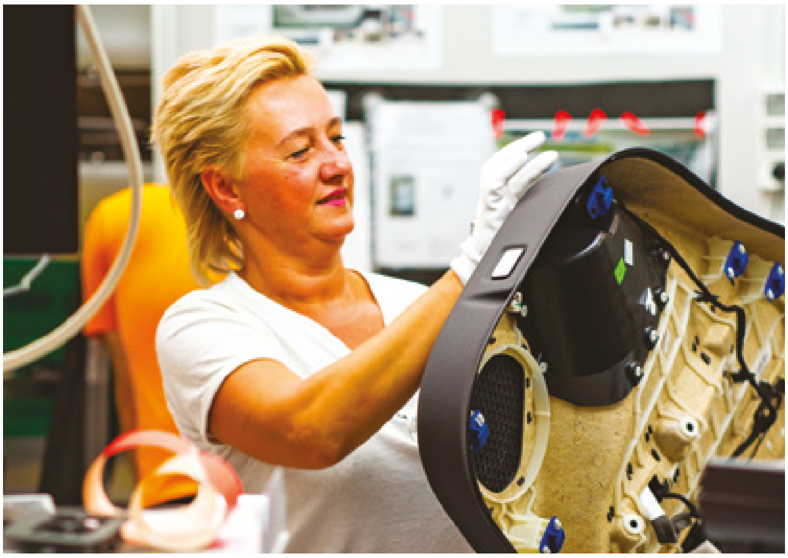
In today's automotive environment, agility and flexibility are key success factors. Faurecia began its digital manufacturing transformation in 2017 with the objective of improving industrial quality, efficiency and cost competitiveness through a reactive production and supply chain. Actively supporting the goal of five-star Total Customer Satisfaction, as well as the Group's sustainability commitments, the program has already generated more than €250m of full year savings.

This industrial strategy has driven the adoption of smart automation tools and new digital management control solutions - transforming the assembly and handling of products, as well as the monitoring of operational performance.

By the end of 2021 over 2,500 smart robots and Automated Guided Vehicles (AGVs) were in use across our plants. Data-driven analysis systems aim to further increase agility in plant management, improve predictive maintenance and boost efficiency in industrial processes. More than 15 data-driven use case projects were launched in 2021.

DEPLOYMENT OF THE NEW MODEL PLANT APPROACH:

from
22 plants
in 2021
to 170 in 2025



THE MODEL PLANT APPROACH

Faurecia's Factory of the Future is a highly strategic program that sets out the foundation of the Group's digital production system. We have adopted an agile approach, defining digital manufacturing standards and a tool box, testing these in three pilot plants before rolling them out globally across our industrial footprint. In 2021, 22 sites adopted the model plant approach and we are aiming to deploy it in 170 plants by 2025. Pilots have shown an investment payback in less than a year and gains in operating income.

Large-scale data capture and analysis are vital for this digital transformation. Faurecia has also been strengthening knowledge and skills through the creation of new job profiles and training. The new role of Plant Digital Manager (PDM) will drive each site's digital roadmap, covering topics ranging from smart automation and model plant implementation, to connectivity and data management. Over the past two years, Faurecia has been ramping up its Digital Academy, focusing on four key digital skills areas. The model plant deployment achieved in 2021 is enabling the Group to develop a core network of internal experts who will become trainers for the next plants migrating to a digital production system.

FOSTERING A PERFORMANCE CULTURE IN OPERATIONS

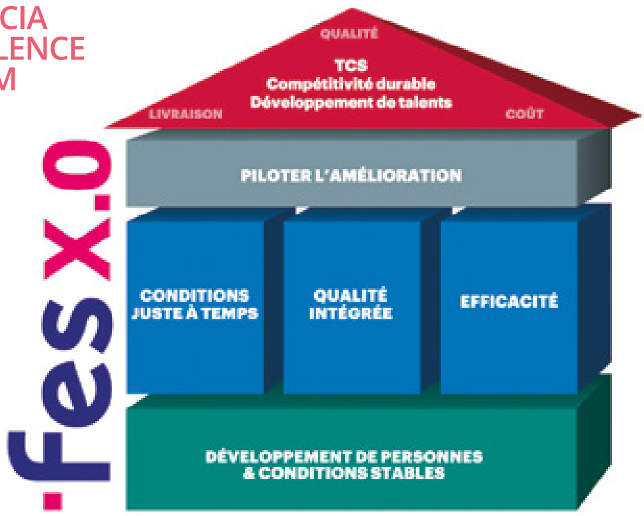
Continuous improvement is central to competitive industrial ecosystems. At Faurecia, teams are engaged in improving the performance of every single plant. In line with the Faurecia Excellence System principles, teams are involved in enhancing customer satisfaction, increasing operations efficiency and quality, speeding up digital transformation, and reducing production costs at their locations. To recognize efforts and celebrate results, Faurecia organizes internal "challenges" focusing on different performance enablers. Best teams and plants are recognized and local events held to highlight achievements. This healthy worldwide internal competition fosters not only performance but also the sharing of good practices between teams across the Group.

292
PROJECTS

OVER
550
PARTICIPANTS

10
GLOBAL WINNERS

FAURECIA EXCELLENCE SYSTEM



OUR VALUE CREATION MODEL

FAURECIA RESOURCES

OPERATIONS EXCELLENCE

PEOPLE

- **111,000** employees:
- **146** nationalities in **33** countries
- **5 Faurecia University campuses**
- **90,400** employees connected to e-learning platform, **51%** of whom are operators

BUSINESS

- **€1,219m** gross R&D expenditure
- Global **innovation ecosystem**
- **213** programs launched in **27** countries and **142** plants

PLANET

- **€13M** invested in environmental protection of which **70% (€9M)** for energy efficiency
- **85%** of sites ISO 14001 certified

STRATEGY & OPERATIONAL MODEL

FORVIA

inspiring mobility

↓

STRATEGIC PILLARS

Safe mobility | Sustainable mobility | Advanced mobility | Customized mobility

↓

6 BUSINESS GROUPS

faurecia: Seating | Interiors | Clean Mobility | Electronics

HELLA: Electronics | Lighting | Lifecycle solutions

↓

CO_2 Net Zero by 2050

Investment in innovation & strong ecosystem

Convictions and Values for sustainable performance

Operational excellence and Total Customer Satisfaction

SHARED VALUE CREATION - FAURECIA 2021

PEOPLE

- **27%** female M&Ps in 2021, up from **25.1%** in 2020
- **21%** of women among the top 300, up from **16%** in 2020
- **22.6** hours of training per employee in 2021
- **FR1t 1.33** accidents in 2021, down by **17%** versus 2020

BUSINESS

- **574** first patent filings in 2021
- **97%** of our supplier panel CSR screened by EcoVadis
- Customer satisfaction: **4.5** stars out of 5
- **70** customer recognition awards

PLANET

- Energy intensity **115 MWh/€** million of sales of which **18%** renewable energy
- Water intensity: **174,9 m³/€ million** of sales
- CO_2 intensity: **46.6** metrics tons of CO_2 equivalent/€ million sales (scopes 1 & 2)

2021 REVENUES
€15,618m

EMPLOYEES' SALARIES & SOCIAL CHARGES
€3,523m
24.4%

SHAREHOLDERS' DIVIDENDS
€66m
0.5%

BANKS FINANCE COSTS
€207m
1.4%

STATES/COMMUNITIES TAXES
€190m
1.3%

SUPPLIERS PURCHASES & OTHER EXTERNAL COSTS
€10,868m
75.2%

ABILITY TO FINANCE FUTURE GROWTH

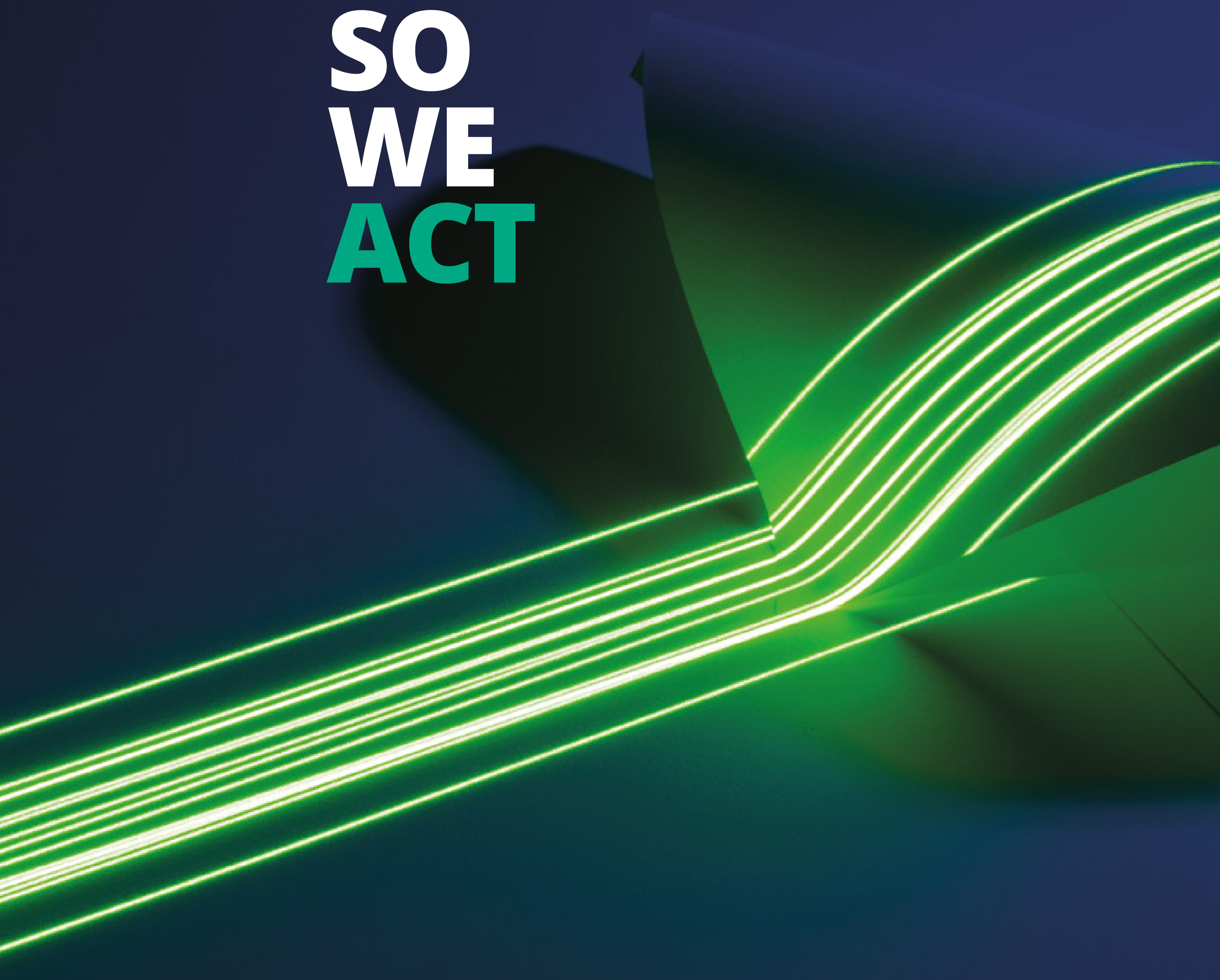
INVESTMENTS IN FIXED ASSETS
€530m
3.7%

GROSS R&D EXPENDITURE
€1,219m
8.4%

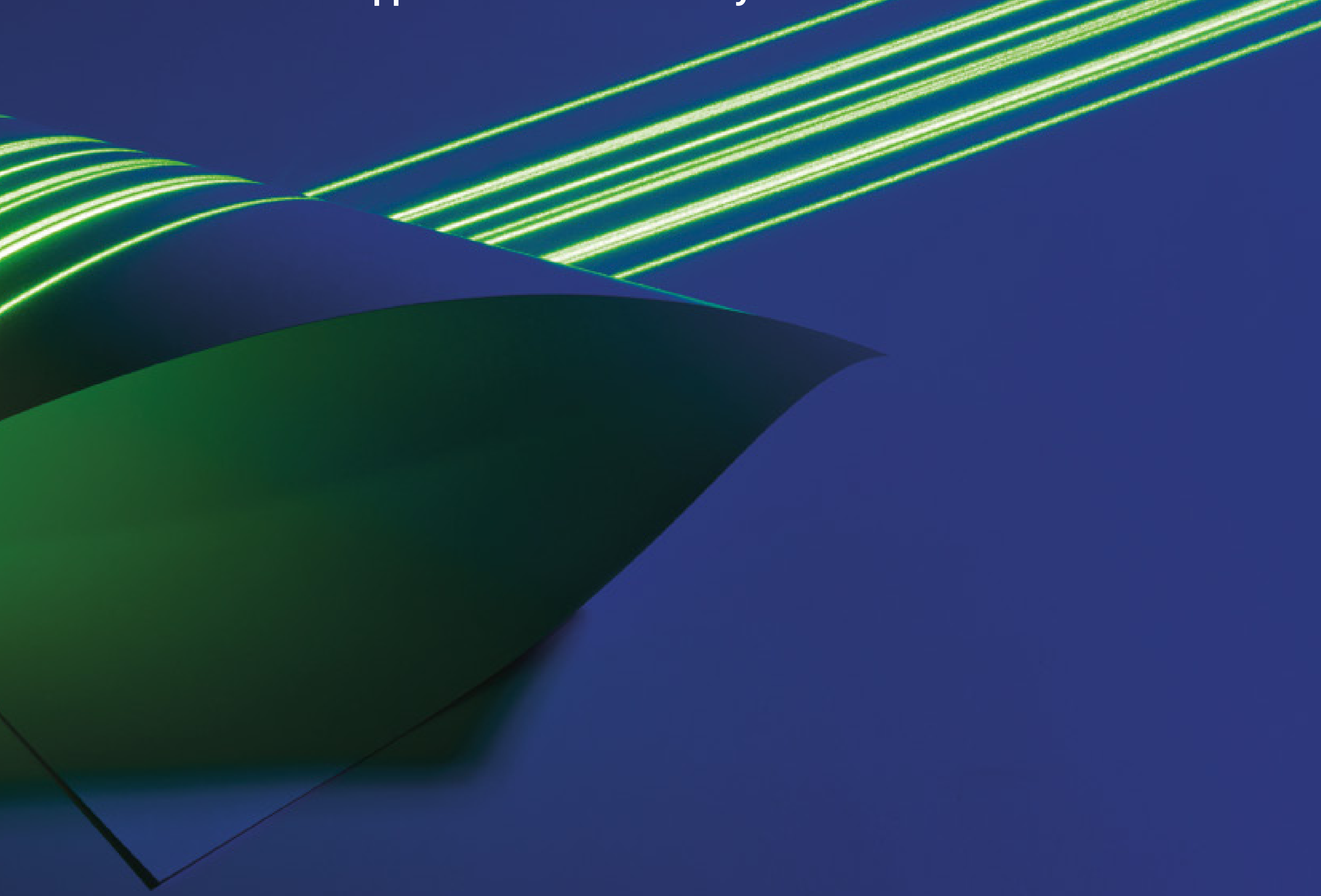
INVESTMENTS IN ACQUISITIONS
€113m
0.8%

SUSTAINABILITY IS A COLLECTIVE CHALLENGE

SO WE ACT



Faurecia has always worked to inspire the future of mobility. Our convictions reflect our responsibility to have a positive impact on society and meet the needs of future generations. Driven to inspire the future, we are ourselves inspired to care – for the planet, our business and society. This is our approach to sustainability.



FROM CONVICTIONS TO ACTIONS

FAURECIA'S SUSTAINABILITY ROADMAP

Faurecia has translated its convictions into concrete action plans with quantifiable progress targets for 2025 and 2030 for climate. Our sustainability strategy has three key pillars:

Planet

Care for the planet

- Environmental footprint in operations
- Circular economy for products
- Investments for sustainable technologies

Business

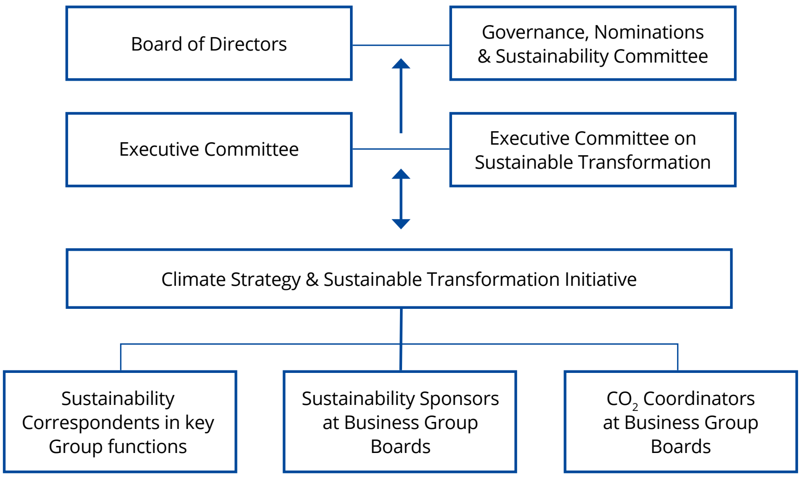
Perform in a responsible way

- Business ethics
- Safety
- Responsible value chain

People

Contribute to society

- Learning organization
- Diversity & inclusion
- Local solidarity actions



Each governance body handles sustainability issues within its area of expertise. Sustainability is led at Executive level by Yann Brillat-Savarin, EVP Strategy and Sustainability, in conjunction with a dedicated Executive Committee on Sustainable Transformation.

ROBUST GOVERNANCE DRIVING GROUP SUSTAINABILITY STRATEGY

Sustainability is integrated into Faurecia's corporate governance and embedded in the Group's strategy, decision-making and processes. From governance bodies at Board and Executive levels, to decision-making involving all levels of the company, Faurecia takes into account every financial, societal, social and environmental challenge.

SUSTAINABILITY ECOSYSTEM

Faurecia relies on recognized partners and methodologies to develop and monitor its sustainability strategy, as well as international reporting frameworks and certifications to ensure transparency and guarantee the quality of its management systems and processes.

Faurecia strongly supports the United Nations Sustainable Development Goals and contributes to environmental issues through its Sustainability roadmap.

Faurecia has been a signatory of the 10 principles of the Global Compact since 2004.

Faurecia's emissions reduction targets have been approved by the Science-Based Targets initiative under the most ambitious scenario of 1.5°C. Faurecia has committed to the new Net Zero standard by 2050.

Faurecia applies the recommendations of the Task Force on Climate-related Financial Disclosure and publishes it in its annual report.

Faurecia has been a signatory of the WEP principles since 2020, promoting gender equality and the empowerment of women in the workplace.

Faurecia prepares its Extra-Financial Performance Declaration and reporting in accordance with the Global Reporting Initiative standards, core option.

The Group has integrated the recommendations made by the Sustainability Accounting Standards Board in its materiality analysis.

Faurecia has been working with EcoVadis since 2017 to evaluate the ethical, social, and environmental practices of its suppliers.

SUSTAINABILITY IS EMBEDDED IN THE GROUP'S PROCESSES AND DECISION-MAKING

Integrating mapping of extra-financial risks

Faurecia's extra-financial risks and opportunities, which include key corporate social responsibility issues, have been identified through a materiality analysis. These are annually reviewed and updated as part of the Group's risk mapping and management process.

Sustainability in internal strategic planning

Within the annual strategic plan process, each Business Group presents to the Executive Committee details (planning, budget, resources, KPIs) on how it will implement sustainability goals such as CO_2 footprint reduction.

Compensation linked to sustainability criteria

Sustainability criteria are also integrated into the compensation of Faurecia's Chief Executive Officer, our Top 300 leaders and an additional 4,800 managers across the Group. These include qualitative objectives linked to the sustainability roadmap, on gender diversity targets (for long-term incentives) and starting in 2022 on CO_2 neutrality (for short-term incentives).

CO_2 internal price to guide investment decisions

Regulations, taxes and incentives will soon penalize the CO_2 footprint of vehicles. Since 2021, Faurecia has defined an internal CO_2 price of €75/tCO_2 to steer investment decisions for the development of new products as well as incentivizing teams to improve CO_2 impact over serial life.

PLANET

Faurecia is committed to becoming CO_2 neutral by 2025 for scopes 1 & 2, and reduce by 50% its scope 3 controlled emissions focusing on three main levers: use less, use better, use longer. Through this, we aim to both reduce our environmental impact and create long-term value across our entire supply chain.

BY 2025

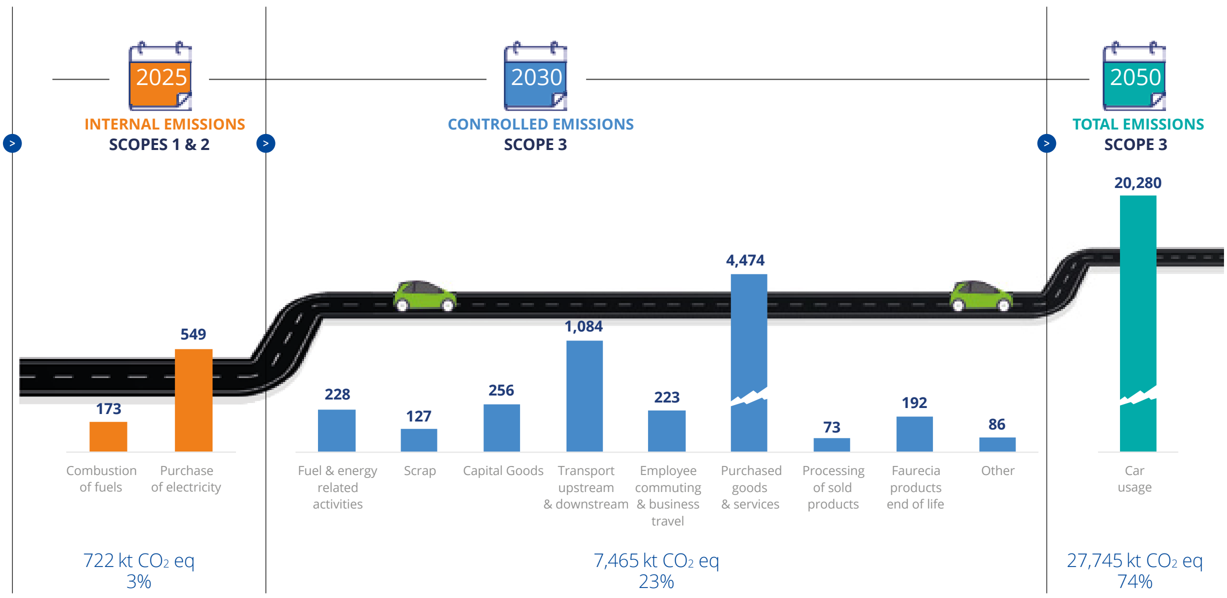
Neutralize the CO_2 footprint of all sites through energy saving and the use of decarbonated electricity and heat. A roadmap approved by the Science-Based Target initiative (SBTi).

BY 2030

Reduce by 50% scope 3 controlled emissions through low-CO_2 transport and redesigned products using sustainable input, including recycled materials and biomass.

BY 2050

CO_2 neutral for total emissions as the whole industry moves towards zero-emissions mobility and a circular economy.



Faurecia 2021 emissions (in kilo tons CO_2 equivalent)

ENVIRONMENTAL FOOTPRINT IN OPERATIONS

Since our 2020 commitment to become CO_2 neutral in operations within five years, Faurecia has been ramping up deployment of actions to reduce and control our impacts on the planet.

-15%

ENERGY CONSUMPTION IN INDUSTRIAL SITES BY 2023 VS 2019

Use less: **energy efficiency**

In 2021, we conducted energy-saving audits in 140 sites together with Engie and Schneider Electric, representing an annual baseline of about 800 GWh worth of energy consumption. Our target is to reduce this energy consumption by 15% in 2023 compared to 2019.

Use better: **renewable energy**

With the support of KPMG, we have signed a framework agreement with Engie and EDP to equip 150 sites globally with solar panels for a cumulated power of 150 MWp by mid-2023. This will represent a scope 2 CO_2 footprint reduction of about 5 to 7% compared to 2019.

INVESTMENTS FOR SUSTAINABLE TECHNOLOGIES

In June 2021, we created a dedicated Sustainable Materials division, drawing on Faurecia's expertise and unique portfolio of innovative materials. It will focus on enriching the Group's range of low CO_2 materials, such as alternatives to animal leathers, more sustainable carbon-fiber used for hydrogen tanks or new material compounds. Supported by a best-in-class industrial and academic ecosystem, this Division is targeting sales of €3bn by 2030.

TARGETING SALES OF **€3bn** BY 2030

CIRCULAR ECONOMY APPROACH

We are moving away from a "take, make and waste" paradigm in favor of a circular economy by considering the full lifecycle of products. Faurecia focuses on improving eco-design - increasing the use of sustainable materials, lean architecture, low-energy manufacturing and extending product life through the possibility of recycling at end-of-life.

Use less: **industry partnership for sustainable design and circular economy**

In 2021, Faurecia, with Renault, the CEA and MTB Recycling, created the DECORE consortium to accelerate sustainable cockpit solutions using bio-sourced and recycled materials, and increase vehicle lifetime through retrofit and refurbishment. Faurecia is contributing the expertise from its Seat for the Planet innovation, which for example has already found ways to reduce the complexity of seating components from 80 to 20 modules in order to facilitate assembly and disassembly for upgrading and simplify recycling. Backed by over €10m of government financing to develop circular economy approaches, DECORE aims to design cockpits using 40% recycled materials and with -85% CO_2 impact by 2030.

Use better: **fossil-free steel**

Steel represents around 40% of Faurecia's CO_2 emissions for its controlled scopes. Partnering with Swedish steelmaker SSAB, Faurecia will be the first to develop and equip ultra-low CO_2 seat structures with fossil-free steel by 2026. SSAB's fossil-free steel uses hydrogen and zero-carbon electricity instead of coking coal and other fossil fuels.

Use longer: **electronics repair**

Faurecia Clarion Electronics offers a multi-brand repair service throughout Europe for a wide range of components including monitors, infotainment, engine and body control units, and instrument panels. By refurbishing, repairing and replacing electronic components, we can reduce their CO_2 footprint by up to 85%.

BUSINESS

Faurecia has become a leader in the automotive industry thanks to its dedication to innovation, quality, safety and business ethics. These essential values are incorporated in all aspects of Group activities to ensure total customer satisfaction, product safety, the health and wellbeing of employees and a strong and sustainable ecosystem of suppliers and stakeholders across the value chain.

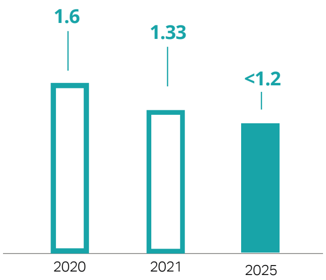
FAURECIA PRODUCT QUALITY & SAFETY CERTIFICATION

100%
Faurecia sites are IATF 16 949 certified (automotive market requirements including ISO 9001)

SAFETY

We seek to provide a safe work environment to all our employees while putting quality and service at the core of operational excellence. The Faurecia Excellence System (FES) supports the safety of people at work on a daily basis. It is based on active methods to prevent risks in all production activities, and is used in parallel with CARE, Faurecia's occupational safety management system. In addition to continuous training and communication, we conduct annual audits at all sites to evaluate risk, prevention and compliance with safety fundamentals.

Accidents per million hours worked without a day lost (FR1t)



By implementing a zero-defect culture, we ensure the safety of products. FES, designed to continuously improve quality, cost, delivery, and people performance, is aligned with quality, environmental, and safety standards of the automotive industry. We also deploy a program management system, including program audits, to track quality. Comprehensive tests are carried out in design and production for all products that support safety to ensure full quality control.

BUSINESS ETHICS

We grow our business through strong ethics and a strict respect for compliance. The Group's ethics and compliance program implements an extensive system of policies, processes, training and communications to drive a culture of integrity everywhere the Group operates. Further details on this are outlined on pages 48-49.

95%

OF TARGETED EMPLOYEES TRAINED ON THE CODE OF ETHICS

"60% of Faurecia net sales are purchased goods and services provided by a very diverse supplier ecosystem with huge potential to create value. Purchasing teams are working more closely with suppliers to increase innovation and accelerate the development of sustainable solutions. Initiatives include a Supplier Council that brings together a number of strategic suppliers and working groups with Faurecia internal experts on topics such as CO_2 footprint reduction. Sustainability goals are also embedded into Request for Quotations to accelerate progress in new programs being launched."

NATHALIE SAINT-MARTIN
Group Purchasing Vice-President

RESPONSIBLE SUPPLY CHAIN

We are building strong, lasting and value-added relationships with suppliers whose business priorities, values and practices are aligned with our own. Faurecia has partnered with EcoVadis since 2017 to conduct in-depth assessments, focusing on suppliers' ethical, social, and environmental practices. This assessment is a prerequisite to joining the Group's panel of suppliers and the minimum threshold is increased over the years to reach 55/100 in 2025. In terms of Faurecia's standing as a supplier for our customers, we attained a score of 69/100 in the EcoVadis 2021 sustainability rating, in the top 1% of companies in our category.
Sustainability and compliance are embedded in all our processes. We integrate supplier risk management into the Group's risk mapping, as well as using external data analytics tools to alert on any material, reputation, and compliance risk. All suppliers have access to Faurecia's Speak Up line to raise concerns or report violations of any Group policies, processes and applicable laws.

2,000

SUPPLIERS ASSESSED FOR SUSTAINABILITY

97%

OF FAURECIA SUPPLIER PANEL

PEOPLE

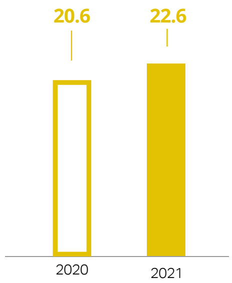
In shaping the future of mobility, Faurecia works on challenges that matter. People who thrive in this fast-moving environment and share our values are key to our success. We support teams and individuals in increasing their employability, preparing for change, and working in a fulfilling environment, including actively contributing to society through solidarity actions.

LEARNING ORGANIZATION

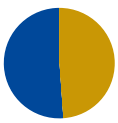
Faurecia offers every employee the career management and development tools necessary in an industry in constant evolution, fostering the development of all talents through learning, professional mobility and on-the-job training. 22,000 managers and professionals have access to training on subjects from operational excellence, to management skills at five Faurecia University campuses. All employees, from the shop floor to tech centers, have access to the Group's digital platform, the Learning Lab, which offers nearly 485 MOOCs in 23 languages on a wide range of subjects. In 2021, the Learning Lab celebrated 1 million cumulated learning hours.

We have an active policy of dialogue and negotiation with employee representative bodies. In 2021, 71% of employees were covered by a social agreement covering topics such as working hours and conditions, pay and other forms of compensation, profit-sharing and the provision of tools and/or digital processes.

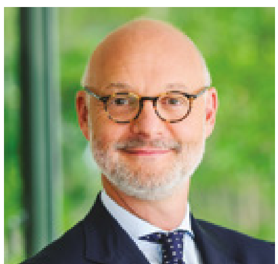
Number of training hours per employee per year



THE LEARNING LAB
90,402
ACTIVE USERS



49%
OFFICE WORKERS
51%
OPERATORS

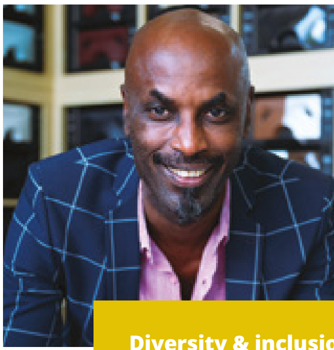


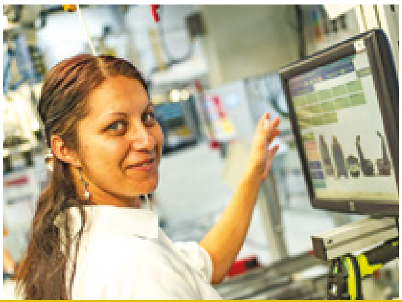
"For the fourth year in a row Faurecia gained a Top Employer label in 9 countries and 1 region in 2021. This recognition attests to our employee satisfaction and helps to make us more attractive when recruiting talents in the market."

DAVID JESTAZ
Faurecia University & HR Transformation Projects VP

DIVERSITY & INCLUSION

Faurecia is committed to diversity in the workplace with regards to gender, place of origin, cultural or educational background, experience and any other difference.
In 2021 we ramped up initiatives around gender diversity – training and HR processes to promote gender balance, coaching and mentoring for female talents, and maintained our recruitment of women managers and professionals despite a reduced hiring level.
To involve the Group's 300 senior executives in the rollout of our diversity strategy, 10% of their long-term variable compensation is linked to achieving gender diversity targets.





Diversity & inclusion

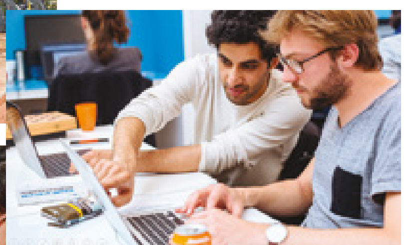
	2020	2021	2025
% of women managers & professionals hired	33.1%	36.1%	37%
% of women who are managers & professionals	25.1%	27%	30%
% of non-Europeans among the top 300	34%	33%	39%
% of women among the top 300	16%	21%	24%

LOCAL SOLIDARITY ACTIONS

We support projects carried out by employees in their local communities that promote education, mobility and the environment. Each site designs its own societal action plan and employees contribute through volunteering and donations.
In addition to local solidarity initiatives, the Faurecia Foundation has, over the past two years, accelerated social impact activities. The Foundation has financed 14 employee-led projects that are benefitting more than 4,000 individuals across India, Mexico, Morocco, France, Italy, Romania, Spain, Germany, Portugal, China and the United States. In 2021 it also created partnerships with non-profit organizations such as the Fondation de France to support students in need during the Covid-19 crisis, Envie Autonomie for refurbishment of disability equipment in France, the Simplon Foundation for the inclusion of unemployed adults, Mobile School to help street children in Mexico and Romania, and local associations working on women's empowerment.

FAURECIA FOUNDATION

Faurecia launched its first volunteering platform developed with Wenabi to centralize access to all solidarity actions across the Group: Faurecia Foundation projects, site actions and events, volunteering missions and donation campaigns. It will be opened to all Faurecians early 2022.

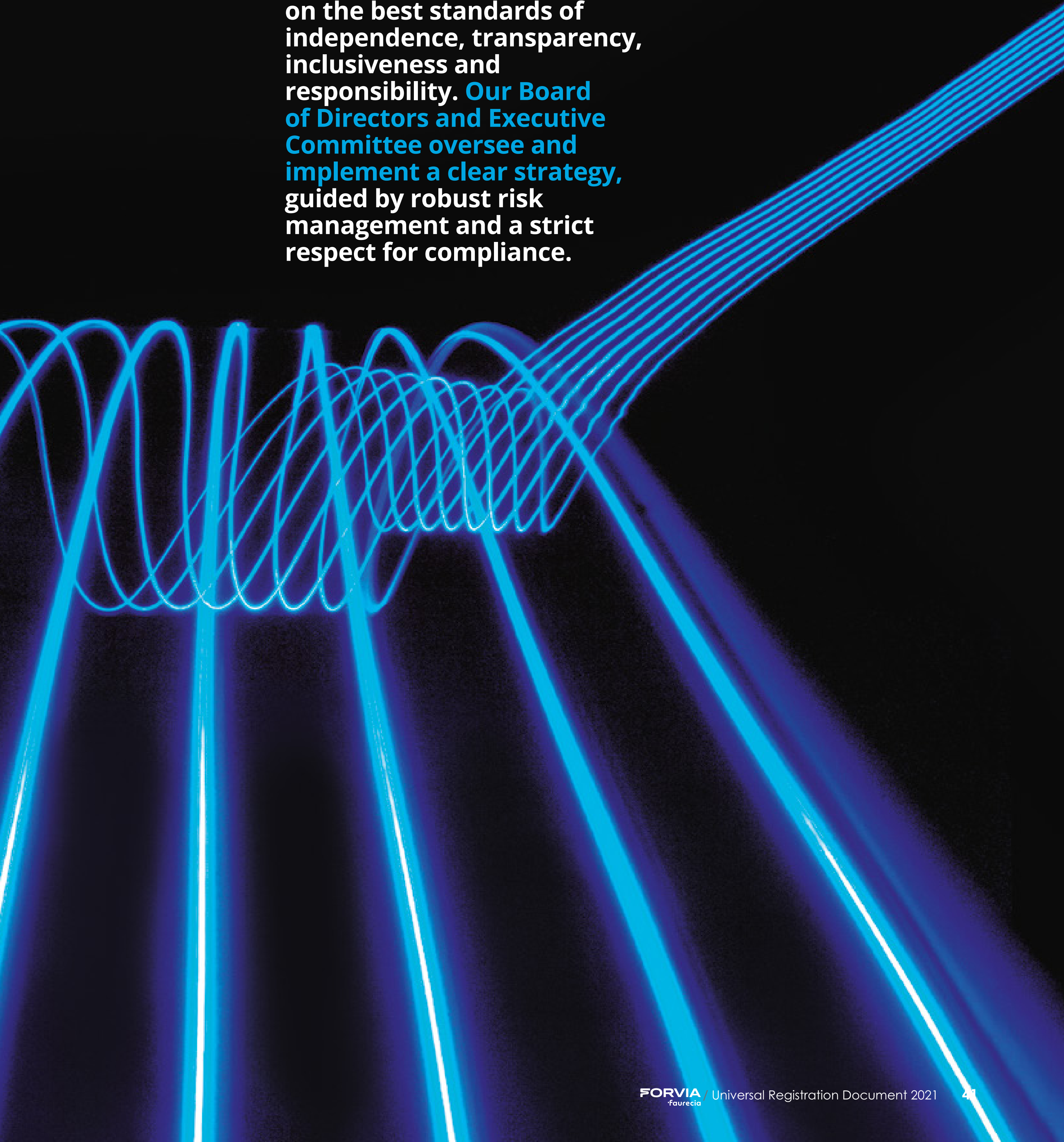


In September, employees from 50 Faurecia sites across Canada, Mexico and the United States mobilized behind a campaign to fight hunger and advance education for children, raising a total of $245,890. During Faurecia China Volunteer Month in 2021 4,590 volunteers from 31 sites across the country participated in volunteer activities – over 7,300 hours in total.

STRATEGY AND GOVERNANCE GUIDE BUSINESS

SO WE OPERATE

Faurecia's governance relies on the best standards of independence, transparency, inclusiveness and responsibility. Our Board of Directors and Executive Committee oversee and implement a clear strategy, guided by robust risk management and a strict respect for compliance.



AN ACTIVE AND INDEPENDENT BOARD OF DIRECTORS

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 oversees Faurecia's business, financial and economic strategies and implementation. Meeting at least four times a year, Faurecia's Board, as of the date of this document, consists of 13 members, two of whom represent employees. Nine of its members are independent.

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

Michel de ROSEN
Chairman of the Board
End of mandate - 2024 AGM

Patrick KOLLER
Chief Executive Officer
End of mandate - 2025 AGM

Daniel BERNARDINO
Faurecia employee
End of mandate - 2025 AGM

Judy CURRAN
Head, Global Automotive Strategy of ANSYS
End of mandate - 2024 AGM

Odile DESFORGES
Board member
End of mandate - 2024 AGM

Penelope HERSCHER
Board member
End of mandate - 2025 AGM

Valérie LANDON
CEO France and Belgium, Credit Suisse
End of mandate - 2025 AGM

Jean-Bernard LÉVY
Chairman & Chief Executive Officer of EDF
End of mandate - 2024 AGM

Yan MEI
Senior Partner, Chair of China – Brunswick group (China)
End of mandate - 2023 AGM

Denis MERCIER
Deputy Chief Executive Officer of Fives Group
End of mandate - 2023 AGM

Peter MERTENS
Board member
End of mandate - 2023 AGM

Robert PEUGEOT
Permanent representative of Peugeot 1810, Chairman of the board, Peugeot Invest
End of mandate - 2025 AGM

Emmanuel PIOCHE
Faurecia employee
End of mandate - AGM 2025

- Independent
- Governance, Nominations and Sustainability Committee
- Compensation Committee
- Audit Committee

THE BOARD OF DIRECTORS

6
NATIONALITIES

45%*
FEMALE

AVERAGE AGE:
63 YEARS

82%*
INDEPENDENT

AVERAGE TENURE:
3 YEARS
AND 5 MONTHS

13
BOARD MEETINGS

ATTENDANCE RATE
96%

THE COMMITTEES

22
COMMITTEE MEETINGS INCLUDING 6 MEETINGS OF THE AD HOC COMMITTEE

97%
ATTENDANCE RATE AT COMMITTEE MEETINGS

Audit Committee
4 members
Chair: Odile Desforges

Governance, Nominations and Sustainability Committee
3 members
Chair: Jean-Bernard Lévy

Compensation Committee
3 members
Chair: Denis Mercier

EXPERTISE AT THE SERVICE OF STRATEGY

With their diverse backgrounds, experiences and skills, Faurecia's Board members offer the Group their expertise and support in defining its strategy and tackling the challenges within the Group's evolution.

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

EVOLUTIONS IN GOVERNANCE FOLLOWING THE HELLA ACQUISITION

Following the acquisition of HELLA, Faurecia holds a controlling interest with more than 80% of HELLA shares. As part of the transaction, the Hueck and Roepke family has become Faurecia's largest shareholder with a circa 9% shareholding. Dr Jürgen Behrend, as representative of the Huecke and Roepke family, will be proposed at the 2022 Faurecia shareholders meeting as a new member of the Faurecia Board of Directors, underlining the family pool's strong commitment to the combined Group's strategy and outlook.

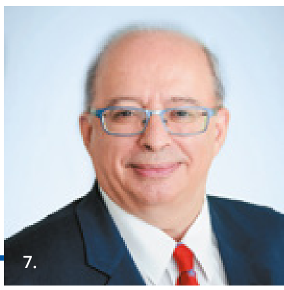
Fully consolidated into the financial reporting of the Faurecia Group, HELLA will continue to be a listed company with its own governance. HELLA's governance bodies are the General Partner, the Supervisory Board, the Shareholder Committee and the Annual General Meeting, it being noted that the Shareholder Committee is the decisive controlling body. Faurecia will be represented in the Shareholder Committee (5 members out of 8, including 3 independent members) and in the Supervisory Board (6 out of 16 members, including 2 independent members) of HELLA. This governance model, along with appropriate agreements providing for proper coordination and mutual cooperation will allow Faurecia and HELLA to work efficiently together in all domains and progress in the best interests of both companies.

* Excluding employee representatives.
Including Judy Curran coopted as Board member by the Board on 18 February 2022.

A DIVERSE AND INTERNATIONAL EXECUTIVE COMMITTEE

Faurecia's executive functions are performed by an Executive Committee that meets at least once a month to review the Group's performance and strategy implementation. 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 international Business Groups and support functions. On February 25, 2022, new appointments have been decided with Faurecia's Executive Committee (see Chapter 3 of the Faurecia 2021 Universal Registration Document).



1. **Yves Andres,**
Executive Vice President,
Faurecia Clean Mobility
2. **Yann Brillat-Savarin,**
Executive Vice President,
Group Strategy and Sustainability
3. **Victoria Chanial,**
Executive Vice President,
Group Communications
4. **Nolwenn Delaunay,**
Executive Vice President,
Group General Counsel and
Board Secretary
5. **Olivier Durand,**
Executive Vice President,
Faurecia Clarion Electronics
6. **Nik Endrud,**
Executive Vice President,
North America
7. **Michel Favre,**
Executive Vice President,
Group Chief Financial Officer
8. **Patrick Koller,**
Chief Executive Officer

43% NON FRENCH

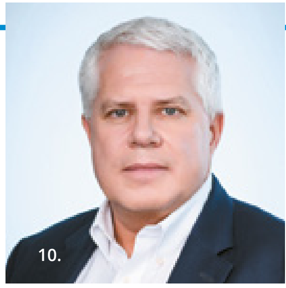
52 YEARS AVERAGE AGE

6 BUSINESS AND REGION EVPS

14% FEMALE

11 YEARS AVERAGE GROUP SENIORITY

7 SUPPORT FUNCTIONS EVPS



9. **Jean-Paul Michel,** Executive Vice President, Faurecia Interiors

10. **Thorsten Muschal,** Executive Vice President, Sales and Program Management

11. **Christophe Schmitt,** Executive Vice President, Group Operations

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

13. **Eelco Spoelder,** Executive Vice President, Faurecia Seating

14. **François Tardif,** Executive Vice President, Faurecia China

COMPENSATION OF THE CHIEF EXECUTIVE OFFICER & THE GROUP'S OPERATIONAL MANAGEMENT FOR 2022	ANNUAL FIXED COMPENSATION	ANNUAL SHORT-TERM COMPENSATION (AT TARGET)	LONG-TERM VARIABLE COMPENSATION (PERFORMANCE SHARES)
CEO **TOP 100** (Excom + 1st line BG)	Results / performance and transformation of the Group	**75%** Quantitative criteria (60% financial and 15% ESG (new criterion)) **25%** Qualitative criteria (individual) (including HELLA integration and strategy execution objectives)	**Submitted to presence and performance conditions:** • Internal condition net income • Internal condition gender diversity • External condition EPS

AN EFFICIENT RISK MANAGEMENT PROGRAM

The Group has developed a comprehensive global risk management program. This allows Faurecia to optimize the operations of its Business Groups through a process which starts from the context (strategy and objectives), the risk assessment (identification, analysis and assessment) and risk processing, including mitigation plans and a transfer of covered risks by insurance. This creates a virtuous circle, linked to internal control.

A GLOBAL RISK MANAGEMENT PROGRAM SHARED WITHIN THE ORGANIZATION

Most Faurecia functions and governance structures are involved in the support of Faurecia's evolving business model through the global risk management program. The Executive Committee, Group Risk Committee and the Executive Management of each Business Group work together to avoid and contain all potential threats to the successful achievement of Faurecia's objectives, through a risk mapping and monitoring of specific major risks. With this in mind, the Group launched the Faurecia Enterprise Risk Management Program (ERM) in 2017, to define and oversee risk management dynamically and in an iterative way, regardless of risk. Since 2021, the Group has innovated by integrating a risk analysis into its strategic planning exercise. In the fast-changing automotive equipment market, the introduction of three concepts (uncertainties, threats and opportunities) by 2035 has made it possible to identify the main emerging risks and then to anticipate the potential impact they could have on the Group's ambition.

RISK MANAGEMENT: PROTECTING AND CREATING VALUE

Managing the effects of uncertainty to achieve Group's objectives

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 the risk management program with major risks (Tier-1).

Audit Committee

Yearly presentation of the risk management program with major risks (Tier-1).

Quarterly review of a specific Tier-1 risk

EXECUTIVE MANAGEMENT

Executive Committee

Monthly committee with 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 and detailed by type. Faurecia has implemented a variety of risk controls to mitigate them. They are detailed in Chapter 2 of the Registration Document ("Risk factors & Risk Management").

RISK CATEGORY	RISK FACTORS
Operational and industrial risks	Security and reliability of information systems, data and embedded software Climate transition and its impact on the economy CSR Risk associated with the automotive supplier business External growth and HELLA integration New product launches and program management Product quality and safety CSR Pandemic Loss of a site due to industrial or environmental events Supply chain failure Safety at work CSR Site environmental impact CSR Talent attraction and retention CSR
Financial and market risks	Liquidity risk Interest rate risk Currency risk Risk related to raw materials Customer credit risk
Legal, regulatory and reputational risks	Regulatory developments and geopolitical tensions Significant litigation Responsible value chain CSR Intellectual property Business ethics CSR

— CSR Extra-financial risk

See Chapters 2 "Risk factors & Risk Management" and 4 "Extra-financial performance" of the 2021 Universal Registration Document.

STRONG ETHICS AND COMPLIANCE

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

Faurecia's leaders are committed to a culture of integrity everywhere the Group operates, embodied in Faurecia's Code of Ethics. This 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 employee accountability and empowerment.

Group compliance implements training accessible to all Faurecians (including part-time employees, interns, consultants, etc). These trainings include risks that targeted populations may face.

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

Functions that operate a second line of defense regularly control Faurecia's corruption risks (pre- and/or post-acquisition assessment, corruption accounting controls by compliance, internal control, GBS and country chief finance officers). In addition, the Group's Internal audit leads special yearly missions related to the effectiveness and efficiency of Faurecia's anti-corruption and risks program. These missions include an audit of a random sample of transactions selected by the auditors.

Faurecia communicates regularly on its ethics culture and related rules to ensure that all its business partners know the rules and are committed to respecting high standards of ethics and compliance.

GOVERNANCE

The implementation of the Group compliance program relies on a dedicated organization and governance that arise from a deep and transversal analysis of Faurecia's main ethics and compliance risks.

Priorities and strategic decisions are submitted and discussed within the quarterly Group compliance committee chaired by the Chief Executive Officer. The Tier-1 and Tier-2 compliance risks are presented and discussed in the Risk Committee. The annual compliance roadmap, its results and the most important compliance issues are disclosed to the Audit Committee.

Regional Compliance Officers (RCOs) facilitate and deploy the compliance program in the regions (North America-Mexico, South America, Asia, and EMEA (Europe, Middle East, Africa)) with the assistance of a local network led by Business Group Compliance Leaders. They lead periodic regional compliance committees to share priorities, issues identified and action plans.

SPEAK UP

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

All Faurecians and external third parties with whom Faurecia collaborates, are encouraged to raise concerns or report violations of Faurecia's internal policies, processes and applicable laws via the Speak Up line: www.faurecia.ethicspoint.com.

Group Compliance widely communicates about the Speak Up process through internal channels, procedures and trainings. All alerts are received only by the Chief Compliance Officer and Group General Counsel. They ensure, with the Regional Compliance officers, the legal protection of the whistleblower when needed. Speak Up is accessible to any individual or entity (Faurecian and external third party) wishing to raise a concern.

CULTURE

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

Fundamentals for Total Customer Satisfaction
Consistent with Faurecia's Convictions

DISCIPLINE

Set of rules to protect the business

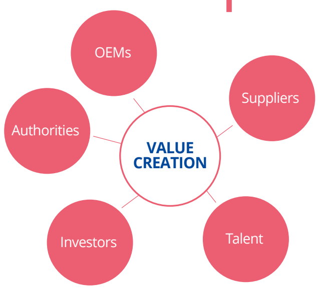
Code of Conduct
to prevent corruption
Managing conflicts of interests
Gifts & hospitality
Donations & sponsorship

SPEAK UP

Everyone
Everywhere
Everyday

Speak Up link www.faurecia.ethicspoint.com

WORKING IN & FOR A SUSTAINABLE BUSINESS

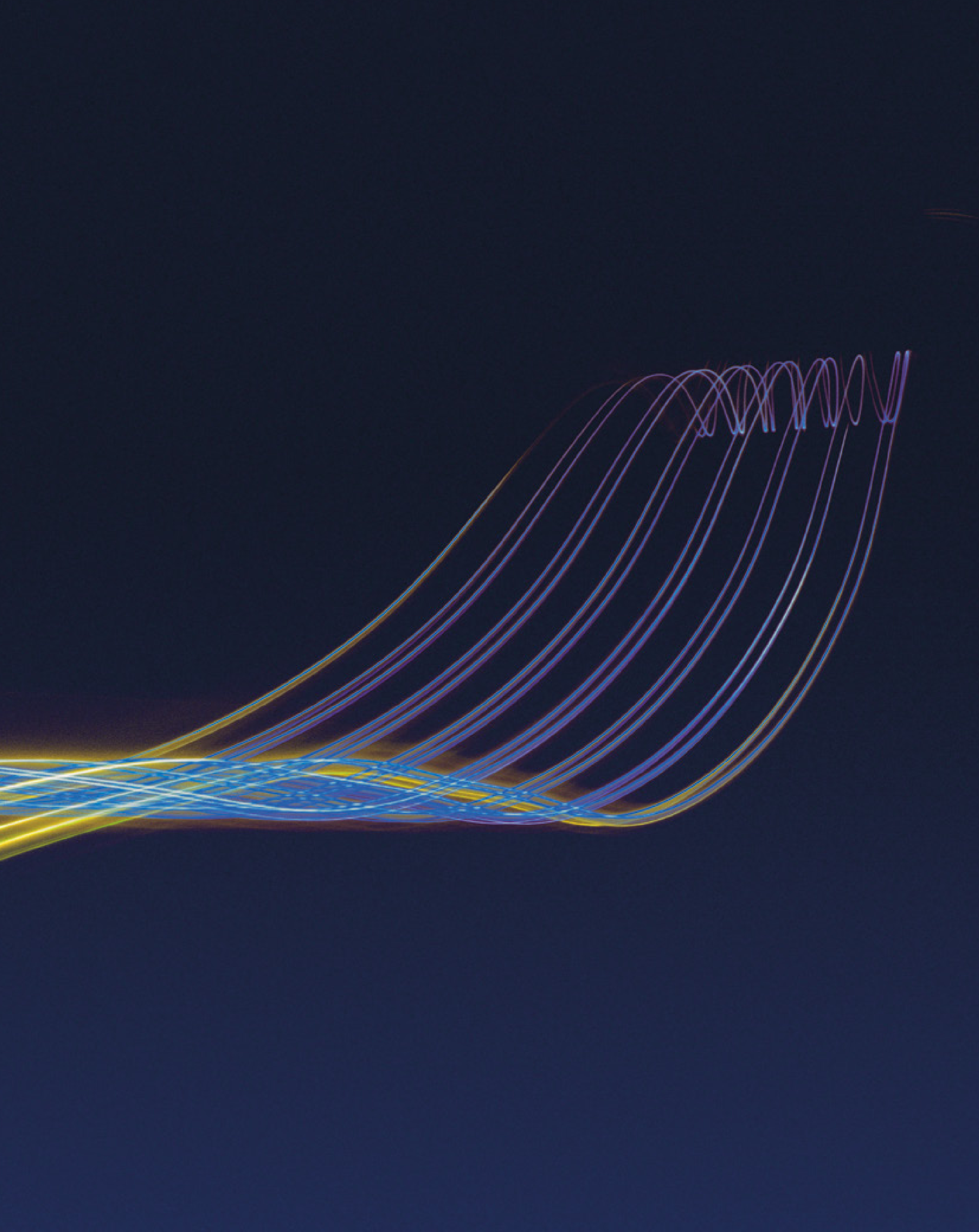


Anti-trust prevention
Corruption prevention
Intellectual property protection
Export controls
Conflict minerals
Accounting rules protection

Conflict of interest management
Fraud prevention
Human rights protection
Suppliers selection

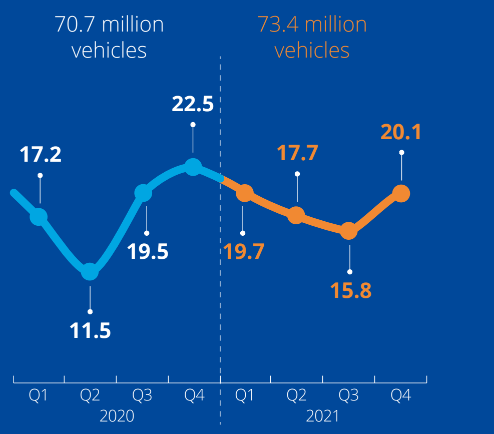
SUCCESS IS JUDGED BY PERFORMANCE

SO WE DELIVER



2021 FINANCIAL PERFORMANCE

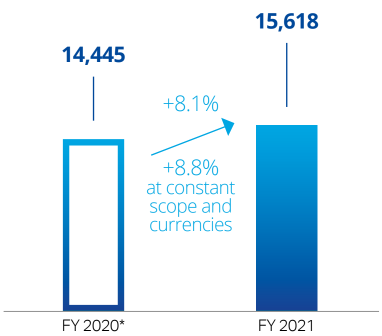
Worldwide automotive production



Source: IHS Markit as of February 2022 (vehicles segment in line with CAAM for China)

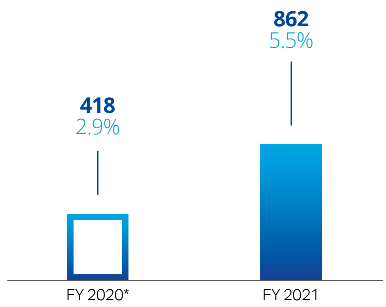
"In 2021, the automotive industry has been penalized by the shortage of semiconductors throughout the year and worldwide production only slightly increased versus 2020, in a year that was strongly impacted by the Covid-19 crisis. In this context, Faurecia displayed an improved performance, demonstrating again its resilience in the face of tough market conditions. We posted a strong sales outperformance with sales up 8.8% on an organic basis, our profitability significantly increased year-on-year, despite headwinds in H2, and we generated solid cash flow, contributing to reducing our debt ratio at year-end. We are ready for the next chapter of our history with the consolidation of the strategic and transformative acquisition of HELLA, as of February 1, 2022. This major step marks a dramatic upswing in the size and financial metrics of the Group and will add new opportunities to generate earnings and cash accretion, thus creating increased value for all our stakeholders."

MICHEL FAVRE
Executive Vice President,
Group Chief Financial Officer

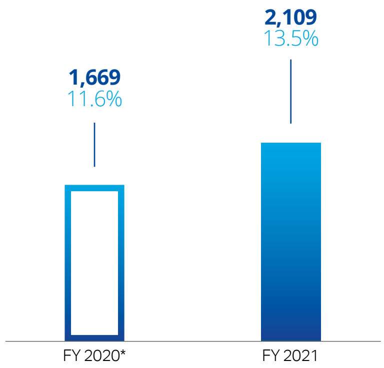


Sales
(in millions of euros)

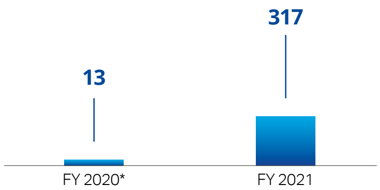
FY: Full Year
* Restated for IFRS5



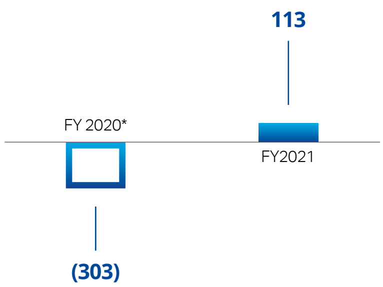
Operating Income
(in millions of euros)
% of sales



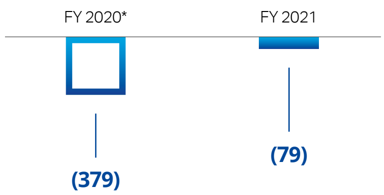
EBITDA
(in millions of euros)
% of sales



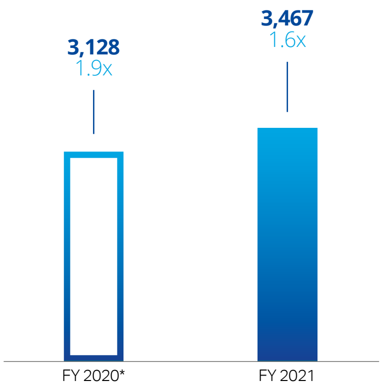
Net cash flow before impact of HELLA acquisition
(in millions of euros)



Net income from continued operations
(in millions of euros)



Net income Group share
(in millions of euros)



Net debt at year-end
(in millions of euros)
Net debt / EBITDA ratio

FY: Full Year
* Restated for IFRS5

2021 CSR INDICATORS AND ROADMAP

Based on its six Convictions for sustainable development, specific action plans and a roadmap for 2025 have been developed.

Care for the planet

CO_2 INTENSITY

46.6 metric tons of CO_2 equivalent/€ million sales (scopes 1 & 2)

ENERGY INTENSITY

115 MWh
€ million sales of which 18%

WASTES INTENSITY

13.3 tons
waste/€ million sales

85%
of sites certified ISO 14001

€13m
invested in environmental protection of which 70% (€9M) for energy efficiency

Perform in a responsible way

SUPPLIERS

97%
of supplier panel screened by EcoVadis, up from 87% in 2020

CUSTOMER SATISFACTION

4.5 ★★★★½
stars out of 5, up from 4.2 in 2020

BUSINESS ETHICS

95%
managers & professionals trained on the Code of Ethics

Contribute to society

SAFETY AT WORK

1.33
FR1t accidents (number of accidents per million hours worked without day lost), down 17% over previous year

DIVERSITY & INCLUSION

27%
female managers & professionals, up from 25.1% in 2020

33%
of non-European among the top 300 leaders

EMPLOYEE ENGAGEMENT

73
points, down three points compared to 2020

EMPLOYABILITY

22.6
hours of training per employee

LOCAL COMMUNITIES

14
employee-led projects supported by the Faurecia Foundation

FAURECIA FOUNDATION

A CLEAR SUSTAINABILITY ROADMAP

PLANET: Care for the planet

CO_2 neutral in operations: CO_2 neutral for scopes 1 & 2 by 2025

Eco-design in products: 40% recycled content in new products by 2025 and -46% of scope 3 controlled emissions by 2030

Sustainable technologies: **€1.1bn** cumulated 2021-2025

BUSINESS: Perform in a responsible way

Business ethics: 100% of employees targeted trained on the Code of Ethics by 2025

Safety: < 1.2 accidents per million hours worked without a day lost (FR1t) by 2025

Responsible supply chain: 95% of suppliers assessed on sustainability by EcoVadis by 2025

PEOPLE: Contribute to society

Learning organization: 25h/year/employee of training by 2025

Diversity & inclusion: 30% of women who are managers & professionals by 2025

Local solidarity actions: 15% of employees involved in local solidarity projects by 2025

See Chapter 4 “Extra-Financial Performanc”e of the Universal Registration Document.

1

Financial
and accounting information

1.1. Review of the Group's business and consolidated results

1.1.1. Events of the financial year

1.1.1.1. Notable facts

COVID-19

As opposed to previous period, the operations for the year 2021 have not been significantly impacted by the sanitary crisis linked to Covid-19.

SHORTAGE OF ELECTRONICS COMPONENTS

The global shortage of semiconductors has impacted the automotive industry over the entire year 2021. The impact was stronger on the second half than on the first half, that was nevertheless already impacted by climatic conditions in Texas and a fire disaster at one of the major Japanese suppliers of semiconductors. The worldwide automotive production in 2021 amounted to 73.4 million Light Vehicles (LVs), up only 3.8% year-on-year, The difficult situation in the second half 2021, with a very low point in the third quarter (only 15.8 million LVs produced in the quarter, down 19% vs. the third quarter 2020), strongly disrupted our customer's activity during that period, generating unprecedented high volatility in OEM programs and consequent numerous and erratic production Stops & Gos for Faurecia. Volatility in OEM programs, at its peak in september and october, started to normalize as from november 2021.

The shortage of semiconductors is expected to continue at least in the first half 2022 but should gradually ease as from the second half 2022 and the global situation should return to normal in 2023.

DISCONTINUED ACTIVITIES

On October 31st 2021, Faurecia sold to the group Adler its business Acoustic Soft Trim, which manufactures and sells acoustic products and soft trims, with eight plants and one R&D center, all based in Europe, within the Interiors segment, for an enterprise value of €80 million. According to the sale contract, the calculation of prospective price adjustments based on Acoustic Soft Trim accounts on transaction date is ongoing; no significant impact is expected on Group financial statements. On December 31, 2021, the loss on disposal after tax has been booked in "net income of discontinued operations".

In accordance with IFRS 5, net income of discontinued operations presented in the consolidated statement of comprehensive income amounted to €-96.5 million including the operations of the business Acoustic Soft Trim from February 1, 2021 to October 31, 2021 as well as the net loss on disposal related to this activity and the directly incrementable expenses related to the sale.

HELLA ACQUISITION

On August 14, 2021, Faurecia has announced the signature of agreements concerning the acquisition of a controlling stake of 60% of the shares from the controlling family pool and a public tender cash offer on the remaining 40% shares of HELLA, listed on the Francfort Stock Exchange, for a price of €60 per HELLA share, corresponding to a value of €6.7 billion, for the total number of shares. 19.5% of HELLA shares were tendered in the takeover offer by HELLA shareholders, which has been launched on September 27, 2021 by Faurecia and closed on November 11, 2021.

Following approval from the appropriate regulatory bodies, Faurecia has completed on January 31st, 2022 the acquisition of 79.5% of HELLA, comprising the 60% acquired from the family pool, of which 8.95% were paid through newly issued Faurecia shares and 19.5% as a result of the public tender offer mentioned above. As of March 9, 2022, Faurecia has also acquired shares on the market representing 2.09% of HELLA shares and therefore holds 81.59% of HELLA shares.

The combination of Faurecia and HELLA will create the 7th largest global automotive supplier, focused on four growth areas, fully aligned with industry megatrends:

- Electric Mobility (incl. hydrogen solutions);
- ADAS & Autonomous Driving;
- Cockpit of the Future;
- Lifecycle Value Management.

The new Group will become a major technology player focused on six activities. Five of which, Electronics, Lighting, Seating, Interiors, Clean Mobility, will each exceed €3 billion of sales. The newly created Business Group, Lifecycle Solutions, will quickly grow to reach a leading position.

1.1.1.2. Main events

January 2021

- Faurecia is extending its collaboration with Microsoft to accelerate the Faurecia group's transition to a fully Cloud-based IT infrastructure and further strengthen Faurecia's agility and resilience.

In 2019, Faurecia started collaborating with Microsoft to build services for the Cockpit of the Future, building personalized, connected and upgradeable services. The transition to a Cloud-based IT infrastructure ensures that Faurecia's product offer is adapted to the use cases of the future.

- Faurecia announced the resignation of Olivia Larmaraud, Grégoire Olivier and Philippe de Rovira from its Board of Directors, with immediate effect on January 12, 2021. All three had been Board members nominated by PSA. These resignations come as a result of the commitments made by PSA and FCA in the context of their merger operation.

  After this resignation, the Board of Directors of Faurecia is comprised of 12 Board members of whom 80% are independent (excluding the two Board members representing employees).

  Also in accordance with its commitments, PSA converted all of its shareholding in Faurecia into bearer shares thereby losing the associated double voting rights.

- Faurecia announced that following approval from the appropriate regulatory bodies it has completed the acquisition from DAS Corporation of 50% of their joint venture with BAIC, Beijing BAI DAS Automotive System Co., Ltd.

February 2021

- Faurecia announced that it has acquired a majority of CLD, one of China's largest high-pressure tank manufacturers. The transaction will be completed once regulatory approvals are obtained in China.
- On February 3, 2021, an additional issue for €190 million of 2.37% senior notes due 2027 through a private placement. Faurecia priced the New Notes at 100.75% of par, or a yield of 2.26%. The proceeds of the issuance of the New Notes will be used for general corporate purposes.
- Faurecia and Renault group announced their decision to collaborate on hydrogen storage systems for hydrogen light commercial vehicles.

  Starting at the end of 2021, Faurecia will supply hydrogen storage systems for a first fleet of light commercial vehicles.

- At its Capital Markets Day held on February 22, Faurecia demonstrated its strong profitable growth potential across each of its Business Groups driven by record order intake and innovation. Faurecia detailed its 2022 financial targets and 2025 ambition for the Group and each of its Business Groups. The Group also highlighted its strong focus on zero emissions hydrogen solutions and its ESG strategy, in particular its CO_2 neutral program.

March 2021

- Stellantis' shareholders approved the conditional distribution of a maximum of 54,297,006 Faurecia ordinary shares (representing 39.3% of the capital) on the basis of 0.017029 ordinary shares of Faurecia for each ordinary share of Stellantis.

  This distribution will increase Faurecia's free float to around 85%, significantly enhance its visibility in the capital markets and allow the Group to affirm its strategy as an independent company.

- Palantir Technologies Inc. (NYSE:PLTR) announced it has entered into a six-year strategic partnership with Faurecia, one of the world's leading automotive technology companies, to accelerate its digital transformation and ambition to be CO_2 neutral.

  Palantir Foundry was designed to help organizations integrate disparate data sources and make the best possible use of their data. Faurecia will use Palantir's Foundry software to gain further insight into its data, from manufacturing to purchasing, from engineering to finances.

- Faurecia priced the 2029 Green Notes at 2.375%. The Green Notes are the inaugural issue of green bonds under Faurecia's Green Bond Framework established in March 2021.

  Faurecia will use the net proceeds of the offering of the Green Notes to finance or refinance, in whole or in part, eligible green projects in accordance with its green bond framework.

- Faurecia announced the construction of a new industry 4.0 platform in the Bourgogne-Franche-Comté region of France for a total cost of €165 million. Employing over 1,000 people in the long term, the new site will produce seats, innovative solutions for reducing vehicle emissions, and hydrogen storage systems.

  The new site will be equipped with the latest digital manufacturing technologies and will be a benchmark for CO_2 emissions reduction.

- Stellantis and Faurecia have collaborated to equip its new zero-emission ranges of light commercial vehicles with hydrogen storage systems, as well as fuel cell stacks through Symbio, Faurecia's joint venture with Michelin.

April 2021

- Faurecia signed an exclusive advisory contract with Schneider Electric to procure offsite renewable electricity as part of its CO_2 neutral program. Under the agreement, Faurecia will benefit from Schneider Electric's support in the development and deployment of competitive processes for power purchase agreement sourcing to cover all Faurecia sites in Europe, North America, China and Brazil.
- Faurecia revealed disruptive innovations at the Shanghai Auto Show, designed for the needs of Chinese consumers enabling a safe, comfortable, and connected on-board experience. The Group also showcased ultra-low emissions technologies and zero emissions hydrogen solutions for passenger and commercial vehicles.

- Faurecia successfully completed the final closing of its acquisition of CLD, one of the leading Chinese manufacturers of hydrogen tanks. Headquartered in ShenYang, CLD has around 200 employees and two plants in Liaoning with a capacity of 30,000 tanks per year.

  CLD, which has significant growth potential in the China market, has also been recently certified by the Chinese central government as the first domestic producer of Type IV hydrogen tanks. Unlike Type III tanks, which use an aluminum liner instead of a plastic one, Type IV tanks are lighter and thus better suited to mobility applications. Through the acquisition of CLD and thanks to the certification of Type IV tanks, Faurecia will further energize its momentum for hydrogen mobility in China.

May 2021

- Faurecia has been awarded a contract by SAIC to provide hydrogen tanks for a large fleet of commercial vehicles.

  This latest award from the largest automobile manufacturer in China enables Faurecia to confirm an order intake of over €250 million lifetime sales to date, on track with the objective to reach the target of €500 million order intake in 2021 for zero emission hydrogen solutions.

- Faurecia signed on May 28 an Amend & Extend agreement of its syndicated credit line, initially signed in December 2014 and already amended in June 2016 and June 2018.

  This new agreement increases the total amount of the credit line, which is undrawn, from €1.2 to €1.5 billion, enabling the Group to reinforce its long-term financial resources and flexibility.

  The agreement extends the maturity of the credit line to five years, from June 2023 to May 2026, with two one-year extension options until May 2028. It also improves the other terms and conditions of the credit line.

  The interest rate of the credit line will vary depending upon the reduction of Faurecia's CO2 emissions between 2019 and 2025, where the Group aims at being CO2 neutral for its scopes 1 & 2.

June 2021

- Faurecia has acquired designLED. The Scotland-based company, specialized in advanced backlighting technologies, will strengthen Faurecia's offer for display technologies and enrich its immersive experiences for the Cockpit of the Future

- Faurecia inaugurated a new industrial site in Togliatti, in the Samara region. The city will thus be home to both its largest site in Russia and its regional headquarters, building on the Group's six sites across the country and energizing its momentum for this dynamic market.

  This new scalable and modulable site will enable the Group to expand its industrial capacity and cover all elements of complete seat systems, including covers, foams, and metal welding. It will also be equipped with the latest technologies for CO_2 emissions reduction, in line with the Group's CO_2 neutrality objectives for controlled emissions by 2025.

- Faurecia announced the large success of its first employee share ownership plan, as the subscription period ended on June 25. More than 22% of the employees across 15 countries have expressed their wish to invest in Faur'ESO 2021, marking a large success for a first operation.

July 2021

- Faurecia has announced the creation of a new division to develop and manufacture cutting-edge sustainable and smart materials.

  The new division benefits from Interiors' and Faurecia Seating's leading market positions and unique portfolios in materials with ultra-low and negative CO_2 emissions, as well as materials integrating thermal, acoustic and bio-medical technologies.

  Leveraging Faurecia's global footprint, the Sustainable Materials division will work across Business Groups and propose a full cockpit low CO_2 and even CO_2 negative materials approach to OEMs in order to support their sustainability objectives. Faurecia capitalizes on its experiences of formulating bio-sourced materials and their transformation expertise including low variability management.

  Faurecia is planning to build a dedicated Sustainable Materials R&D Center and a Pilot plant both operational in 2022. This new entity will initially employ 125 engineers and over 400 in 2030.

September 2021

- Faurecia has announced that it has acquired the intellectual property assets of uMist Ltd., a Swedish startup specialized in biomimetic spray technology, to accelerate its technology leadership for commercial vehicles ultra-low emissions.

- Faurecia has selected Swedish steel maker SSAB, to partner for fossil-free high strength steel for use in its Seating Business.

  This partnership makes Faurecia the first automotive supplier to explore fossil-free steel with SSAB and marks a major milestone on its CO_2 Neutrality journey. Faurecia has secured SSAB fossil-free steel to start equipping its seating structures from 2026 onwards.

- Faurecia has selected ENGIE to become a partner, supporting Faurecia in its commitment to reach CO_2 neutrality for scopes 1 and 2 by 2025. Under this partnership, ENGIE, a world leader in lowcarbon energy and services, provide energy solutions to be deployed across 100+ Faurecia sites worldwide by mid-2022.

As a new step on Faurecia's CO_2 Neutrality journey, ENGIE accompany Faurecia through the deployment of energy saving equipment & methodology solutions in Europe, China, Brazil & Mexico, enabling 15% reduction of site energy consumption out of a reference of around 600 GWh. Reducing energy consumption by adopting innovative digital solutions for efficiency is in line with the Faurecia's CO_2 Neutrality roadmap and particularly its "Use Less" approach.

- Faurecia has become a member of Entreprises pour l'Environnement (EpE). EpE is a French association bringing together more than 60 French and international companies from all business sectors, willing to better include the environment in their strategy and business decisions. As the world is currently mobilized for the Climate Week, Faurecia's membership marks a new step in the Group's environmental commitment, in particular through its ambitious roadmap towards CO_2 neutrality.
- Faurecia has earned a 2021 Automotive News PACE Award for its IRYStec Perceptual Display Platform Vision (PDP Vision) solution.

October 2021

- Air Liquide and Faurecia has announced, on October 12, the signature of a joint development agreement to design and produce on-board liquid hydrogen storage systems for the automotive industry. Through this technology partnership, the two companies will accelerate the deployment of zero-emission heavy-duty mobility.

November 2021

- Faurecia has announced that it has signed the letter led by the "We Mean Business" coalition calling on the G20 to maintain the 1.5°C commitment of the Paris Agreement.

  As such, all members of the "We Mean Business" coalition are committed to achieving net zero emissions by mid-century, consistent with global efforts to limit global warming to 1.5°C. These objectives are in line with Faurecia's CO_2 neutrality trajectory, already validated by SBTi (Science Based Targets initiative).
- Faurecia has successfully placed €1,200 millions of senior sustainability linked notes due to 2027.

January 2022

- Faurecia has announced a partnership with BMW Group to integrate the Faurecia Aptoide Automotive App Store in future vehicles. The App Store enable an innovative and seamlessly connected app offering in the new models of the world's leading premium car and motorcycle manufacturer.
- On January 31, 2022, Faurecia announced the closing of the HELLA transaction, in line with the indicative timetable. Faurecia now owns a controlling stake exceeding 80% of the shares of HELLA and will consolidate HELLA in its financial accounts as from February 1, 2022.

  As a result of the transaction and as mentioned earlier, the Hueck and Roepke Family pool received 13,571,385 newly issued shares of Faurecia, thus becoming Faurecia's main shareholder with c. 9% of its share capital.

  The Family pool agreed to be subject to a first lock-up of its Faurecia shares during 18 months as from the closing date and a subsequent lock-up of 12 additional months for the portion of its Faurecia shares exceeding 5% of the Faurecia share capital.

  At the next shareholders' meeting, Dr Jürgen Behrend, a former HELLA CEO, will be proposed to join Faurecia's Board of Directors as a representative of the Family pool, underlining its strong commitment to the combined Group's strategy and outlook.

February 2022

- On February 7, 2022, Faurecia launched FORVIA, the new company name combining Faurecia and HELLA, representing the 7th largest automotive technology supplier.

  As detailed in a press release issued on that day, FORVIA will be structured around six Business Groups with leading positions, all with full accountability, consolidating Product Lines and Regional Divisions.

  Five of them, "Seating", "Interiors", "Clean Mobility", "Electronics" and "Lighting", have sales already exceeding 3 billion euros while the newly-created "Lifecycle Solutions" will grow this segment to a leading position. "Seating", "Interiors", "Clean Mobility" will be based in Nanterre (France) and "Electronics", "Lighting" and "Lifecycle Solutions" will be based in Lippstadt (Germany).

  Global support functions will be deployed at Group, Business Group, Product & Business Division and Plant levels.

  FORVIA will provide customers with an offer of high technology products and solutions that is organized around 24 differentiating Product Lines and address all the automotive industry megatrends.

  All press releases related to these events are available on the site www.faurecia.com.

1.1.2. Automotive production

Worldwide automotive production increased by 3.8% from 2020 to 2021. It decreased in Europe (including Russia) by 4.4%, increased in North America by 0.2%, in Asia by 7.4% (of which an increase of 7.0% in China) and in South America by 16.1%.

The data related to automotive production and volume evolution in 2021 is based on IHS Markit Automotive reported dated February 2022 (vehicles segment in line with CAAM for China).

Automotive production and volume evolution from 2020 to 2021

	Q1	Q2	H1	Q3	Q4	H2	FY
Europe	0.7%	83.8%	27.6%	-31.6%	-24.2%	-27.6%	-4.4%
North America	-4.4%	131.4%	31.9%	-26.5%	-14.4%	-20.6%	0.2%
Asia	33.1%	24.9%	29.0%	-11.7%	-4.0%	-7.5%	7.4%
China	*83.7%*	*-3.4%*	*27.1%*	*-12.5%*	*-0.1%*	*-5.7%*	*7.0%*
South America	3.4%	301.2%	61.6%	-11.5%	-7.8%	-9.5%	16.1%
Rest of the world	16.4%	56.4%	32.5%	4.8%	0.3%	2.4%	15.6%
TOTAL	**14.4%**	**53.8%**	**30.2%**	**-18.8%**	**-10.5%**	**-14.4%**	**3.8%**

1.1.3. Sales

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

- a "Currency effect", calculated by applying average currency rates for the period to the sales of the prior year;
- a "Scope effect" (acquisition/divestment);
- a "Growth at constant scope & 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 2021, there was no effect from "bolt-on acquisitions"; as a result, "Growth at constant currencies" is equivalent to sales growth at constant scope and currencies also presented as organic growth.

(in € millions)	H2 2021	Currencies	Scope Effect	At constant scope & currencies	H2 2020
Product Sales	7,294.5	127.1	0.0	(696.3)	7,863.6
Var in%	-7.2%	1.6%	0.0%	-8.9%	
Tooling. Prototypes and Other Services	540.8	4.8	0.0	39.2	496.8
Var in%	8.8%	1.0%	0.0%	7.9%	
SALES	**7,835.3**	**131.9**	**0.0**	**(657.1)**	**8,360.4**
VAR IN%	**-6.3%**	**1.6%**	**0.0%**	**-7.9%**	

(in € millions)	FY 2021	Currencies	Scope Effect*	At constant scope & currencies	FY 2020
Product Sales	14,572.7	(150.4)	59.7	1,227.2	13,436.3
Var in%	8.5%	-1.1%	0.4%	9.1%	
Tooling. Prototypes and Other Services	1,045.1	(13.2)	0.0	49.9	1,008.3
Var in%	3.6%	-1.3%	0.0%	5.0%	
SALES	**15,617.8**	**(163.6)**	**59.7**	**1,277.2**	**14,444.6**
VAR IN%	**8.1%**	**-1.1%**	**0.4%**	**8.8%**	

* *Scope effect includes SAS sales from January 2021.*

Sales of products (parts, components and R&D sold to manufacturers) reached €14,572.7 million in 2021 compared to €13,436.3 million in 2020. This represents an increase of 8.5% on a reported basis and 9.1% at constant scope & currencies.

Sales of tooling, prototypes and other services reached €1,045.1 million in 2021 compared to €1,008.3 million in 2020. This represents an increase of 3.6% on a reported basis and 5.0% at constant scope & currencies.

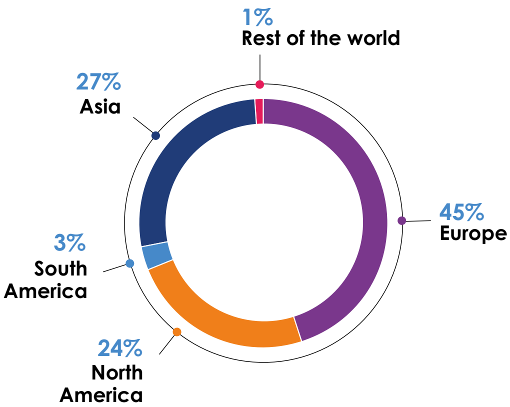
Sales reached €15,617.8 million in 2021 compared to €14,444.6 million in 2020. This represents an increase of 8.1% on a reported basis and 8.8% at constant scope & currencies.

1.1.3.1. Sales by region

(in € millions)	H2 2021	Scope Effect	H2 2020	Reported	At constant scope & currencies	Automotive Production
Europe	3,190.6	0.0	3,820.9	-16.5%	-16.2%	-27.6%
North America	1,944.7	0.0	2,157.0	-9.8%	-11.3%	-20.6%
Asia	2,309.1	0.0	2,057.7	12.2%	7.7%	-7.5%
O/w China	*1,764.7*	*0.0*	*1,539.1*	*14.7%*	*8.0%*	*-5.7%*
South America	296.2	0.0	241.6	22.6%	19.4%	-9.5%
Rest of the world	94.7	0.0	83.2	13.7%	3.1%	2.4%
TOTAL	**7,835.3**	**0.0**	**8,360.4**	**-6.3%**	**-7.9%**	**-14.4%**

(in € millions)	FY 2021	Scope Effect*	FY 2020	Reported	At constant scope & currencies	Automotive Production
Europe	6,996.1	35.4	6,762.5	3.5%	3.7%	-4.4%
North America	3,724.6	16.7	3,631.5	2.6%	5.8%	0.2%
Asia	4,166.5	7.0	3,528.1	18.1%	16.3%	7.4%
O/w China	*3,117.4*	*7.0*	*2,562.7*	*21.6%*	*17.7%*	*7.0%*
South America	543.5	0.6	398.2	36.5%	48.7%	16.1%
Rest of the world	187.1	0.0	124.3	50.6%	40.2%	15.6%
TOTAL	**15,617.8**	**59.7**	**14,444.6**	**8.1%**	**8.8%**	**3.8%**

* *Scope effect includes SAS sales from January 2021.*

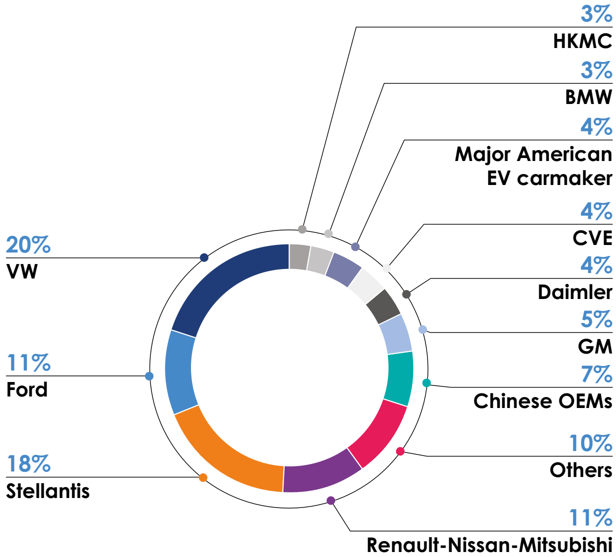


Sales by region in 2021 were as follows:

- in Europe, sales reached €6,996.1 million (45% of total sales), compared to €6,762.5 million in 2020. This represents an increase of 3.5% on a reported basis and 3.7% at constant scope and currencies. This is to be compared to a -4.4% downturn in production market in Europe;
- in North America, sales reached €3,724.6 million (24% of total sales), compared to €3,631.5 million in 2020. This represents an increase of 2.6% on a reported basis and 5.8% at constant scope and currencies. This is to be compared to a 0.2% upturn in production market in North America;
- in Asia, sales reached €4,166.5 million (27% of total sales), compared to €3,528.1 million in 2020. This represents an increase of 18.1% on a reported basis and 16.3% at constant scope and currencies. This is to be compared to a 7.4% upturn in production market in Asia. In China, sales reached €3,117.4 million, compared to €2,562.7 million in 2020. This represents an increase of 21.6% on a reported basis and 17.7% at constant scope and currencies. This is to be compared to a 7.0% upturn in production market in China;
- in South America, sales reached €543.5 million (3% of total sales), compared to €398.2 million in 2020. This represents an increase of 36.5% on a reported basis and 48.7% at constant scope and currencies. This is to be compared to a 16.1% upturn in production market in South America;
- in the rest of the world (mainly South Africa), sales reached to €187.1 million (1% of total sales), compared to €124.3 million in 2020. This represents an increase of 50.6% on a reported basis and 40.2% at constant scope & currencies. This is to be compared to a 15.6% upturn in production market in the rest of the world:

Worldwide sales reached €15,617.8 million, compared to €14,444.6 million in 2020. This represented an increase of 8.1% on a reported basis and 8.8% at constant scope and currencies. This is to be compared to a 3.8% upturn in worldwide automotive production market (source IHS Markit dated February 2022).

1.1.3.2. Sales by customer



In 2021, sales to Faurecia four main customers (VW, Stellantis, Ford, Renault-Nissan – Mitsubishi) totaled to €9,404.5 million or 60.2% compared to 63.6% in 2020:

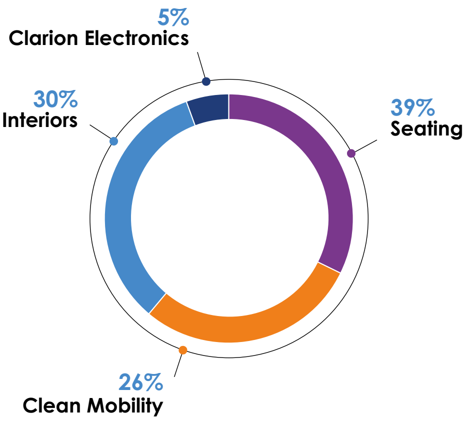
- sales to the VW group totaled €3,122.0 million, accounting for 20.0% of Faurecia's total sales. They increased by 2.4% on a reported basis and by 1.3% at constant scope & currencies compared to 2020;
- sales to the Stellantis group totaled €2,882.1 million, accounting for 18.5% of Faurecia's total sales. They increased by 10.5% on a reported basis and by 12.1% at constant scope & currencies compared to 2020;
- sales to the Ford group totaled 1,743.4 million, accounting for 11.2% of Faurecia's total sales. They decreased by 7.7% on a reported basis and by 4.0% at constant scope & currencies compared to 2020;
- sales to the Renault-Nissan – Mitsubishi group totaled €1,657.1 million, accounting for 10.6% of Faurecia's total sales. They increased by 0.9% on a reported basis and by 3.3% at constant scope & currencies compared to 2020;
- sales to the Chinese OEMs totaled €1,035.4 million, accounting for 6.6% of total sales. They increased by 44.2% on a reported basis and by 39.9% at constant scope & currencies compared to 2020;
- sales to the General Motors group totaled €725.0 million, accounting for 4.6% of total sales. They decreased by 5.0% on a reported basis and by 2.7% at constant scope & currencies compared to 2020;
- sales to a major American EV carmaker totaled €680.1 million, accounting for 4.4% of total sales. They increased by 70.0% on a reported basis and by 67.3% at constant scope & currencies compared to 2020;
- sales to the CVE group totaled €642.9 million, accounting for 4.1% of total sales. They increased by 33.3% on a reported basis and by 35.0% at constant scope & currencies compared to 2020.

1.1.3.3. Sales by Business Group

(in € millions)	H2 2021	Scope Effect	H2 2020	Reported	At constant scope & currencies
Seating	3,082.1		3,288.9	-6.3%	-8.2%
Interiors	2,264.8	0.0	2,498.9	-9.4%	-10.2%
Clean Mobility	2,050.8		2,176.9	-5.8%	-7.8%
Clarion Electronics	437.6		395.7	10.6%	9.3%
TOTAL	**7,835.3**	**0.0**	**8,360.4**	**-6.3%**	**-7.9%**

(in € millions)	FY 2021	Scope Effect*	FY 2020	Reported	At constant scope & currencies
Seating	6,048.7		5,559.6	8.8%	9.1%
Interiors	4,640.6	59.7	4,335.2	7.0%	7.7%
Clean Mobility	4,090.9		3,823.3	7.0%	8.2%
Clarion Electronics	837.6		726.5	15.3%	17.5%
TOTAL	**15,617.8**	**59.7**	**14,444.6**	**8.1%**	**8.8%**

* *Scope effect includes SAS sales from January 2021.*



Sales by Business Group in 2021 were as follows:

- Seating totaled €6,048.7 million sales, up 8.8% on a reported basis and up 9.1% at constant scope & currencies compared to 2020;
- Interiors totaled €4,640.6 million sales, up 7.0% on a reported basis and up 7.7% at constant scope & currencies compared to 2020;
- Clean Mobility totaled €4,090.9 million sales, up 7.0% on a reported basis and up 8.2% at constant scope & currencies compared to 2020;
- Clarion Electronics totaled €837.6 million sales, up 15.3% on a reported basis and up 17.5% at constant scope & currencies compared to 2020.

1.1.4. Operating income

In 2021:

- the operating income before amortization of acquired intangible assets totaled €861.7 million (5.5% of sales), compared to €418.4 million (2.9% of sales) in 2020. The 2021 operating income was penalized by the shortage of semiconductors and the increase in the price of raw materials throughout the year. It was also penalized in the second half of the year by the "stop & gos" from the OEMs which were not anticipated, reducing the ability to adapt the cost structures. Additional costs were also generated on a new Seating program in Michigan;
- gross expenditures for R&D totaled €1,218.9 million, or 7.8% of sales, compared to €1,178.1 million, or 8.2% of sales in 2020. The portion of R&D expenditure capitalized amounted to €875.4 million, compared to €836.4 million in 2020. The R&D capitalization ratio represented 71.8% of total R&D expenditure, whereas it represented 71.0% over the same period in 2020;
- the net R&D expenses reached €330.9 million (2.1% of sales) compared to €341.7 million in 2020 (2.4% of sales);
- selling and administrative expenses reached €690.8 million (4.4% of sales), compared to €712.9 million (4.9% of sales) in 2020;
- EBITDA – which represents operating income before depreciation, amortization and provisions for impairment of property, plant and equipment and capitalized R&D expenditures – totaled €2,109.4 million (13.5% of sales), to be compared to €1,669.2 million (11.6% of sales) in 2020.

1.1.4.1. By region

	H2 2021			H2 2020		
(in € millions)	Sales	Operating Income	%	Sales	Operating Income	%
Europe	3,190.6	86.0	2.7%	3,820.9	183.3	4.8%
North America	1,944.7	(11.8)	-0.6%	2,157.0	116.9	5.4%
Asia	2,309.1	256.3	11.1%	2,057.7	207.7	10.1%
South America	296.2	13.2	4.4%	241.6	8.2	3.4%
Rest of the world	94.7	8.2	8.7%	83.2	1.8	2.2%
TOTAL	**7,835.3**	**351.9**	**4.5%**	**8,360.4**	**517.9**	**6.2%**

	FY 2021			FY 2020		
(in € millions)	Sales	Operating Income	%	Sales	Operating Income	%
Europe	6,996.1	292.0	4.2%	6,762.5	84.9	1.3%
North America	3,724.6	48.8	1.3%	3,631.5	33.4	0.9%
Asia	4,166.5	457.7	11.0%	3,528.1	308.4	8.7%
South America	543.5	43.5	8.0%	398.2	(5.6)	-1.4%
Rest of the world	187.1	19.7	10.5%	124.3	(2.7)	-2.2%
TOTAL	**15,617.8**	**861.7**	**5.5%**	**14,444.6**	**418.4**	**2.9%**

The operating income in 2021 compared to 2020 increased by €443.3 million:

- in Europe, the operating income increased by €207.1 million to reach €292.0 or 4.2% of sales. This is to be compared to €84.9 million or 1.3% in 2020;
- in North America the operating income was affected in 2021 by difficulties related to the launch of a new Seating program in Michigan, which generated additional costs of around €100 million. Despite this element, the operating income increased by €15.4 million to reach €48.8 or 1.3% of sales. This is to be compared to €33.4 million or 0.9% in 2020;
- in Asia, the operating income increased by €149.3 million to reach €457.7 million or 11.0% of sales. This is to be compared to €308.4 million or 8.7% in 2020;
- in South America, the operating income increased by €49.2 million to reach €43.5 million or 8.0% of sales. This is to be compared to €-5.6 million or -1.4% in 2020;
- in the rest of the world (South Africa), the operating margin increased by €22.4 million to reach €19.7 million or 10.5% of sales. This is to be compared to €-2.7 million or -2.2% in 2020.

1.1.4.2. By Business Group

	H2 2021			H2 2020		
(in € millions)	Sales	Operating Income	%	Sales	Operating Income	%
Seating	3,082.1	88.4	2.9%	3,288.9	212.4	6.5%
Interiors Segment	2,264.8	73.1	3.2%	2,498.9	111.0	4.4%
Clean Mobility	2,050.8	191.1	9.3%	2,176.9	190.4	8.7%
Clarion Electronics	437.6	(0.7)	-0.1%	395.7	4.1	1.0%
TOTAL	**7,835.3**	**351.9**	**4.5%**	**8,360.4**	**517.9**	**6.2%**

	FY 2021			FY 2020		
(in € millions)	Sales	Operating Income	%	Sales	Operating Income	%
Seating	6,048.7	284.8	4.7%	5,559.6	189.8	3.4%
Interiors Segment	4,640.6	189.9	4.1%	4,335.2	33.1	0.8%
Clean Mobility	4,090.9	388.7	9.5%	3,823.3	200.5	5.2%
Clarion Electronics	837.6	(1.7)	-0.2%	726.5	(5.0)	-0.7%
TOTAL	**15,617.8**	**861.7**	**5.5%**	**14,444.6**	**418.4**	**2.9%**

The operating income in 2021 compared to 2020 increased by €443.3 million:

- Seating operating income was affected by the difficulties related to the launch of a new program in Michigan, which generated additional costs of approximately €100 million. Despite this element, Seating's operating income amounted to €284.8 million (4.7% of sales) compared to €189.8 million in 2020 (3.4% of sales);
- Interiors operating income amounted to €189.9 million (4.1% of sales) compared to €33.1 million in 2020 (0.8% of sales);
- Clean Mobility operating income amounted to €388.7 million (9.5% of sales) compared to €200.5 million in 2020 (5.2% of sales);
- Clarion Electronics operating income amounted to €-1.7 million (-0.2% of sales) compared to €-5.0 million in 2020 (-0.7% of sales).

1.1.5. Net income

The net income group share is a loss of €78.8 million, or -0.5% of sales in 2021. This is to be compared to a loss of €378.8 million or -2.6% of sales in 2020. It represented an increase of €300.0 million.

In 2021:

- the amortization of intangible assets acquired represented an expense of €92.6 million compared to an expense of €91.7 million in 2020;
- the "other non-recurring operating income and expenses" represented an expense of €238.5 million, compared to an expense of €276.5 million in 2020. This item included €196.3 million in restructuring charges compared to an expense of €285.5 million in 2020;
- financial income amounted to €32.0 million, compared to €20.9 million in 2020. Financial costs totaled €239.3 million, versus €202.7 million in 2020;
- other financial income and expense represented an expense of €47.2 million compared to an expense of €36.3 million in 2020. This expense included €4.5 million from discounting pension benefit liabilities;
- the tax expense reached €138.8 million, compared to €122.3 million in 2020. It included a charge of 95.0 million due to changes in deferred tax;
- the share of net income of associates is a loss of €24.6 million, compared to a loss of €12.8 million in 2020;
- the net income from discontinued operations is a loss of €96.5 million, compared to a loss of €18.5 million in 2020 ;
- net income attributable to minority interests totaled €95.0 million. It consists of net income accruing to investors in companies in which Faurecia is not the sole shareholder, mainly in China, compared to €57.3 million in 2020.

Basic earnings per share amounted to €-0.57 (diluted net earnings per share at €-0.57) compared to €-2.75 in 2020 (diluted net earnings per share at €-2.75).

1.1.6. Financial structure

1.1.6.1. Reconciliation between net cash flow and cash provided by operating and investing activities

(in € millions)	Notes	2021	2020 restated*
Net cash flow		**304.6**	**13.0**
Acquisitions/Sales of investments and business (net of cash and cash equivalents) from continued activities	2.3	(66.1)	(251.5)
Proceed from disposal of financial assets from continued activities	2.3	0.0	0.0
Other changes from continued activities	2.3	(62.0)	(11.6)
Financing surplus (used) from discontinued operation	2.3	(66.0)	(6.9)
Surplus (used) from operating and financing activities	2.3	**110.4**	**(257.0)**

* *See Note 1.C (Annex to the consolidated financial statements).*

1.1.6.2. Net cash flow

The net cash flow was an inflow of €304.6 in 2021 (including cash outflows of €12 million related to the acquisition of HELLA) compared to a net cash inflow of €13.0 million over the same period in 2020. It can be explained as follows:

- the operating margin before depreciations and amortizations of non-current assets or EBITDA reached €2,109.4 million compared to €1,669.2 million in 2020, due to the increase in operating income by €443.3 million and the decrease in depreciation and amortization by €2.9 million;
- restructuring represented cash outflows of €174.7 million compared to €124.2 million in 2020;
- net financial costs represented cash outflows of €230.3 million, versus €205.3 million in 2020;
- the change in working capital requirement, including receivables factoring, represented a positive impact of €53.0 million compared to a negative impact of €68.5 million in 2020. This change consisted in part of an increase in inventories of €203.0 million, a net increase in trade receivables of €5.0 million, a increase in trade payables of €397.3 million and a negative variation of other trade receivables and payables for €136.3 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 €530.0 million, versus €464.4 million in 2020;
- capitalized research and development costs represented cash outflows of €669.7 million, versus €612.9 million in 2020;
- income taxes represented cash outflows of €242.6 million, compared to €196.2 million in 2020;
- finally, other cash flow items represented €10.8 million in outflows, compared to €15.3 million in inflows in the 2020.

1.1.6.3. Net Debt

(en € millions)	12/31/2021	12/31/2020
Net Debt*	**3,466.7**	**3,128.1**

* *See Note 26 (Annex to the consolidated financial statements).*

The Group's net financial debt stood at €3,466.7 million at December 31, 2021 compared to €3,128.1 million at December 31, 2020.

The net debt evolution is mainly impacted by the positive net cash flow evolution of €304.6 million, the purchase of treasury shares for €127.5 million, dividends paid for €201.2 million, the net financial investments and other cash elements inflow of €73.9 million and the negative impact of €240.6 million related to IFRS 16.

The main elements of long-term financial resources are:

- our main syndicated credit facility, which has been renegotiated in May 2021. Its amount has been increased from €1,200 to €1,500 million, and its maturity extended to May 2026, with two one-year maturity extension options. The credit facility is now a sustainability-linked credit line, with a margin indexed on the Group's performance in terms of CO_2 emissions reduction for its scopes 1 & 2. As at December 31, 2021, this facility was not used and fully available for its total amount;

- Faurecia signed on August 13, 2021 a fully underwritten bridge loan of €5,500 million in order to secure the financing of the acquisition of HELLA. As of 31st of December 2021 the Bridge facility was reduced to €3,400 million, following €2,100 million of prefinancing transactions. No amount was drawn on the Facility at December 31, 2021;

  The contemplated refinancing of the facility will be mainly done through bond issues, bank loans, and a rights issue for an amount up to €800 million with preferential subscription right for shareholders;
- a total amount of €4,940 million bonds, of which €1,000 million of bonds maturing in June 2025, €750 million of bonds maturing in June 2026, €1,200 million of sustainability-linked bonds maturing in February 2027, €890 million of bonds maturing in June 2027 (of which an additional €190 million issued in February 2021), €700 million of bonds maturing in June 2028, and €400 million of Green Bonds maturing in June 2029. issued in March 2021;
- €909.0 million of Schuldscheindarlehen (private placement under German law), made of several tranches maturing in December 2022, December 2023, June and December 2024, January 2026, January 2027 and January 2028 (€226.5 million of the 2022 tranche have been repaid by anticipation in June 2021);
- a 30 billion Japanese Yen credit line signed in February 2020 in order to refinance the long-term debt of Clarion Co. Ltd maturing in February 2026 after a first maturity extension. As at December 31. 2021, this facility was used up to ¥20 billion.

1.2. Outlook and Trends

1.2.1. 2022 Faurecia standalone guidance

At this stage and due to the recent closing of the HELLA acquisition, Faurecia is only guiding for its standalone scope.

The forecasts for the fiscal year ending December 31, 2022 presented below are based on data, assumptions and estimates considered reasonable by the Group as of the date of this Universal Registration Document. They have been established based on the scope of consolidation and activity existing as of December 31, 2021. These data and assumptions may change or be modified due to uncertainties, especially related to the economic, financial, accounting, competitive, regulatory and tax environment or due to other factors of which the Group is not aware on the date of this Universal Registration Document. In addition, the materialization of certain risks described in Chapter 2 "*Risk factors & Risk management*" of the Universal Registration Document could have an impact on the activities, financial situation, results or outlook of the Group and therefore call into question these forecasts. The Group therefore does not make any commitment or give any guarantee as to the achievement of the forecasts appearing in this section.

The forecasts for the fiscal year ended December 31, 2022 presented below, and the underlying assumptions, have also been established in application of the provisions of Delegated Regulation (UE) No 2019/980 supplementing Regulation (UE) 2017/1129 and ESMA recommendations relating to forecasts.

Underlying assumptions

The forecasts for the fiscal year ending December 31, 2022 presented below have been prepared in accordance with the accounting policies applied in the consolidated financial statements of the Company for the fiscal year ended December 31, 2021.

These forecasts are based on Faurecia's scope of consolidation as of December 31, 2021 and therefore exclude any scope impacts from the acquisition of HELLA. They are mainly based on the following assumptions:

FAURECIA INTERNAL ASSUMPTIONS

- The increase in annual sales compared to the year 2021 will primarily come from a decrease in the disruptions caused by the semiconductors crisis that affected Faurecia during fiscal year ended December 31, 2021, and from the execution of its orders backlog.
- The increase in operating margin compared to the fiscal year 2021 will primarily come from an increase in volume.
- The improvement in cash generation in the fiscal year 2022, compared to the fiscal year 2021, will primarily come from the improvement in the operating margin.

MACRO-ECONOMIC ASSUMPTIONS

- They assume a worldwide automotive production of 78.7 million light vehicles[1].
- They are based on full year average currency rates of 1.15 for USD/€ and 7.50 for CNY/€.
- They assume an overall stable political environment in countries where Faurecia operates or delivers products.
- They assume that no major lockdown will affect production or retail sales in any automotive region during the year.
- They assume an inflation on raw materials (net impact of which in 2022 should not exceed that of 2021) and other costs such as wages, transportation and logistics and energy.

Forecasts for the fiscal year ending December 31, 2022

The semiconductors crisis has negatively affected financial performance of the Group in the fiscal year ended December 31, 2021. However, Faurecia has the following forecasts for the fiscal year ending December 31, 2022:

- Sales will reach between €17.5 billion and €18 billion and the operating margin (before amortization of intangible assets acquired) will reach between 6 % and 7 %.
- The Group will generate a net cash flow of close to €500 million before impacts related to the acquisition of HELLA.

(1) *This assumption remains more conservative than IHS Markit forecast (dated February 2022) of 80.7 million light vehicles, representing an increase of 9.9% vs. 2021.*

1.2.2. 2025 FORVIA ambition (Faurecia including HELLA consolidation)

On February 7, 2022, during its "Day One" event announcing the creation of FORVIA, Faurecia confirmed its 2025 ambition for the new Group as announced on August 14, 2021:

- **2025 sales above €33 billion;**
- **2025 operating margin exceeding 8.5% of sales;**
- **2025 net cash flow of c. €1.75 billion;**
- **net-debt-to-EBITDA ratio at 1x at year-end 2025.**

Faurecia also upgraded its cost synergies target from above €200 million EBITDA run-rate as announced on August 14, 2021 to above €250 million EBITDA run-rate with a P&L impact ramping up from 40% in 2023 to 80% in 2024 and 100% in 2025. The Group confirmed its targets of revenue synergies expected to reach between €300 million and €400 million of sales by 2025 and cash flow optimization expected to generate around €200 million per year on average from 2022 to 2025.

Full-year 2022 guidance for the Combined Group (Faurecia's accounts consolidating HELLA for 11 months as from February 1, 2022) should be released along with Q1 sales figures, on April 28, 2022.

A Capital Markets Day will be held in H2 2022 that will provide a strategic presentation and detailed financial perspective for FORVIA until 2025.

1.2.3. Information obtained after the Board of Directors dated February 18, 2022

Actualization following the outbreak of the military conflict by Russia in Ukraine on February 24, 2022

After February 21, 2022, the publication date of Faurecia's 2021 annual results and Faurecia's standalone full-year 2022 guidance, a military conflict erupted between Russia and Ukraine.

The direct exposure of FORVIA (Faurecia and HELLA) in Russia and Ukraine is very limited:

- In Russia, Faurecia's sales represented only around 200 million euros in 2021, *i.e.* 1.3% of Faurecia's total sales, and HELLA's sales represented less than 50 million euros, *i.e.* less than 0.5% of HELLA's total sales;
- In Ukraine, Faurecia and HELLA are not present.

At this stage, it is difficult to assess the consequences of the conflict on global automobile production in 2022, notably in Europe, and which is currently resulting in temporary production shutdowns already announced by some automotive manufacturers, mainly in relation with wire harnesses supply risks of which Ukraine is a major exporter.

Initial analysis released by IHS Markit on March 2, 2022, estimates between 1 and 1.5 million vehicles the potential impact (base case scenario) of the Russia-Ukraine military conflict on global automobile production in 2022. However, this impact is still lower, at this stage, than the cautious approach of Faurecia for setting its standalone full-year 2022 guidance (as a reminder, Faurecia relied on the assumption of a global automotive production at 78.7 million vehicles in 2022, compared to IHS Markit forecast at 80.7 million vehicles released in mid-February 2022). IHS Markit's pessimistic scenario would be an impact of 3.5 million vehicles.

It is not possible to predict at this stage with sufficient reliability the potential impact of higher raw materials and energy costs on full-year 2022.

The 2022 financial objectives of the new Group (including the consolidation of HELLA in Faurecia's accounts for 11 months from February 1st, 2022) should be announced on April 28.

1.3. Consolidated financial statements for the year ended December 31, 2021

1.3.1. Consolidated statement of comprehensive income

(in € million)	Notes	2021	2020 restated*
SALES	4	**15,617.8**	**14,444.6**
Cost of sales	5	(13,734.4)	(12,971.6)
Research and development costs	5	(330.9)	(341.7)
Selling and administrative expenses	5	(690.8)	(712.9)
OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)	4	**861.7**	**418.4**
Amortization of intangible assets acquired in business combinations	11	(92.6)	(91.7)
OPERATING INCOME (AFTER AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)		**769.1**	**326.7**
Other non-recurring operating income	6	6.0	180.7
Other non-recurring operating expense	6	(244.5)	(457.2)
Income from loans, cash investments and marketable securities		32.0	20.9
Finance costs	7	(239.3)	(202.7)
Other financial income and expense	7	(47.2)	(36.3)
INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES		**276.1**	**(167.9)**
Taxes	8	(138.8)	(122.3)
of which deferred taxes	8	*95.0*	*57.6*
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES		**137.3**	**(290.2)**
Share of net income of associates	13	(24.6)	(12.8)
NET INCOME FROM CONTINUED OPERATIONS		**112.7**	**(303.0)**
NET INCOME FROM DISCONTINUED OPERATIONS	2.1	**(96.5)**	**(18.5)**
CONSOLIDATED NET INCOME (LOSS)		**16.2**	**(321.5)**
Attributable to owners of the parent		**(78.8)**	**(378.8)**
Attributable to minority interests from continued operations	23	95.0	57.3
Attributable to minority interests from discontinued operations		0.0	0.0
Basic earnings (loss) per share (in €)	9	(0.57)	(2.75)
Diluted earnings (loss) per share (in €)	9	(0.57)	(2.75)
Basic earnings (loss) from continued operations per share (in €)	9	0.13	(2.62)
Diluted earnings (loss) from continued operations per share (in €)	9	0.13	(2.62)
Basic earnings (loss) from discontinued operations per share (in €)	9	(0.70)	(0.13)
Diluted earnings (loss) from discontinued operations per share (in €)	9	(0.70)	(0.13)

* *Cf. Note 1.C.*

Other comprehensive income

(in € million)	*Notes*	2021	2020 restated*
CONSOLIDATED NET INCOME (LOSS)		16.2	(321.5)
Amounts to be potentially reclassified to profit or loss from continued operations		**259.4**	**(333.3)**
Gains (losses) arising on fair value adjustments to cash flow hedges		3.9	(2.3)
of which recognized in equity		*10.9*	*(14.3)*
of which transferred to net income (loss) for the period		*(7.0)*	*12.0*
Exchange differences on translation of foreign operations		256.6	(331.9)
Tax impact		(1.1)	0.9
Amounts not to be reclassified to profit or loss from continued operations		**45.1**	**(38.1)**
Actuarial gain/(loss) on post-employment benefit obligations	*25*	54.1	(47.3)
Tax impact		(9.0)	9.2
Other comprehensive income from discontinued operations		**6.5**	**(6.0)**
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		**327.2**	**(698.9)**
Attributable to owners of the parent		196.9	(736.9)
Attributable to minority interests		130.3	38.0

* *Cf. Note 1.C.*

1.3.2. Consolidated balance sheet

Assets

(in € million)	Notes	2021	2020
Goodwill	*10*	2,236.2	2,195.9
Intangible assets	*11*	2,800.4	2,668.0
Property, plant and equipment	*12A*	2,802.4	2,813.3
Right-of-use assets	*12B*	950.9	913.3
Investments in associates	*13*	150.8	177.4
Other equity interests	*14*	88.0	53.8
Other non-current financial assets	*15*	98.0	104.7
Other non-current assets	*16*	122.3	70.5
Deferred tax assets	*8*	540.6	475.4
TOTAL NON-CURRENT ASSETS		**9,789.6**	**9,472.3**
Inventories, net	*17*	1,657.6	1,431.3
Contract assets		273.5	248.0
Trade accounts receivables	*18*	3,468.1	3,237.1
Other operating receivables	*19*	473.6	363.4
Other receivables	*20*	1,094.9	856.4
Other current financial assets	*30*	11.9	2.6
Cash and cash equivalents	*21*	4,905.7	3,091.4
TOTAL CURRENT ASSETS		**11,885.3**	**9,230.2**
TOTAL ASSETS		**21,674.9**	**18,702.5**

Liabilities

(in € million)	*Notes*	2021	2020
EQUITY			
Capital	22	966.3	966.3
Additional paid-in capital		605.2	632.8
Treasury stock		(4.0)	(19.1)
Retained earnings		1,974.7	2,449.2
Translation adjustments		(34.3)	(254.7)
Net income (loss)		(78.8)	(378.8)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS		**3,429.1**	**3,395.7**
Minority interests	23	386.3	331.4
TOTAL SHAREHOLDERS' EQUITY		**3,815.4**	**3,727.1**
Non-current provisions	25	447.3	515.3
Non-current financial liabilities	26	6,333.6	4,222.8
Non-current lease liabilities	26	833.1	794.0
Other non-current liabilities		5.6	1.9
Deferred tax liabilities	8	44.1	82.0
TOTAL NON-CURRENT LIABILITIES		**7,663.7**	**5,616.0**
Current provisions	24	288.4	315.4
Current financial liabilities	26	1,018.8	1,023.1
Current portion of lease liabilities	26	198.8	182.2
Prepayments on customers contracts		740.2	605.7
Trade payables	27	6,693.2	6,016.4
Accrued taxes and payroll costs	27	779.1	771.9
Sundry payables	28	477.3	444.7
TOTAL CURRENT LIABILITIES		**10,195.8**	**9,359.4**
TOTAL EQUITY AND LIABILITIES		**21,674.9**	**18,702.5**

1.3.3. Consolidated cash flow statement

(in € million)	*Notes*	2021	2020 restated*
I- OPERATING ACTIVITIES			
Operating income (before amortization of acquired intangible assets)		861.7	418.4
Depreciations and amortizations of assets	5.5	1,247.7	1,250.8
o/w depreciations and amortizations of R&D assets	*5.5*	*487.5*	*518.4*
o/w other depreciations		*760.2*	*732.4*
EBITDA		**2,109.4**	**1,669.2**
Operating current and non-current provisions		(47.5)	11.0
Capital (gains) losses on disposals of operating assets		(4.1)	2.0
Paid restructuring		(174.7)	(124.2)
Paid finance costs net of income		(230.3)	(205.3)
Other non-recurring operating income and expenses paid		(42.8)	(3.7)
Paid taxes		(242.6)	(196.2)
Dividends from associates		13.5	7.3
Change in working capital requirement		**53.0**	**(68.5)**
Change in inventories		(203.0)	(137.3)
o/w R&D inventories increase	*5.4*	*(205.7)*	*(223.8)*
o/w R&D inventories decrease		*201.2*	*194.1*
Change in trade accounts receivables		(5.0)	(340.2)
Change in trade payables		397.3	463.2
Change in other operating receivables and payables		18.2	(56.9)
Change in other receivables and payables (excl. Tax)		(154.5)	2.7
Operating cash flows from discontinued activities		**(41.9)**	**14.3**
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		1,392.0	1,105.6
II- INVESTING ACTIVITIES			
Additional property, plant and equipment	12	(528.6)	(461.2)
Additional intangible assets	11	(1.3)	(3.2)
Capitalized development costs	5.4 & 11	(669.7)	(612.9)
Acquisitions/Sales of investments and business (net of cash and cash equivalents)		(66.1)	(251.5)
Proceeds from disposal of property, plant and equipment		33.0	37.8
Proceed from disposal of financial assets		0.0	0.0
Change in investment-related receivables and payables		37.3	(38.9)
Other changes		(62.0)	(11.6)
Investing cash flows from discontinued operations		**(24.1)**	**(21.2)**
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		(1,281.6)	(1,362.7)
CASH PROVIDED BY (USED IN) OPERATING AND INVESTING ACTIVITIES (I)+(II)		110.4	(257.0)
III- FINANCING ACTIVITIES			
Shares issued by Faurecia and fully consolidated companies (net of costs)		101.7	5.3
Dividends paid to owners of the parent company		(134.8)	0.0
Dividends paid to minority interests in consolidated subsidiaries		(66.4)	(35.4)
Acquisitions of treasury stocks		(127.5)	0.9
Debt securities issued and increase in other financial liabilities		2,512.0	3,062.0
Repayment of debt and other financial liabilities		(479.4)	(1,734.3)
Repayments on lease debts		(205.1)	(169.1)
Financing cash flows from discontinued activities		**(2.6)**	**(4.0)**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		1,597.8	1,125.4
IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS			
Impact of exchange rate changes on cash and cash equivalents		106.2	(96.3)
Net cash flows from discontinued operations		**5.5**	**(5.5)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,819.9	766.5
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		3,085.9	2,319.4
CASH AND CASH EQUIVALENTS AT END OF PERIOD		4,905.7	3,085.9

* *Cf. Note 1.C.*

The net cash flow amounts to €304.6 million as of December 31, 2021 and €13.0 million as of December 31, 2020.

1.3.4. Consolidated statement of changes in equity

(in € million)	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 January 1, 2020 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**
Net income (loss)					(378.8)				(378.8)	57.3	(321.5)
Other comprehensive income						(312.2)	(1.4)	(44.5)	(358.1)	(19.3)	(377.4)
Comprehensive income					***(378.8)***	***(312.2)***	***(1.4)***	***(44.5)***	***(736.9)***	***38.0***	***(698.9)***
Capital increase									0.0	2.2	2.2
2019 dividends									0.0	(35.3)	(35.3)
Allocation of free shares					(8.9)				(8.9)		(8.9)
Purchases and sales of treasury stock				25.6					25.6		25.6
Changes in scope of consolidation and other					(23.1)	3.3		0.7	(19.1)	(0.3)	(19.4)
Shareholders' equity as of December 31, 2020 before appropriation of net income (loss)	**138,035,801**	**966.3**	**632.8**	**(19.1)**	**2,227.1**	**(254.7)**	**(0.6)**	**(156.1)**	**3,395.7**	**331.4**	**3,727.1**
Restatement IFRS IC decision on IAS 19 [(2)]					9.3				9.3		9.3
Shareholders' equity as of January 1, 2021 restated before appropriation of net income (loss)	**138,035,801**	**966.3**	**632.8**	**(19.1)**	**2,236.4**	**(254.7)**	**(0.6)**	**(156.1)**	**3,405.0**	**331.4**	**3,736.4**
Net income (loss)					(78.8)				(78.8)	95.0	16.2
Other comprehensive income						220.7	2.8	52.2	275.7	35.3	311.0
Comprehensive income					***(78.8)***	***220.7***	***2.8***	***52.2***	***196.9***	***130.3***	***327.2***
Capital increase									0.0	2.4	2.4
2020 dividends					(134.8)				(134.8)	(68.2)	(203.0)
Allocation of free shares					(9.7)				(9.7)		(9.7)
Purchases and sales of treasury stock				15.1					15.1		15.1
Changes in scope of consolidation and other			(27.6)		(16.4)	(0.3)		0.9	(43.4)	(9.6)	(53.0)
Shareholders' equity as of December 31, 2021 before appropriation of net income (loss)	**138,035,801**	**966.3**	**605.2**	**(4.0)**	**1,996.7**	**(34.3)**	**2.2**	**(103.0)**	**3,429.1**	**386.3**	**3,815.4**

(1) Of which 84,171 treasury stock as of 12/31/2021 and 499,273 treasury stock as of 12/31/2020 - See Note 9.
(2) See Note 1A.

1.3.5. 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.E is a European company which registered office is located at 23-27, avenue des Champs-Pierreux, 92000 Nanterre (Hauts-de-Seine) in France. The Company is listed on Euronext Paris.

The consolidated financial statements were approved by Faurecia's Board of Directors on February 18, 2022.

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 2021 consolidated financial statements and comparative data for 2020 are those published in the Official Journal of the European Union (OJEU) as of December 31, 2021, whose application was mandatory at that date. The new standards, amendments and revisions to the existing standards, whose application is mandatory from January 1, 2021, have no significant impact on the Group annual consolidated financial statements. The impacts of the IFRS IC decision from May 2021 on attributing benefit to periods of service for a defined benefit plan (IAS 19) have been integrated in the opening net equity of the period as the amount is not significant at group level (€9.3 million). The analysis of the impact of the IFRS IC decision on SaaS software is on going in order to implement this decision as soon as possible, the impact is expected to be not significant for the Group.

Faurecia has not undertaken any early application of new standards, amendments or interpretations whose application is mandatory after December 31, 2021, irrespective of whether or not they are adopted by the European Union.

The principal accounting policies applied in the preparation of the consolidated financial statements have been consistently applied to all the years presented. 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 and depreciation of deferred tax assets. 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. Moreover, the Group must exercise judgment in determining whether the criteria for recognizing an asset or group of assets as held for sale are met, pursuant to the provisions of IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations".

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 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 2020 and 2021 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.

1.C Modifications to the previously published consolidated financial statements

IFRS 5 – DISCONTINUED ACTIVITIES

Following the signature with the group Adler on February 18, 2021 of a Memorandum of Understanding (MoU) for the sale of the Acoustic Soft Trim business, all the conditions were met from an IFRS point of view to qualify the activity as discontinued, mainly regarding the criteria of being a major line of business and the highly probable character of the sale.

Since February 1, 2021, applying IFRS 5, the corresponding assets and liabilities have been isolated in dedicated lines, and so until October 31, 2021, effective date of the sale of these activities.

Due to the effective sale of these activities on October 31, 2021, there are no assets, as of December 31, 2021 presented separately in a line "Assets held for sale" in the consolidated balance sheet, as well as for the corresponding liabilities presented in a line "Liabilities linked to assets held for sale" in the consolidated balance sheet.

The net income of the corresponding discontinued activities is isolated on a specific line of the income statement for the whole year 2021, and the income statement of the comparative year has been restated the same way. In addition, the other comprehensive income and cash flows items related to the discontinued operations are presented separately in the statement of financial position for the whole year 2021, and the statements of the comparative year have been restated the same way. For these restatements, inter-company transactions other than the ones linked to management fees remain eliminated. The classification of management fees for which the sale of the Acoustic Soft Trim division has no impact has been maintained in operating income. The net impact of this sale is also presented in the net income of discontinued activities.

The restatements of the previously published financial statements for the year 2020 are detailed in the tables below.

Restated consolidated statement of comprehensive income

Full-Year 2020

(in € million)	Full-Year 2020 published in February 2021	IFRS 5 Impact	Full-Year 2020 restated
SALES	14,653.8	(209.2)	14,444.6
OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)	406.2	12.2	418.4
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES	(308.7)	18.5	(290.2)
NET INCOME FROM CONTINUED OPERATIONS	(321.5)	18.5	(303.0)
NET INCOME FROM DISCONTINUED OPERATIONS	0.0	(18.5)	(18.5)
CONSOLIDATED NET INCOME (LOSS)	(321.5)	0.0	(321.5)
Attributable to owners of the parent	**(378.8)**	**0.0**	**(378.8)**
Attributable to minority interests	57.3	0.0	57.3
Basic earnings (loss) per share (in €)	(2.75)	0.00	(2.75)
Diluted earnings (loss) per share (in €)	(2.75)	0.00	(2.75)
Basic earnings (loss) from continued operations per share (in €)	(2.75)	0.13	(2.62)
Diluted earnings (loss) from continued operations per share (in €)	(2.75)	0.13	(2.62)
Basic earnings (loss) from discontinued operations per share (in €)	0.00	(0.13)	(0.13)
Diluted earnings (loss) from discontinued operations per share (in €)	0.00	(0.13)	(0.13)

Restated consolidated cash flow statement

Full-Year 2020

(in € million)	Full-Year 2020 published in February 2021	IFRS 5 Impact	Full-Year 2020 restated
I- OPERATING ACTIVITIES			
EBITDA	1,678.8	(9.6)	1,669.2
Change in working capital requirement	(57.4)	(11.2)	(68.5)
Operating cash flows from discontinued operations	0.0	14.3	14.3
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	**1,105.7**	**0.0**	**1,105.7**
II- INVESTING ACTIVITIES			
Investing cash flows from discontinued operations	0.0	(21.2)	(21.2)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(1,362.7)**	**0.0**	**(1,362.7)**
III- FINANCING ACTIVITIES			
Financing cash flows from discontinued operations	0.0	(4.0)	(4.0)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**1,125.4**	**0.0**	**1,125.4**
IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS			
Impact of exchange rate changes on cash and cash equivalents	(96.3)	0.0	(96.3)
Net cash flows from discontinued operations	0.0	(5.5)	(5.5)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**772.1**	**(5.5)**	**766.5**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**2,319.4**	**0.0**	**2,319.4**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,091.4**	**(5.5)**	**3,085.9**

Note 2 Change in scope of consolidation and recent events

2.1 Disposal of Acoustic Soft Trim

On October 31 2021, Faurecia sold to the group Adler its business Acoustic Soft Trim, which manufactures and sells acoustic products and soft trims, with eight plants and one R&D center, all based in Europe, within the Interiors segment, for an enterprise value of €80 million. According to the sale contract, the calculation of prospective price adjustments based on Acoustic Soft Trim accounts on transaction date is ongoing; no significant impact is expected on group financial statements. On December 31, 2021, the loss on disposal after tax has been booked in “Net income of discontinued operations”.

THE LOSS ON DISPOSAL OF ACOUSTIC SOFT TRIM

In accordance with IFRS 10, the gain or loss on disposal of Acoustic Soft Trim is calculated based on the difference between:

- the global sale price, after goodwill and any costs related to the transaction and the estimated liabilities;
- the net equity, as recognized in the consolidated financial statement on October 31, 2021.

DISCONTINUED ACTIVITIES

In accordance with IFRS 5, "net income of discontinued operations" presented in the consolidated statement of comprehensive income amounted to € (96.5) million including the operations of the business Acoustic Soft Trim from February 1, 2021 to October 31, 2021 as well as the net loss on disposal related to this activity and the directly incrementable expenses related to the sale.

2.2 Other changes in scope in 2021

Within the Clean Mobility perimeter, in China the company Kaishi Faurecia Aftertreatment Control Technologies Co., Ltd. has been acquired at 35% in March 2021 and is consolidated by equity method and the company Faurecia CLD Safety Technology (Shenyang) Co., Ltd. has been acquired in May 2021 at 65% and is fully consolidated. The company Hongtai Faurecia Composite (Wuhan) Co. Ltd., consolidated by equity method and held at 50%, has been sold in June 2021. In Indonesia, the company PT Faurecia Clean Mobility Indonesia held at 100%, has been created in September 2021 and is fully consolidated. In October 2021, Faurecia has acquired the remaining shares of Faurecia Metalloprodukcia Holding, already held at 70% and fully consolidated. The company’s name is now Faurecia Exhaust Russia Holding.

For Clarion Electronics perimeter, in Sweden, the company Faurecia Créo, held at 78.5% is now held at 100% and is fully consolidated. In Malaysia, the company Crystal Precision Sdn, Bhd previously held at 86.25% and fully consolidated, was held at 30% in June 2021 and consolidated by equity method during the first half year 2021, has been progressively sold between July and December 2021.

Within Seating perimeter, the company Faurecia (Shanghai) Automotive Component Co. Ltd., has been created in February 2021 and is fully consolidated.

The company Faurecia Ré has been acquired at 100% in Luxembourg in May 2021; it is fully consolidated and will be used to manage the insurance policies of the Group.

2.3 Reminder of change in scope of consolidation introduced in 2020

SAS has been acquired on January 30, 2020 and integrated in the Interiors segment. It was previously held at 50% and consolidated by equity method.

Within the Clean Mobility perimeter, the company Ullit has been fully acquired in January 2020 and is fully consolidated.

For Clarion Electronics perimeter, in Canada, the company Irystec Software Inc. has been fully acquired in April 2020 and is fully consolidated. The company Faurecia Aptoide Automotive, created in October 2019 in Portugal, and held at 50%, is consolidated by equity method since January 1, 2020. In China, the company Changchun Faurecia Xuyang Display Technology Co., Ltd., held at 55%, is fully consolidated since July 2020.

Within the Seating consolidation scope, the company Beijing BAIC Faurecia Automotive Systems Co., Ltd., acquired up to 50% in November 2020, is consolidated by equity method.

2.4 Recent events

COVID-19

As opposed to previous period, the operations for the year 2021 have not been significantly impacted by the sanitary crisis linked to Covid-19.

SHORTAGE OF ELECTRONICS COMPONENTS

The global shortage of semiconductors has impacted the automotive industry over the entire year 2021. The impact was stronger on the second half than on the first half, that was nevertheless already impacted by climatic conditions in Texas and a fire disaster at one of the major Japanese suppliers of semiconductors. The worldwide automotive production in 2021 amounted to 73.4 million Light Vehicles (LVs), up only 3.8% year-on-year. The difficult situation in the second half 2021, with a very low point in the third quarter (only 15.8 million LVs produced in the quarter, down 19% vs. the third quarter 2020), strongly disrupted our customer's activity during that period, generating unprecedented high volatility in OEM programs and consequent numerous and erratic production Stops & Gos for Faurecia. Volatility in OEM programs, at its peak in september and october 2021, started to normalize as from november 2021.

The shortage of semiconductors is expected to continue at least in the first half 2022 but should gradually ease as from the second half 2022 and the global situation should return to normal in 2023.

MERGER OF PEUGEOT S.A. AND FCA TO CREATE THE STELLANTIS GROUP

Within the frame of Peugeot S.A. and FCA merger:

- on January 4, 2021, the Extraordinary Shareholder's Meetings of Peugeot S.A. and FCA have approved the merger of the two groups to create the Stellantis group;
- on January 12, 2021, as committed by Peugeot S.A. and FCA, the Faurecia shares held by Peugeot S.A. have been converted to bearer shares (followed by a conversion to nominative shares) involving the loss of the double voting rights that were attached to them so far, and the three Faurecia Board members representing Peugeot S.A. in Faurecia's Board have resigned at that date;
- on March 8, 2021, Stellantis have approved in the extraordinary shareholders' meeting the distribution of a maximum of 54,297,006 Faurecia ordinary shares (representing 39.3% of Faurecia shares) on the basis of 0.017029 Faurecia ordinary share for each Stellantis share; this distribution has become effective on March 15, 2021.

This distribution has increased Faurecia free float, reaching now more than 90%, significantly enhancing its visibility in the capital markets and allowing the Group to affirm its strategy as an independent company.

HELLA ACQUISITION

On August 14, 2021, Faurecia has announced the signature of agreements concerning the acquisition of a controlling stake of 60% of the shares from the controlling family pool and a public tender cash offer on the remaining 40% shares of HELLA, listed on the Francfort Stock Exchange, for a price of €60 per HELLA share, corresponding to a value of €6.7 billion, for the total number of shares. 19.5% of HELLA shares were tendered in the takeover offer by HELLA shareholders, which has been launched on September 27, 2021 by Faurecia and closed on November 11, 2021.

Following approval from the appropriate regulatory bodies, Faurecia has completed on January 31st, 2022 the acquisition of 79.5% of HELLA, comprising the 60% acquired from the family pool, of which 8.95% were paid through newly issued Faurecia shares and 19.5% as a result of the public tender offer mentioned above. Faurecia has also acquired shares on the market until January 31, 2022, representing 1.09% of HELLA shares. Faurecia holds 80.6% of HELLA shares at that date.

The combination of Faurecia and HELLA will create the 7th largest global automotive supplier, focused on four growth areas, fully aligned with industry megatrends:

- Electric Mobility (incl. hydrogen solutions);
- ADAS & Autonomous Driving;
- Cockpit of the Future;
- Lifecycle Value Management.

The new Group will become a major technology player focused on six activities. Five of which, Electronics, Lighting, Seating, Interiors, Clean Mobility, will each exceed €3 billion of sales. The newly created Business Group, Lifecycle Solutions, will quickly grow to reach a leading position.

Note 3 Post-balance sheet events

No significant post-balance sheet events have occurred apart from the events described in 2.4.

Note 4 Information by operating segment

The Group is 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, manufacture and assembly of instrument panels and complete cockpits, door panels and modules);
- Clean Mobility (design and manufacture of exhaust systems, solutions for fuel cell electric vehicles, and aftertreatment solutions for commercial vehicles);
- Clarion Electronics (design and manufacture of display technologies, driver assistance systems and cockpit electronics).

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. Acoustic Soft Trim activity, previously integrated in Interiors segment, is restated as discontinued activities (see Note 1.C). A review of the useful life for the fixed assets has been performed in regard to the climate changes and its regulatory consequences as known at the closing date, more specifically for the Clean Mobility segment, and has not enabled to identify any significant impact for the Group.

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, as well as for some cockpit components, these sales are then recorded at net value in the income statement.

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

Full-Year 2021

(in € million)	Seating	Interiors	Clean Mobility	Clarion Electronics	Other	Total
TOTAL SALES	6,091.2	4,706.3	4,101.4	842.0	124.5	15,865.5
Inter-segment eliminations	(42.5)	(65.7)	(10.5)	(4.4)	(124.5)	(247.7)
Consolidated sales	**6,048.7**	**4,640.6**	**4,090.8**	**837.6**	**0.0**	**15,617.8**
Operating income (before amortization of acquired intangible assets)	**284.8**	**189.9**	**388.7**	**(1.7)**	**0.0**	**861.7**
Amortization of intangible assets acquired in business combinations						(92.6)
Operating income (after amortization of acquired intangible assets)						**769.1**
Other non-recurring operating income						6.0
Other non-recurring operating expenses						(244.5)
Finance costs, net						(207.3)
Other financial income and expenses						(47.2)
Corporate income tax						(138.8)
Share of net income of associates						(24.6)
Net income from continued operations						**112.7**
Net income from discontinued operations						**(96.5)**
NET INCOME (LOSS)						16.2
Segment assets	**4,508.8**	**4,282.5**	**4,887.3**	**1,599.2**	**313.4**	**15,590.9**
Net property, plant and equipment	837.2	839.7	935.0	138.6	52.1	2,802.4
Right-of-use assets	242.2	346.5	234.2	48.0	80.0	950.9
Other segment assets	3,429.3	3,096.2	3,718.1	1,412.6	181.3	11,837.6
Investments in associates						150.8
Other equity interests						88.0
Short and long-term financial assets						5,093.0
Tax assets (current and deferred)						752.0
TOTAL ASSETS						21,674.9
Segment liabilities	**2,392.9**	**2,633.0**	**3,633.5**	**513.4**	**248.1**	**9,420.6**
Borrowings						7,352.4
Lease liabilities						1,031.9
Tax liabilities (current and deferred)						54.4
Equity and minority interests						3,815.4
TOTAL LIABILITIES						21,674.9
Capital expenditure	173.4	178.3	143.1	20.4	13.5	528.6
Depreciation of property, plant and equipment	(140.7)	(175.5)	(160.4)	(19.4)	(6.9)	(502.9)
Depreciation of right-of-use assets	(66.5)	(73.8)	(47.4)	(13.2)	(14.3)	(215.3)
Impairment of property, plant and equipment	(3.6)	(26.0)	(5.1)	(2.9)	0.0	(37.6)
Headcounts	44,131	36,792	20,954	6,042	3,221	111,140

Full-Year 2020 Restated

(in € million)	Seating	Interiors restated	Clean Mobility	Clarion Electronics	Other	Total restated
TOTAL SALES	5,599.3	4,427.9	3,832.2	737.0	108.4	14,704.8
Inter-segment eliminations	(39.8)	(92.6)	(8.9)	(10.5)	(108.4)	(260.2)
Consolidated sales	**5,559.5**	**4,335.2**	**3,823.4**	**726.5**	**0.0**	**14,444.6**
Operating income (before amortization of acquired intangible assets)	**189.8**	**33.0**	**200.5**	**(5.0)**	**0.0**	**418.4**
Amortization of intangible assets acquired in business combinations						(91.7)
Operating income (after amortization of acquired intangible assets)						**326.7**
Other non-recurring operating income						180.7
Other non-recurring operating expenses						(457.2)
Finance costs, net						(181.8)
Other financial income and expenses						(36.3)
Corporate income tax						(122.3)
Share of net income of associates						(12.8)
Net income from continued operations						**(303.0)**
Net income from discontinued operations						**(18.5)**
NET INCOME (LOSS)						(321.5)
Segment assets	**4,054.7**	**4,326.4**	**4,543.4**	**1,424.4**	**208.0**	**14,557.0**
Net property, plant and equipment	778.4	923.5	911.7	144.0	55.7	2,813.3
Right-of-use assets	214.2	350.8	208.3	55.4	84.5	913.3
Other segment assets	3,062.2	3,052.1	3,423.4	1,225.0	67.7	10,830.4
Investments in associates						177.4
Other equity interests						53.8
Short and long-term financial assets						3,252.8
Tax assets (current and deferred)						661.5
TOTAL ASSETS						18,702.5
Segment liabilities	**2,143.9**	**2,612.4**	**3,281.6**	**431.2**	**185.9**	**8,654.9**
Borrowings						5,245.9
Lease liabilities						976.2
Tax liabilities (current and deferred)						98.4
Equity and minority interests						3,727.1
TOTAL LIABILITIES						18,702.5
Capital expenditure	137.3	142.1	141.3	18.6	21.4	460.7
Depreciation of property, plant and equipment	(133.7)	(172.4)	(158.2)	(24.6)	(6.8)	(495.7)
Depreciation of right-of-use assets	(57.9)	(71.5)	(45.7)	(13.1)	(13.2)	(201.4)
Impairment of property, plant and equipment	(6.9)	(19.8)	(4.8)	(0.4)	0.0	(31.9)
Headcounts	42,515	38,270	22,256	5,797	2,896	111,734

4.3 Sales by operating segment

Sales by operating segment break down as follows:

	2021		2020 restated	
(in € million)	Consolidated Sales	%	Consolidated Sales	%
Seating	6,048.7	39	5,559.5	39
Interiors	4,640.6	30	4,335.2	30
Clean Mobility	4,090.9	26	3,823.4	26
Clarion Electronics	837.6	5	726.5	5
TOTAL	**15,617.8**	**100**	**14,444.6**	**100**

4.4 Sales by major customer

Sales* by major customer break down as follows:

	2021		2020 restated	
(in € million)	Consolidated Sales	%	Consolidated Sales	%
Stellantis	2,503.3	16	2,319.8	16
VW Group	2,493.0	16	2,417.0	16
Ford Group	1,504.4	10	1,701.8	12
Renault-Nissan	1,192.8	8	1,260.7	9
GM	677.2	4	722.3	5
Major American EV carmaker	603.3	4	371.8	3
Daimler	539.8	3	433.4	3
Others	6,103.9	39	5,217.8	36
TOTAL	**15,617.8**	**100**	**14,444.6**	**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:

2021

(in € million)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Consolidated Sales	1,498.8	1,077.2	4,420.1	3,724.6	543.4	4,166.5	187.1	15,617.8
Net property, plant and equipment	352.8	121.8	840.1	700.5	78.4	683.6	25.2	2,802.4
Right-of-use assets	191.0	46.2	244.7	306.1	3.8	153.3	5.9	950.9
Capital expenditure	88.6	28.4	154.5	119.5	13.3	116.0	8.3	528.6
Headcounts as of December 31	10,513	5,261	36,690	21,592	4,842	30,907	1,335	111,140

2020 restated

(in € million)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Consolidated Sales restated	1,444.2	962.9	4,355.4	3,631.5	398.2	3,528.1	124.3	14,444.6
Net property, plant and equipment	375.7	116.1	903.0	677.6	78.6	641.1	21.1	2,813.3
Right-of-use assets	168.7	45.4	266.9	265.1	8.9	152.0	6.4	913.3
Capital expenditure restated	100.2	21.8	126.2	124.1	11.3	74.0	3.7	461.2
Headcounts as of December 31 restated	11,010	5,805	39,739	20,935	4,846	28,154	1,245	111,734

Note 5 Analysis of operating expenses

5.1 Analysis of operating expenses by function

(in € million)	2021	2020 restated
Cost of sales	(13,734.4)	(12,971.6)
Research and development costs	(330.9)	(341.7)
Selling and administrative expenses	(690.8)	(712.9)
TOTAL	**(14,756.1)**	**(14,026.2)**

5.2 Analysis of operating expenses by nature

(in € million)	2021	2020 restated
Purchases consumed	(9,185.2)	(8,363.0)
External costs	(1,682.3)	(1,700.2)
Personnel costs	(3,523.1)	(3,402.2)
Taxes other than on income	(51.3)	(53.8)
Other income and expenses	894.8	750.9
Depreciation, amortization and provisions for impairment in value of non-current assets	(1,247.9)	(1,250.8)
Charges to and reversals of provisions	38.9	(7.1)
TOTAL	**(14,756.1)**	**(14,026.2)**

5.3 Personnel costs

(in € million)	2021	2020 restated
Wages and salaries*	(2,778.6)	(2,711.2)
Payroll taxes	(744.5)	(690.9)
TOTAL	**(3,523.1)**	**(3,402.2)**
* *Of which temporary employee costs.*	*(274.7)*	*(239.1)*

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 € million)	2021	2020 restated
Research and development costs, gross	(1,218.9)	(1,178.1)
Allowance/reversal of depreciation of assets in development	12.6	0.0
Capitalized development costs	875.4	836.4
of which in inventory	*205.7*	*223.5*
of which in intangible assets	*669.7*	*612.9*
TOTAL	**(330.9)**	**(341.7)**

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 €701.0 million as of December 31, 2021, vs €695.4 million as of December 31, 2020.

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

(in € million)	2021	2020 restated
Amortization of capitalized development costs	(507.0)	(503.1)
Provisions for impairment of capitalized development costs	19.5	(15.3)
Amortization of other intangible assets	(42.6)	(36.0)
Depreciation of specific tooling	(10.7)	(8.8)
Depreciation and impairment of other property, plant and equipment	(491.8)	(486.2)
Depreciation of right-of-use assets	(215.3)	(201.4)
TOTAL	**(1,247.9)**	**(1,250.8)**

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 € million)	2021	2020 restated
Release of provision for impairment of assets	0.0	0.2
Gain on disposals of assets	5.8	1.8
Others [(1)]	0.2	178.7
TOTAL	**6.0**	**180.7**

(1) of which gain on revaluation of SAS shares previously held for €178 million in December 31, 2020.

OTHER NON RECURRING OPERATING EXPENSES

(in € million)	2021	2020 restated
Other provisions for impairment of assets [(2)]	0.0	(16.7)
Reorganization expenses [(1)]	(196.3)	(285.5)
Impairment of goodwill [(2)]	0.0	(150.0)
Losses on disposal of assets	0.0	0.0
Others [(3)]	(48.2)	(5.0)
TOTAL	**(244.5)**	**(457.2)**

(1) As of December 31, 2021, this item includes restructuring costs in the amount of €137.6 million and provisions for impairment in value of assets in the amount of €58.7 million and versus €222.9 million and €62.6 million as of December 31, 2020.

(2) Of which €150.0 million of impairment of Clarion Electronics' goodwill as of December 31, 2020 and €16.1 million of impairment of intangible assets of Clarion Electronics as of December 31, 2020.

(3) Of which €25.6 million in 2021 of costs linked to the acquisition of HELLA.

RESTRUCTURING

Reorganization costs (€196.3 million) include redundancy and site relocation payments for 4,159 people.

Note 7 Finance costs and Other financial income and expenses

7.1 Finance costs

(in € million)	2021	2020 restated
Finance costs	(193.8)	(155.3)
Finance costs on leases	(45.5)	(47.4)
TOTAL	**(239.3)**	**(202.7)**

7.2 Other financial income and expenses

(in € million)	2021	2020 restated
Impact of discounting pension benefit obligations	(4.5)	(5.5)
Changes in the ineffective portion of currency hedges	0.2	(0.3)
Changes in fair value of currency hedged relating to debt	0.6	2.6
Foreign exchange gains and losses on borrowings	(1.9)	(10.3)
Hyperinflation impact (Argentina)	(11.5)	(5.4)
Others*[(1)]	(30.1)	(17.4)
TOTAL	**(47.2)**	**(36.3)**

* *This item includes amortization of costs related to long-term debts and commissions for non-use of the credit facility.*
(1) Of which €11.4 million in 2021 of financial costs linked to the acquisition of HELLA.

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 utilized, based on the Group's forecasts.

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 € million)	2021	2020 restated
Current taxes		
■ Current corporate income tax	(233.8)	(179.9)
Deferred taxes		
■ Deferred taxes for the period	95.0	57.6
TOTAL	**(138.8)**	**(122.3)**

8.1 Analysis of the tax charge

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

(in € million)	2021	2020 restated
Pre-tax income of consolidated companies	276.1	(167.9)
Theoritical Tax (28.41% in 2021 vs 32.02% in 2020)	*(78.4)*	*53.8*
Effect of rate changes on deferred taxes recognized on the balance sheet	(0.2)	(30.1)
Effect of local rate differences*	26.6	9.6
Tax credits	2.5	3.0
Change in unrecognized deferred tax	(91.4)	(144.6)
Permanent differences & others**	2.2	(14.0)
Corporate tax recognized	**(138.8)**	**(122.3)**

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

8.2 Analysis of tax assets and liabilities

(in € million)	2021	2020
Current taxes		
■ Assets	211.5	186.1
■ Liabilities	(84.4)	(74.2)
	127.1	**111.9**
Deferred taxes		
■ Assets*	540.6	475.4
■ Liabilities	(44.1)	(82.0)
	496.5	**393.4**
* *Of which tax assets on tax losses.*	*157.0*	*152.4*

The Group considers the recovery of the deferred tax net balance as at December 31, 2021, i.e. €496.5 million, as probable.

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

(in € million)	2021	2020
Amount as at the beginning of the year	**393.4**	**429.7**
■ Deferred taxes carried to net income for the period	95.0	57.8
■ Deferred taxes recognized directly in equity*	(9.0)	9.6
■ Effect of currency fluctuations and other movements	27.2	(46.9)
■ Effect of scope variations	(10.1)	(56.9)
Amount at the end of the year	**496.5**	**393.4**

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

8.3 Deferred tax assets and liabilities by nature

(in € million)	2021	2020
Tax asset carryforwards	157.0	152.4
Intangible assets	(245.6)	(328.5)
Other tangible assets and long term assets	68.2	59.7
Pensions	85.2	97.5
Other reserves	8.2	15.0
Stocks	199.0	193.5
Other working capital	224.5	203.7
TOTAL	**496.5**	**393.4**
of which deferred tax assets	*540.6*	*475.4*
of which deferred tax liabilities	*(44.1)*	*(82.0)*

8.4 Impairment of tax asset carryforwards

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

(in € million)	2021	2020
N+1	5.6	15.1
N+2	13.2	7.3
N+3	12.7	11.7
N+4	24.5	14.1
N+5 and above	127.5	108.3
Unlimited	450.9	417.8
TOTAL	**634.4**	**574.3**

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).

	2021	2020
Number of shares outstanding at year-end [1]	**138,035,801**	**138,035,801**
Adjustments:		
■ treasury stock	(84,171)	(499,273)
■ weighted impact of share issue prorated	0	0
Weighted average number of shares before dilution	**137,951,630**	**137,536,528**
Weighted impact of dilutive instruments:		
■ free shares attributed	0	440,567
■ bonds with conversion option	0	0
Weighted average number of shares after dilution	**137,951,630**	**137,977,095**

(1) Changes in the number of shares outstanding as of December 31, 2021, are analyzed as follows:

As of December 31, 2020: Number of Faurecia shares outstanding	**138,035,801**
change of number of shares	*0*
As of December 31, 2021: Number of Faurecia shares outstanding	**138,035,801**

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:

	2021	2020 restated
Net Income (loss) *(in € millions)*	**(78.8)**	**(378.8)**
Basic earnings (loss) per share	(0.57)	(2.75)
After dilution	(0.57)	(2.75)
Net Income (loss) from continued operations *(in € millions)*	**17.7**	**(360.3)**
Basic earnings (loss) per share	0.13	(2.62)
After dilution	0.13	(2.62)
Net Income (loss) from discontinued operations *(in € millions)*	**(96.5)**	**(18.5)**
Basic earnings (loss) per share	(0.70)	(0.13)
After dilution	(0.70)	(0.13)

Note 10 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 € million)	**Gross**	**Impairment**	**Net**
Amount as of January 1, 2020	**2,657.1**	**(510.7)**	**2,146.4**
Acquisitions	235.3	0.0	235.3
Provision for impairment	0.0	(150.0)	(150.0)
Translation adjustments and other movements	(36.0)	0.2	(35.8)
Amount as of December 31, 2020	**2,856.4**	**(660.5)**	**2,195.9**
Acquisitions	28.4	0.0	28.4
Provision for impairment	0.0	(0.0)	(0.0)
Translation adjustments and other movements	11.9	0.0	11.9
Amount as of December 31, 2021	**2,896.7**	**(660.5)**	**2,236.2**

Breakdown of the net amount of goodwill by operating segment:

(in € million)	**2021**	**2020**
Seating	851.8	850.3
Interiors	506.0	504.7
Clean Mobility	475.4	444.6
Clarion Electronics	403.0	396.3
TOTAL	**2,236.2**	**2,195.9**

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 recorded 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, the cash flow forecasts used to calculate value in use were based on the Group's 2022-2024 forecasts which were drafted in the second semester of 2021. The volume assumptions used in the strategic plan are based on worldwide automotive market assumptions of 78.7 million of cars in 2022, 88.7 million in 2023 and 92 million in 2024, based themselves on external information sources. The impacts of Group commitment on carbon neutrality as well as the consequences of governmental policies linked to the global warming are as well part of the assumptions used for these forecasts provided that these are measurable. 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 aggressive roadmap for cost competitiveness, the cash flow forecasts used for this activity are based on detailed forecasts for the period 2022-2026.

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 2024 remains in the range of 8% of sales for the Group as a whole.

Projected cash flows for the last year (2024) 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 2021 test was 1.4% (1.4% applied at the end of 2020), except for Clarion Electronics for which 2% has been considered (2% applied at the end of 2020).

Faurecia called on an independent expert to update the weighted average cost of capital used to discount future cash flows. The market parameters used in the expert's calculation are based on a sample of companies operating in the automotive supplier sector. Taking into account these parameters and a market risk premium of 8% on average, the weighted cost of capital used to discount future cash flows was set at 9.3% (on the basis of a range of values provided by the independent expert) in 2021 (9.5% in 2020). This rate was applied for the impairment tests carried out on all of the groups of CGUs, as 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 8.3% has been considered to take into account a slightly different country exposure (8.75% at the end of 2020).

The tests performed as of December 31, 2021 did not show any indication of impairment in goodwill.

The table below shows the sensitivity of the impairment test results to changes in the assumptions used as of December 31, 2021 to determine the value in use of the CGUs groups to which the Group's goodwill is allocated:

Sensitivity *(in € million)*	**Test income (value in use - net carrying value)**	**Cash flow discount rate +0.5pt**	**Growth rate to infinity -0.5 pt**	**Operating margin rate for terminal value -0.5pt**	**Combination of the 3 factors**
Seating	3,504	(378)	(341)	(349)	(983)
Interiors	1,852	(252)	(227)	(236)	(658)
Clean Mobility	3,121	(297)	(267)	(190)	(699)
Clarion Electronics	151	(125)	(105)	(105)	(303)

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 € million)	**Development costs**	**Software and other**	**Intangible assets acquired**	**Total**
AMOUNT AS OF JANUARY 1, 2020	**2,053.7**	**75.3**	**422.0**	**2,550.9**
Additions	624.3	3.2	0.0	627.5
Depreciation and amortization	(509.4)	(36.0)	(91.7)	(637.1)
Funding of provisions	(15.3)	0.0	0.0	(15.3)
Translation adjustments and other	(93.6)	31.7	203.8	141.9
AMOUNT AS OF DECEMBER 31, 2020	**2,059.7**	**74.2**	**534.1**	**2,668.0**
Additions	671.7	5.6	0.0	677.3
Depreciation and amortization	(507.0)	(42.6)	(92.6)	(642.2)
Funding of provisions	19.5	0.0	0.0	19.5
Translation adjustments and other	24.5	29.0	24.2	77.8
AMOUNT AS OF DECEMBER 31, 2021	**2,268.4**	**66.2**	**465.8**	**2,800.4**

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

* *For leased buildings, leasehold improvements are depreciated over the same duration than the corresponding right-of-use asset.*

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

(in € million)	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, 2020	**110.8**	**432.3**	**1,823.1**	**31.4**	**599.9**	**2,997.4**
Additions (including own work capital)	0.0	1.1	48.9	6.4	418.7	475.1
Disposals	(4.7)	(62.6)	(168.0)	(3.3)	(24.6)	(263.2)
Depreciation	(0.3)	(52.2)	(392.1)	(8.9)	(53.6)	(507.0)
Non-recurring impairment losses	(0.2)	(2.3)	(26.3)	0.0	(3.1)	(31.9)
Depreciation written off on disposals	1.0	37.1	151.4	3.3	26.1	219.0
Currency translation adjustments	(3.4)	(19.7)	(94.4)	(0.1)	(23.5)	(141.1)
Scope variations & other movements	1.2	51.4	400.2	(0.5)	(387.3)	65.0
AMOUNT AS OF DECEMBER 31, 2020	**104.3**	**385.1**	**1,742.9**	**28.5**	**552.6**	**2,813.3**
Additions (including own work capital)	0.0	1.4	43.9	7.1	476.2	528.6
Disposals	(6.8)	(44.7)	(196.5)	(27.5)	(36.7)	(312.1)
Funding of depreciation, amortization and impairment provisions	(0.5)	(49.6)	(392.5)	(10.7)	(49.6)	(502.9)
Non-recurring impairment losses	(0.6)	(5.2)	(30.7)	0.0	(1.2)	(37.6)
Depreciation written off on disposals	1.7	39.8	190.8	27.5	34.3	294.1
Currency translation adjustments	1.2	13.0	76.6	0.1	12.5	103.4
Scope variations & other movements	(1.8)	32.7	297.0	(0.3)	(411.8)	(84.3)
AMOUNT AS OF DECEMBER 31, 2021	**97.5**	**372.5**	**1,731.5**	**24.5**	**576.4**	**2,802.4**

(in € million)	2021 Gross	2021 Depreciation	2021 Net	2020 Gross	2020 Net
Land	106.1	(8.6)	97.5	113.8	104.3
Buildings	1,076.5	(704.0)	372.5	1,096.6	385.1
Plant, tooling and technical equipment	5,007.6	(3,276.1)	1,731.5	4,847.1	1,742.9
Specific tooling	122.4	(97.8)	24.5	156.5	28.5
Other property, plant and equipment & property, plant and equipment in progress	962.6	(386.2)	576.4	931.6	552.6
TOTAL	**7,275.2**	**(4,472.7)**	**2,802.4**	**7,145.6**	**2,813.3**

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

Note 12B Right-of-use assets

Lease contracts are accounted for in the 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), considering the main following 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;
- 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;
- as of the effective date (date at which the leased asset is made available by the lessor), lease contracts as defined per IFRS 16 "Leases" 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.

(in € million)	Land	Buildings	Plant and equipment	Others	Total
AMOUNT AS OF JANUARY 1, 2020	**0.2**	**711.3**	**77.0**	**88.5**	**877.0**
New contracts	0.0	142.1	16.9	40.8	199.8
Depreciation	0.0	(144.8)	(18.6)	(42.1)	(205.5)
Funding of impairment provisions	0.0	(1.1)	0.0	0.0	(1.1)
Scope variations & other movements	0.0	54.1	(2.2)	(8.7)	43.1
AMOUNT AS OF DECEMBER 31, 2020	**0.2**	**761.5**	**73.1**	**78.5**	**913.3**
New contracts	0.1	123.6	31.8	41.8	197.2
Depreciation	0.0	(152.5)	(22.4)	(40.4)	(215.2)
Funding of impairment provisions	0.0	(1.7)	0.0	(0.1)	(1.8)
Scope variations & other movements	0.0	68.1	(4.3)	(6.3)	57.4
AMOUNT AS OF DECEMBER 31, 2021	**0.3**	**799.0**	**78.2**	**73.5**	**950.9**

Note 13 Investments in associates

Investment in associates for continued operations:

As of December 31, 2021

(in € million)	% interest*	Group share of equity**	Dividends received by the Group	Group share of sales	Group share of total assets
Beijing BAIC Faurecia Automotive Systems Co., Ltd	50%	25.4	0.0	22.3	44.5
FAURECIA (LIUZHOU) EMISSIONS CONTROL TECHNOLOGIES Co., Ltd.	50%	8.0	0.0	15.5	34.4
FAURECIA-NHK Co., Ltd	50%	0.0	0.0	145.6	31.4
TEKNIK MALZEME Ticaret Ve Sanayi A.S	50%	0.0	0.0	15.1	9.9
SYMBIO	50%	44.8	0.0	6.8	117.1
Total Network Manufacturing LLC	49%	0.5	0.0	94.5	26.9
DETROIT MANUFACTURING SYSTEMS, LLC	49%	0.0	(0.3)	401.0	100.0
Others	-	72.1	(14.0)	360.5	213.0
TOTAL	**-**	**150.8**	**(14.3)**	**1,061.4**	**577.1**

* *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.

Change in investments in associates

(in € million)	2021	2020
Group share of equity at beginning of period	**177.4**	**240.3**
Dividends	(14.3)	(7.3)
Share of net income of associates	(24.6)	(12.8)
Change in scope of consolidation	2.0	(47.2)
Capital increase	2.3	7.5
Currency translation adjustments	8.0	(3.1)
Group share of equity at end of period	**150.8**	**177.4**

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.

(in € million)	% of share capital	2021 Gross	2021 Net	2020 Net
Changchun Xuyang Industrial Group	18.8	13.5	13.5	12.1
TactoTek Oy	9.0	6.6	6.6	6.6
Guardknox Cyber Technologies Ltd	7.0	5.4	5.4	5.4
Canatu Oy	8.0	7.0	7.0	7.0
Other		67.2	55.6	22.7
TOTAL		**99.6**	**88.0**	**53.8**

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.

(In € million)	2021 Gross	2021 Provisions	2021 Net	2020 Net
Loans to companies consolidated by equity method and non-consolidated companies	77.9	(5.0)	72.8	35.7
Other loans	26.1	(2.4)	23.7	38.0
Others	3.2	(1.8)	1.5	31.0
TOTAL	**107.2**	**(9.2)**	**98.0**	**104.7**

Note 16 Other non-current assets

This item includes:

(in € million)	2021	2020
Pension plan surpluses	39.6	24.0
Guarantee deposits and other	82.7	46.5
TOTAL	**122.3**	**70.5**

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, i.e. 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, i.e. at transfer of control of these development works to the customer.

Inventories of products for which the Group is considered as agent are presented as contract assets and not in inventories.

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

	2021			2020
(In € million)	Gross	Depreciations	Net	Net
Raw materials and supplies	765.0	(127.0)	638.0	484.7
Engineering, tooling and prototypes	621.7	(16.6)	605.1	569.8
Work in progress for production	7.8	0.0	7.8	7.6
Semi-finished and finished products	522.2	(115.5)	406.7	369.2
TOTAL	**1,916.7**	**(259.1)**	**1,657.6**	**1,431.3**

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, 2021, 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:

(in € million)	2021	2020
Financing	1,083.6	1,011.0
Guarantee reserve deducted from borrowings	(14.8)	(38.8)
Cash received as consideration for receivables sold	1,068.8	972.2
Receivables sold and derecognized	(1,068.8)	(972.2)

Individually impaired trade receivables are as follows:

(in € million)	2021	2020
Gross total trade receivables	3,491.1	3,267.8
Provision for impairment of receivables	(23.0)	(30.7)
TOTAL	**3,468.1**	**3,237.1**

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, 2021 were €111.0 million, breaking down as follows:

- €49.2 million less than one month past due;
- €17.8 million between one and two months past due;
- €8.5 million between two and three months past due;
- €14.5 million between three and six months past due;
- €21.0 million more than six months past due.

Note 19 Other operating receivables

(In € million)	2021	2020
Down payments	182.6	104.7
Currency derivatives for operations	5.2	10.2
Other receivables [(1)]	285.8	248.5
TOTAL	**473.6**	**363.4**
(1) Including the following amounts for VAT and other tax receivables.	*278.5*	*241.9*

Note 20 Other receivables

(in € million)	2021	2020
Short-term portion of loans	46.5	1.9
Prepaid expenses	733.5	619.8
Current taxes	211.5	186.1
Other sundry receivables	103.4	48.6
TOTAL	**1,094.9**	**856.4**

In 2021, the receivables *Crédit d'Impôt Recherche* (CIR) have been sold for an amount of €57.2 million vs €56.3 million in 2020.

Note 21 Cash and cash equivalents

Cash and cash equivalents include current account balances in the amount of €2,196.4 million (compared to €2,248.8 million in 2020) and short-term investments in the amount of €2,709.3 million after provision of €0.7 million (compared to €842.6 million in 2020), or a total of €4,905.7 million as of December 31, 2021.

These components include cash at bank, current account balances, marketable securities such as money market and short-term money market funds, deposit and very short term risk free securities that are readily sold or converted into cash. Cash equivalents are investments held for the purpose of meeting short term cash commitments and are subject to an insignificant risk of change in value.

They are measured at fair value and variances are booked trough P&L.

Note 22 Shareholders' equity

22.1 Capital

As of December 31, 2021, 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. Double voting rights are granted to all shares for which a nominative registration can be confirmed, for at least two years in the name of the same shareholder.

Further to the distribution linked to the merger between Peugeot S.A. and FCA (cf. Note 2.4), no shareholder is in a controlling situation of Faurecia as of December 31, 2021.

The capital variance on the period can be analyzed as follows:

	Number of shares	Capital *(in € million)*
Amount as of January 1, 2021	**138,035,801**	**966.3**
Exercise of stock options	-	-
Amount as of December 31, 2021	**138,035,801**	**966.3**

EMPLOYEE SHAREHOLDING PLAN: FAUR'ESO

In March 2021, the Group launched a non dilutive employee shareholding plan following the distribution of the Faurecia shares held by Stellantis, named Faur'ESO. The shares are subscribed by beneficiaries either through a corporate mutual fund (the Group's French companies' savings plan) or directly, depending on the country in which the beneficiary is based. Subscribers to the plan will be required to hold the shares or units for five years, except if an early release event occurs.

The purchase price was set at €36.15 on June 22, 2021 and reflects the reference price of €45.18 (volume-weighted average price of Faurecia shares on the Euronext Paris market during the 20 trading days from May 25 to June 21) less a discount of 20%. A total of 2,756,942 shares have been subscribed, corresponding to the maximum number of offered shares; more than 22% of the employees across 15 countries have expressed their wish to invest in Faur'ESO 2021, marking a large success for a first operation. The settlement-delivery of the shares has taken place on July 28, 2021. Faur'ESO being a non-dilutive plan, the 2,756,942 shares acquired within the frame of the shares buy back plan carried out from March 17, 2021 (included) to April 29, 2021 (included) have been cancelled to neutralize the dilution. The variance between the acquisition costs and issuance value of these shares has been allocated to the additional paid in capital.

An amount of €1.8 million reflecting the fair value of the discount granted to employees was expensed in the income statement, corresponding to the value of the discount less the cost of the lock-up requirement for employees, plus the opportunity gain.

22.2 Share-based payment

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.

In 2021, Faurecia has implemented a unique long term share grant plan (Executive Super Performance Initiative-ESPI) for the members of the Group Executive Committee. The acquisition period is five years without conservation condition, and the maximum amount is limited to 300% of the yearly fixed wages. These shares are subject to a service and a performance condition, the Total Shareholder Return -TSR, compared to a peer group.

Free shares are measured at fair value by reference to the market price of Faurecia's shares at the grant date, less an amount corresponding to the expected dividends due on the shares but not paid during the vesting period and an amount reflecting the cost of the shares being subject to a lock-up period. For the ESPI plan, the fair value of the shares includes also an assumption for the achievement of the external performance condition which is frozen at grant date. 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 for all these plans is an expense of €3.9 million, compared to €15.8 million in the year 2020.

Details of the share grant plans as of December 31, 2021 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 (€)	Adjustments: dividend rate	Non-transferability discount	Acquisition date	sales date (from)
5/28/2019	10/9/2019	722,220	939,470	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	10/9/2023	10/9/2023
6/26/2020	10/22/2020	909,540	1,183,050	2022 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	38.68	2.90%	NA	10/22/2024	10/22/2024
5/31/2021	10/25/2021	1,060,900	1,379,060	2023 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	42.33	3.60%	NA	10/25/2025	10/25/2025
5/31/2021	7/23/2021	673,549	673,549	ESPI plan : Faurecia share relative performance (TSR) compared to a reference group of companies on a yearly basis ; for the CEO, Faurecia share relative performance (TSR) compared to a reference group of companies on average over 5 years (2021-2026)	39.57	3.60%	NA	7/23/2026	7/23/2026

* *Net of free shares granted cancelled.*

The performance conditions for the plan attributed by the Board of July 20, 2017 have been met, the corresponding shares, i.e. 418,876 have been definitely distributed in July 2021. The performance conditions for the plan attributed by the Board of July 19, 2018 have not been met.

22.3 Treasury stock

As of December 31, 2021, Faurecia held 84,171 treasury stock shares.

The cost of the shares held in treasury stock as of December 31, 2021 totaled €4 million, representing an average cost of €46.95 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 € million)	2021	2020
Amount as at beginning of the period	**331.4**	**326.8**
Increase in minority shareholder interests	2.4	2.2
Other changes in scope of consolidation	(9.6)	(0.3)
Minority interests in net income for the year	95.0	57.3
Dividends allocated to minority interests	(68.2)	(35.3)
Currency translation adjustments	35.3	(19.3)
Amount as the end of the year	**386.3**	**331.4**

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 € million)	2021	2020
Restructuring	163.8	180.9
Risks on contracts and customer warranties	53.7	78.3
Litigation	35.8	26.2
Other provisions	35.1	30.0
TOTAL	**288.4**	**315.4**

Changes in these provisions during 2021 were as follows:

(in € million)	Amount as of January 1, 2021	Additions	Expenses charged	Reversals*	Sub total changes	Change in scope of consolidation and other changes	Amount as of December 31, 2021
Restructuring	180.9	168.5	(190.2)	0.0	(21.7)	4.6	163.8
Risks on contracts and customer warranties	78.3	22.4	(52.3)	(0.3)	(30.2)	5.6	53.7
Litigation	26.2	19.9	(9.3)	(2.7)	7.9	1.7	35.8
Other provisions	30.0	3.2	(4.8)	(0.7)	(2.3)	7.4	35.1
TOTAL	**315.4**	**214.0**	**(256.6)**	**(3.7)**	**(46.3)**	**19.2**	**288.4**

* *Surplus provisions.*

24.2 Contingent liabilities

LITIGATION

In 2014 and 2017, antitrust inquiries have been launched by the European Commission, the United States, the South African and the Brazilian competition authorities for suspicions of anticompetitive practices in the market for the supply of emission control systems. Faurecia was one of the companies covered by these inquiries that have all been closed, some of them being settled for non-material amounts.

All (US and Canadian) class actions related to these inquiries have been subject to settlement agreements for non-material amounts that have all been validated by the courts.

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 € million)	2021	2020
Provisions for pensions and other employee obligations	**447.3**	**515.3**
■ Pension plan benefit obligations	224.9	267.4
■ Post-retirement benefit obligations	186.8	208.1
■ Long-service awards	25.8	29.5
■ Healthcare costs	9.7	10.3
TOTAL	**447.3**	**515.3**

CHANGES IN NON-CURRENT PROVISIONS

(in € million)	2021	2020
Amount as at the beginning of the period	**515.3**	**461.6**
Restatement IFRS IC decision on IAS 19 (*)	(9.3)	NA
Scope variation	(17.4)	1.4
Other movement	16.3	(11.2)
Allowance (or reversal) of provision	21.8	35.3
Expenses charged to the period	(20.9)	(19.4)
Payment to external funds	(4.4)	(6.6)
Restatement differences	(54.1)	54.3
Amount as at the end of the period	**447.3**	**515.3**

(*) Cf. Note 1.A.

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. It takes now also into account the 2021 IFRS IC decision on attributing benefit to periods of service. 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 at the opening of the period. This return is recorded in “Other financial income and expense”.

The other long term benefits (during employment period) mainly cover seniority bonuses as well as long-service awards. The obligation is valued using similar methodology, assumptions and frequency as the ones used for post-employment benefits.

BENEFIT OBLIGATIONS

(in € million)	2021	2020
Present value of projected obligations		
▪ Pension plan benefit obligations	462.6	489.9
▪ Post-retirement indemnities obligations	200.1	222.3
▪ Long-service awards	25.8	29.5
▪ Healthcare costs	9.7	10.3
TOTAL	**698.3**	**752.0**
Value of plan assets:		
▪ Provisions booked in the accounts	447.3	515.3
▪ External funds (market value) (1)	290.7	260.7
▪ Plan surplus (2)	(39.6)	(24.0)
TOTAL	**698.3**	**752.0**

(1) External funds mainly cover pension plan benefit obligations for €277.3 million in 2021.
(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, for which the rights acquired as of December 31, 2019 have been frozen, in order to comply with the PACTE law from May 22, 2019. Executive Committee members who have an employment 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 rights acquired as of December 31, 2019 in the defined benefit pension scheme for French members have also been frozen, in order to comply with the PACTE law from May 22, 2019.

In the United States, the two remaining plans, already closed to new participants, were combined as of January 1, 2020. The combined pension plan covers 866 participants.

In Germany, the main defined benefit pension plan still open covers 5,197 participants. The benefit granted is based on the number of years of service, starting after 14 years.

In Japan, the main defined benefit plan covers 1,259 participants. Benefits are based on years of service and paid at the end of the contract or upon reaching the age of 60.

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	Japan
DISCOUNT RATE				
2021	**1.15%**	**1.82%**	**2.30%**	**0.38%**
2020	0.65%	1.30%	1.92%	0.32%
INFLATION RATE				
2021	**1.80%**	**3.40%**	**N/A**	**N/A**
2020	1.80%	2.95%	N/A	N/A

Nota: The discount rate for the euro zone was determined on the basis of yields on prime corporate bonds for a maturity corresponding to the duration of the obligations. Prime corporate bonds are defined as bonds awarded one of the top two ratings by a recognized rating agency (for example, bonds rated AA or AAA by Moody's or Standard & Poor's).

In the United States, the pension benefit obligations 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	Japan
Average duration	15.0	21.5	7.9	8.9

C – Information on external funds

External funds are invested as follows:

	2021			2020		
(in%)	Equities	Bonds	Others	Equities	Bonds	Others
France	26%	66%	8%	24%	68%	8%
United Kingdom	20%	79%	1%	32%	62%	6%
United States	52%	40%	8%	54%	38%	8%
Japan	82%	9%	9%	58%	28%	14%

The fair value of shares and bonds falls in the level 1 category (price quoted in active markets) in 2021.

D – Provisions for pension liabilities recognized on the balance sheet

	2021			2020		
(in € million)	France	Abroad*	Total	France	Abroad	Total
Amount as at the beginning of the period	**179.6**	**271.9**	**451.5**	**164.4**	**225.1**	**389.5**
Restatement IFRS IC decision on IAS 19 [(1)]	(9.3)	0.0	(9.3)	NA	NA	NA
Effect of changes in scope of consolidation (provision net of plan surpluses)	(7.3)	(9.2)	(16.5)	0.9	0.5	1.4
Additions	8.8	15.3	24.2	12.8	19.2	32.0
Expenses charged to the provision	(2.4)	(13.6)	(16.0)	(3.6)	(12.6)	(16.2)
Payments to external funds	(2.0)	(2.4)	(4.4)	(1.7)	(4.9)	(6.6)
Actuarial gains/(losses)	3.1	(56.3)	(53.2)	6.7	49.8	56.5
Other movements [(1)]	(3.4)	(0.7)	(4.1)	0.1	(5.2)	(5.1)
Amount as at the end of the period	**167.1**	**205.1**	**372.1**	**179.6**	**271.9**	**451.5**

(1) Cf. Note 1.A.
** The provision for €205.1 million as of December 31, 2021 relates mainly to Germany (€145.6 million).*

E – Changes in pension liabilities

In France, retirement commitments increased by €12.8 million at the closing compared to that of the previous year as detailed below:

	2021			2020		
(in € million)	France	Abroad	Total	France	Abroad	Total
Projected benefit obligation						
Amount as at the beginning of the period	**196.4**	**515.8**	**712.3**	**181.5**	**487.6**	**669.1**
Restatement IFRS IC decision on IAS 19*	(9.3)	0.0	(9.3)	NA	NA	NA
Service costs	9.1	15.1	24.2	10.8	15.9	26.7
Annual restatement	1.2	5.2	6.4	2.2	7.5	9.7
Benefits paid	(4.8)	(22.1)	(26.9)	(7.0)	(25.3)	(32.3)
Actuarial gains/(losses)	3.1	(38.5)	(35.4)	7.9	46.7	54.6
Other movements (including translation adjustment) [(1)]	(6.6)	6.6	(0.1)	1.0	(16.6)	(15.6)
Curtailments and settlements	(1.4)	(2.8)	(4.2)	0.0	0.0	0.0
Effect of closures and plan amendments	(4.1)	0.0	(4.1)	0.0	0.0	0.0
Amount as at the end of the period	**183.6**	**479.3**	**662.9**	**196.4**	**515.8**	**712.3**
Value of plan assets						
Amount as at the beginning of the period	**16.8**	**243.9**	**260.7**	**17.1**	**262.5**	**279.6**
Projected return on plan assets	0.1	2.2	2.3	0.2	4.2	4.4
Actuarial gains/(losses)	0.0	17.8	17.8	1.2	(3.1)	(1.9)
Other movements (including translation adjustment)	0.0	16.5	16.5	0.0	(11.9)	(11.9)
Employer contributions	2.0	2.4	4.4	1.7	4.9	6.6
Benefits paid	(2.4)	(8.5)	(10.9)	(3.4)	(12.7)	(16.1)
Curtailments and settlements	0.0	0.0	0.0	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	**16.5**	**274.2**	**290.7**	**16.8**	**243.9**	**260.7**
BALANCE OF PROVISIONS AS AT THE END OF THE PERIOD	167.1	205.1	372.1	179.6	271.9	451.6
TOTAL CHANGE EXPENSED AT THE END OF THE YEAR	**8.8**	**15.3**	**24.2**	**12.8**	**19.2**	**32.0**

** Cf. Note 1.A.*

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:

(in € million)	2021 France	2021 Abroad	2021 Total
Detail of actuarial gains and losses of the period:			
■ differences linked to financial assumptions	(3.1)	33.9	30.8
■ differences linked to demographic assumptions	0.0	4.6	4.6
■ other differences	0.0	17.8	17.8
TOTAL	**(3.1)**	**56.3**	**53.2**

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 pts	Inflation rate +0.25 pts
France	(2.3)%	+2.5%
Germany	(4.3)%	+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 € million)	2021	2020
French companies	5.1	6.1
Foreign companies	20.7	23.4
TOTAL	**25.8**	**29.5**

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 € million)	2021	2020
Foreign companies	9.7	10.3
TOTAL	**9.7**	**10.3**

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	(3.3)%	+9.1%

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

(in € million)	2021	2020
Service cost	0.0	0.0
Interest cost*	(0.3)	(0.4)
TOTAL	**(0.3)**	**(0.4)**

* *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 "Sundry 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 € million)	2021	2020
Bonds	4,891.5	3,106.1
Bank borrowings	1,366.1	1,076.3
Other borrowings	73.0	30.5
Non-current lease liabilities	833.1	794.0
Non-current derivatives	3.0	9.9
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	**7,166.7**	**5,016.8**
Current portion of long term debt	122.9	52.0
Current portion of lease liabilities	198.8	182.2
Short-term borrowings [1]	894.5	963.9
Current derivatives	1.4	7.2
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	**1,217.6**	**1,205.3**
TOTAL FINANCIAL LIABILITIES	**8,384.3**	**6,222.1**
Derivatives classified under non-current and current assets	(11.9)	(2.6)
Cash and cash equivalents	(4,905.7)	(3,091.4)
NET DEBT	**3,466.7**	**3,128.1**
Net cash and cash equivalent	**4,905.7**	**3,091.4**
(1) Including bank overdrafts.	*17.1*	*22.7*

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

(in € million)	Balance as of December 31, 2020	Impact on cash	Translation adjustments	Impact of fair value changes	Change in consolidation scope and other changes	Balance as of December 31, 2021
Bonds	3,106.1	1,757.3	0.0	25.7	2.4	4,891.5
Bank borrowings	1,076.3	691.7	0.5	0.5	(402.9)	1,366.1
Other borrowings	30.5	0.1	2.3	39.8	0.3	73.0
Non-current lease liabilities	794.0	0.0	33.5	0.0	5.6	833.1
Non-current derivatives	9.9	(6.9)	0.0	0.0	0.0	3.0
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	**5,016.8**	**2,442.2**	**36.3**	**66.0**	**(394.6)**	**7,166.7**
Current portion of long term debt	52.0	(331.6)	1.7	0.0	400.8	122.9
Current portion of lease liabilities	182.2	(205.1)	5.9	0.0	215.8	198.8
Short-term borrowings	963.8	(83.1)	7.7	0.0	6.1	894.5
Current derivatives	7.2	0.0	0.0	(5.8)	0.0	1.4
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	**1,205.3**	**(619.8)**	**15.2**	**(5.8)**	**622.7**	**1,217.6**
TOTAL FINANCIAL LIABILITIES	**6,222.1**	**1,822.4**	**51.5**	**60.2**	**228.1**	**8,384.3**
Derivatives classified under non-current and current assets	(2.6)	0.0	0.0	(9.3)	0.0	(11.9)
Cash and cash equivalents	(3,091.4)	(1,674.4)	(106.0)	0.0	(33.9)	(4,905.7)
TOTAL	**3,128.1**	**148.0**	**(54.5)**	**50.9**	**194.2**	**3,466.7**

26.2 Maturities of long-term debt

(in € million)	2023	2024	2025	2026	2027 and beyond	Total
Bonds	0.0	0.0	980.6	753.2	3,157.8	4,891.5
Bank borrowings	420.0	441.3	162.8	252.7	89.3	1,366.1
Other borrowings	72.6	0.3	0.2	0.0	0.0	73.0
Non-current lease liabilities	168.6	140.2	119.0	97.0	308.3	833.1
Non-current derivatives	1.0	2.0	0.0	0.0	0.0	3.0
TOTAL AS OF DECEMBER 31, 2021	**662.2**	**583.7**	**1,262.5**	**1,102.9**	**3,555.4**	**7,166.7**

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, then on June 15, 2018 in order to extend the maturity to five years from that date.

By the end of May 2021, Faurecia has signed with its banks an Amend & Extend agreement of its syndicated credit line enabling the Group to reinforce its financial flexibility by:

- increasing the amount from €1.2 up to €1.5 billion;
- indexing its costs on Faurecia's environmental performance; The interest rate of the credit line will vary depending upon the achievement of the Group's target of CO_2 neutrality for its scopes 1 & 2;
- extending its maturity to five years, i.e. May 2026, with two one-year extension options submitted to the banks' agreement.

As of December 31, 2021, this 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 3.0 (previously 2.79). Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2021, 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.

SYNDICATED BRIDGE LOAN

On August 13, 2021, Faurecia signed a syndicated confirmed bridge loan for an amount of €5.5 billion in order to secure the financing of the HELLA acquisition. This credit facility will be refinanced mainly through bonds issues and bank loans, to the exception of the €800 million part to be refinanced through a capital increase.

As of December 31, 2021, the available amount of this credit facility was €3.4 billion, as a consequence of the various pre financing operations of the HELLA acquisition (see below).

SCHULDSCHEINDARLEHEN

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 4, 5 and 6 years, i.e. December 2022, 2023 and 2024. €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 EUR resources through long term cross-currency swaps.

This private placement has been used to finance the acquisition of Clarion Co. Ltd.

On June 21, 2021 Faurecia has reimbursed by anticipation €226.5 million of the variable rate tranche of the *Schuldscheindarlehen* with 2022 maturity.

Faurecia has signed on December 17, 2021 a private placement under German Law (*Schuldscheindarlehen*) including ESG performance criteria 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 2.5, 4, 5 and 6 years, i.e. July 2024 and January 2026, 2027 and 2028. €435 million have been received on December 22, 2021 and the remaining amount has been received in early January 2022. The USD tranches have been partially converted in EUR resources through long term cross-currency swaps.

This private placement is part of the prefinancing of the acquisition of HELLA.

¥30 BILLION CREDIT FACILITY

On February 7, 2020, Faurecia has signed a credit facility in Yen for an amount of ¥30 billion, with a five-year maturity, aiming at refinancing on a long term basis the debt of Clarion Co. Ltd. The credit facility comprises two tranches of ¥15 billion each, one being a loan and the other one a renewable credit line.

The proceeds of this credit line have enabled Clarion Co. Ltd to reimburse most of its bank debts.

The maturity of the credit line has been extended from February 2025 to February 2026 by exercising the first extension option.

As of December 31, 2021, the drawn amount was at ¥20 billion, representing €152.8 million.

In June 2021, the conditions of this credit line have been renegotiated to align the restrictive conditions with the ones of the syndicated credit line of €1.5 billion, more specifically the ratio Net debt/EBITDA, which is now at 3.0.

(1) Consolitated 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.

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.

An additional issue for €300 million of these 2025 bonds has been done on July 31, 2020. These additional bonds have been issued at 97.50% of the par, which corresponds to a yield to maturity of 3.18%.

As of December 31, 2021, the outstanding amount of these 2025 bonds amounted to €1,000 million.

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 are subject to the same restrictions than the 2025 bonds.

The proceeds of these bonds have been used to finance the acquisition of Clarion Co., Ltd.

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 par, which corresponds to a return at issuance of 2.40%.

As of December 31, 2021, the outstanding amount of these 2026 bonds amounted to €750 million.

2027 2.375% 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 are subject to the same restrictions than 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 in the year 2019.

On February 3, 2021, an additional issue for €190 million of these 2027 bonds has been performed via a private placement. These bonds have been issued at 100.75% of the par, which corresponds to a return at issuance of 2.26%.

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.

As of December 31, 2021, the outstanding amount of these 2027 bonds amounted to €890 million.

2027 SLB 2.75% BONDS

On November 10, 2021, Faurecia issued bonds for an amount of €1,200 million due February 15, 2027, carrying annual interest of 2.75%, payable on June 15 and December 15 each year, as from June 15, 2022.

These bonds are subject to the same restrictions than the 2029 bonds and base the 2025 objectives of CO_2 emission reduction on scope 1 & 2 on the “Sustainable Linked Financing Framework” published in October 2021 and approved by the ISS ESG. The non compliance to these objectives involves a step up of the bonds interest in 2026.

The proceeds of these bonds have been used to pre finance the acquisition of HELLA.

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.

As of December 31, 2021, the outstanding amount of these 2027 bonds amounted to €1,200 million.

2028 BONDS

On July 31, 2020, Faurecia issued bonds for an amount of €700 million due June 15, 2028, carrying annual interest of 3.75%, payable on June 15 and December 15 each year, as from December 15, 2020.

These bonds are subject to the same restrictions than the 2027 bonds. 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.

As of December 31, 2021, the outstanding amount of these 2028 bonds amounted to €700 million.

GREEN BONDS 2029

Faurecia issued on March 22, 2021 green bonds for an amount of €400 million due June 15, 2029, carrying annual interest of 2.375%. The proceeds will be used to finance or refinance the Group's investments in the hydrogen mobility, for both hydrogen storage and distribution systems and in fuel cell stacks and systems through Symbio, its joint venture with Michelin. The Green Bond Framework has been reviewed by ISS ESG, environmental rating agency.

These bonds are subject to the same restrictions than the 2028 bonds. 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.

As of December 31, 2021, the outstanding amount of these 2029 bonds amounted to €400 million.

Finally, during 2021, Faurecia regularly issued commercial papers with a maturity up to one year for investors located mainly in France. As of December 31, 2021, the outstanding amount was €747 million.

During the first half-year 2021, Standard & Poor's has given a positive outlook to Faurecia on March 15, 2021 and Fitch has confirmed the BB+ rating but improved the outlook from negative to stable on June 4, 2021. Following the announcement of the acquisition of HELLA, Moody's has downgraded on August 20, 2021 the outlook from stable to negative, while maintaining the Ba2 grading. On December 9, 2021, S&P has given a stable outlook to its BB grading.

IBOR rates reform: On March 5, 2021 the Financial Conduct Authority (FCA) officially announced the end of the publication of the IBOR rates. This change has no significant impact on the Group financial statements, as the majority of its variable rate financial debt is based on the EURIBOR, which is not impacted by this change. However, Faurecia has anticipated the end of the publication of the rate Libor JPY expected for December 31, 2021, and since September 2021, is applying the Tokyo Overnight Average Rate (TONAR) for the ¥30 billion credit facility in Yen drawn at ¥20 billion.

The Group's global contractual maturity schedule as of December 31, 2021 breaks down as follows:

	Carrying Amount			Remaining contractual maturities				
(in € million)	**Assets**	**Liabilities**	**Total**	**0-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**>5 years**
Other non-current financial assets	98.0		98.0				98.0	
Other non-current assets	122.3		122.3				122.3	
Trade accounts receivables	3,468.1		3,468.1	3,308.0	43.6	116.4		
Cash and cash equivalents	4,905.7		4,905.7	4,905.7				
Interests on:								
2025 Bonds		*(1.1)*	*(105.0)*	*0.0*	*(13.1)*	*(13.1)*	*(78.8)*	*0.0*
2026 Bonds		*(1.0)*	*(117.2)*	*0.0*	*(11.7)*	*(11.7)*	*(93.8)*	*0.0*
2027 SLB Bonds		*(3.2)*	*(165.0)*	*0.0*	*(16.5)*	*(16.5)*	*(132.0)*	*0.0*
2027 Bonds		*(0.9)*	*(126.8)*	*0.0*	*(10.6)*	*(10.6)*	*(84.6)*	*(21.1)*
2028 Bonds		*(1.1)*	*(183.8)*	*0.0*	*(13.1)*	*(13.1)*	*(105.0)*	*(52.5)*
2029 Bonds		*(0.4)*	*(71.3)*	*0.0*	*(4.8)*	*(4.8)*	*(38.0)*	*(23.8)*
Schuldschein		(0.6)	(56.6)	0.0	(5.0)	(9.9)	(40.4)	(1.3)
Other long term borrowings		(0.7)	(23.4)	0.0	(2.3)	(4.7)	(15.4)	(1.0)
Current portion of lease liabilities		(198.8)	(198.8)	(49.7)	(49.7)	(99.4)		
Other current financial liabilities		(831.3)	(831.3)	(257.3)	(511.0)	(63.0)		
Trade accounts payables		(6,693.2)	(6,693.2)	(6,494.4)	(85.8)	(113.0)		
Bonds (excluding interest)								
2025 Bonds		*(980.6)*	*(980.6)*				*(980.6)*	
2026 Bonds		*(753.2)*	*(753.2)*				*(753.2)*	
2027 SLB Bonds		*(1,190.5)*	*(1,190.5)*					*(1,190.5)*
2027 Bonds		*(875.2)*	*(875.2)*					*(875.2)*
2028 Bonds		*(695.6)*	*(695.6)*					*(695.6)*
2029 Bonds		*(396.5)*	*(396.5)*					*(396.5)*
Bank borrowings								
Schuldschein		*(906.7)*	*(906.7)*	*2.4*	*0.0*	*(58.5)*	*(768.5)*	*(82.1)*
Others		*(464.3)*	*(464.3)*	*0.0*	*0.0*	*(6.7)*	*(457.6)*	*0.0*
Other borrowings		(258.7)	(258.7)	0.0	0.0	(92.7)	(154.4)	(11.7)
Non-current lease liabilities		(833.1)	(833.1)				(524.8)	(308.3)
Interest rate derivatives	**6.6**	**(3.0)**	**3.6**	**6.6**	**0.0**	**0.0**	**(3.0)**	**0.0**
■ o/w cash flow hedges	6.6	(3.0)	3.6	6.6	0.0	0.0	(3.0)	0.0
■ o/w derivatives not qualifying for hedge accounting under IFRS								
Currency hedges	**10.5**	**(8.0)**	**2.4**	**2.3**	**(0.7)**	**(0.3)**	**1.4**	**(0.3)**
■ o/w fair value hedges	3.8	(1.0)	2.8	2.8	0.0	0.0	0.0	0.0
■ o/w cash flow hedges	6.5	(7.0)	(0.5)	(0.6)	(0.7)	(0.3)	1.4	(0.3)
■ o/w derivatives not qualifying for hedge accounting under IFRS	0.2	0.0	0.2	0.1	0.1	0.0	0.0	0.0
TOTAL	**8,611.1**	**(15,097.6)**	**(7,326.4)**	**1,423.7**	**(680.6)**	**(401.5)**	**(4,008.3)**	**(3,659.7)**

26.4 Analysis of borrowings

As of December 31, 2021, the variable rate borrowings were 24.6% of borrowings before taking into account the impact of hedging.

(in € million)	2021	
Variable rate borrowings	2,066.0	24.6%
Fixed rate borrowings	6,318.3	75.4%
TOTAL	**8,384.3**	**100.0%**

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

(in € million)	2021		2020	
Euros	6,579.6	78.5%	4,978.8	80.0%
US Dollars	1,035.7	12.4%	595.5	9.6%
Japanese Yen	380.0	4.5%	346.8	5.6%
Other currencies	389.0	4.6%	301.0	4.8%
TOTAL	**8,384.3**	**100.0%**	**6,222.1**	**100.0%**

In 2021, the weighted average interest rate on gross outstanding borrowings was 3.11%.

Note 27 Trade payables, accrued taxes and payroll costs

27.1 Trade payables

Faurecia has implemented a reverse factoring program since 2017. This program enables suppliers participating to sell their receivables towards Faurecia to a financial institution (factor), before their contractual payment term. Relations between the parties are structured through two contracts:

- Faurecia suppliers are entering a factoring contract with the factor, for the receivables they have towards Faurecia;
- Faurecia signs a contract with the factor in which Faurecia commits to pay these invoices at the contractual payment term to the factor (once the invoices have been validated).

This program enables the participating suppliers to have their receivables paid on a short term by the factor. Faurecia pays these invoices at their contractual due date to the factor.

The scheme's analysis has led Faurecia to consider that the nature of these invoices was not changed by the implementation of this program. They are therefore still classified as trade payables.

(in € million)	2021	2020
Trade payables	6,693.2	6,016.4
TOTAL	**6,693.2**	**6,016.4**

27.2 Accrued taxes and payroll costs

(in € million)	2021	2020
Accrued payroll costs	419.2	414.8
Payroll taxes	140.4	147.5
Employee profit-sharing	31.3	23.1
Other accrued taxes and payroll costs	188.2	186.5
TOTAL	**779.1**	**771.9**

Note 28 Sundry payables

(in € million)	2021	2020
Due to suppliers of non-current assets	151.0	112.5
Prepaid income	39.9	44.3
Current taxes	84.4	74.2
Other	195.4	211.2
Currency derivatives for operations	6.6	2.5
TOTAL	**477.3**	**444.7**

Note 29 Financial instruments

29.1 Financial instruments recorded in the balance sheet

	December 31, 2021		Breakdown by category of instrument [1]			
(In € million)	Balance Sheet Carrying amount	Carrying amount not defined as financial instruments	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 assets/ liabilities measured at fair value
Other equity interests	88.0		88.0			88.0
Other non-current financial assets	98.0				98.0	98.0
Trade accounts receivables	3,468.1	3,468.1				0.0
Other operating receivables	473.6	468.5	0.3	4.8		5.1
Other receivables and prepaid expenses	1,094.9	1,094.9				0.0
Currency derivatives	5.3		3.6	1.7		5.3
Interest rate derivatives	6.6			6.6		6.6
Cash and cash equivalents	4,905.7		4,905.7			4,905.7
FINANCIAL ASSETS	**10,140.2**	**5,031.5**	**4,997.6**	**13.1**	**98.0**	**5,108.7**
Long-term debt*	6,333.6	2.1		3.0	6,328.5	6,449.4
Non-current lease liabilities	833.1				833.1	833.1
Short-term debt	1,018.8		1.4		1,017.4	1,018.8
Current portion of lease liabilities	198.8				198.8	198.8
Prepayments on customers contracts	740.2	740.2				0.0
Trade payables	6,693.2	6,693.2				0.0
Accrued taxes and payroll costs	779.1	779.1				0.0
Sundry payables	477.3	470.7	0.2	6.4		6.6
Of which Currency derivatives	*6.6*		*0.2*	*6.4*		*6.6*
FINANCIAL LIABILITIES	**17,074.1**	**8,685.3**	**1.6**	**9.4**	**8,377.8**	**8,507.1**

(1) No financial instruments were transferred between categories in 2021.
(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, 2021): for the 2025 bonds quoted 101.5% of par, at €1,015.3 million; for the 2026 bonds quoted 102.66% of par, at €769.9 million; for the 2027 bonds quoted 100.63% of par, at €895.6 million; for the 2027 bonds SLB quoted 99.22% of par, at €1,190.7 million; for the 2028 bonds quoted 104.85% of par, at €733.9 million and for the 2029 green bonds quoted 101.06% of par, at €404.3 million.*

	December 31, 2020		Breakdown by category of instrument (1)			
(In € million)	**Balance Sheet Carrying amount**	**Carrying amount not defined as financial instruments**	**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 assets/ liabilities measured at fair value**
Other equity interests	53.8		53.8			53.8
Other non-current financial assets	104.7				104.7	104.7
Trade accounts receivables	3,237.1	3,237.1				0.0
Other operating receivables	363.4	353.2		10.2		10.2
Other receivables and prepaid expenses	856.4	856.4				0.0
Currency derivatives	2.6		2.6			2.6
Interest rate derivatives	0.0					0.0
Cash and cash equivalents	3,091.4		3,091.4			3,091.4
FINANCIAL ASSETS	**7,709.4**	**4,446.7**	**3,147.8**	**10.2**	**104.7**	**3,262.7**
Long-term debt*	4,222.8	1.8		9.9	4,211.1	4,357.3
Non-current lease liabilities	794.0				794.0	794.0
Short-term debt	1,023.1		7.2		1,015.9	1,023.1
Current portion of lease liabilities	182.2				182.2	182.2
Prepayments on customers contracts	605.7	605.7				0.0
Trade payables	6,016.4	6,016.4				0.0
Accrued taxes and payroll costs	771.9	771.9				0.0
Sundry payables	444.7	442.2	0.1	2.4		2.5
Of which Currency derivatives	*2.5*		*0.1*	*2.4*		*2.5*
FINANCIAL LIABILITIES	**14,060.8**	**7,838.0**	**7.3**	**12.3**	**6,203.2**	**6,359.1**

(1) No financial instruments were transferred between categories in 2020.
(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, 2020): for the 2025 bonds quoted 101.68% of par, at €1,016.8 million; for the 2026 bonds quoted 103.97% of par, at €779.8 million; for the 2027 bonds quoted 101.17% of par, at €708.2 million and for the 2028 bonds quoted 105.38% of par, at €737.6 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 € million)	2021 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	19.7	19.7		
Income on loans, cash investments and marketable securities	32.0	32.0		
Finance costs	(239.3)		(239.3)	
Other financial income and expenses	(47.2)		(48.0)	0.8
Net income (expenses)	**(234.8)**	**51.7**	**(287.3)**	**0.8**

(in € million)	2020 restated 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	(6.3)	(6.2)		(0.1)
Income on loans, cash investments and marketable securities	20.9	20.9		
Finance costs	(202.7)		(202.7)	
Other financial income and expenses	(36.3)		(38.5)	2.2
Net income (expenses)	**(224.4)**	**14.7**	**(241.2)**	**2.1**

As of December 31, 2021, movements in provisions for impairment break down as follows by category of financial asset:

(in € million)	Balance as of January 1, 2021	Additions	Utilizations	Reversals (surplus provisions)	Change in scope of consolidation and other changes	Balance as of December 31, 2021
Doubtful accounts	(30.7)	(13.7)	22.0	0.0	(0.7)	(23.0)
Shares in non-consolidated companies	(10.0)	(0.0)	0.2	0.0	(1.8)	(11.6)
Non-current financial assets	(21.4)	(2.9)	10.8	0.0	4.2	(9.3)
Other receivables	(12.7)	(0.0)	0.2	0.0	(0.4)	(12.9)
TOTAL	**(74.8)**	**(16.6)**	**33.3**	**0.0**	**1.3**	**(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.

2021

Currency exposure *(in € million)*	**USD**	**CZK**	**CNY**	**RUB**	**GBP**	**PLN**	**MXN**	**JPY**
Trade receivables (net of payables)	41.5	(19.4)	(1.9)	12.2	58.5	(16.3)	(47.8)	26.5
Financial assets (net of liabilities)*	228.6	(1.3)	10.1	(30.9)	(83.3)	0.0	(0.1)	118.7
Forecast transactions**	138.2	(98.0)	45.4	40.3	(84.4)	(75.6)	(22.4)	32.0
Net position before hedging	**408.3**	**(118.8)**	**53.5**	**21.6**	**(109.2)**	**(92.0)**	**(70.4)**	**177.3**
Currency hedges	(441.6)	99.9	(3.2)	26.7	67.3	116.5	49.9	(132.0)
Net position after hedging	(33.3)	(18.9)	50.3	48.3	(41.8)	24.6	(20.5)	45.3

* *Including inter-company financing.*
** *Commercial exposure anticipated over the next 6 months.*

2020

Currency exposure *(in € million)*	**USD**	**CZK**	**CNY**	**RUB**	**GBP**	**PLN**	**MXN**	**JPY**
Trade receivables (net of payables)	33.9	(35.9)	37.9	19.0	10.1	(15.3)	(62.0)	5.9
Financial assets (net of liabilities)*	243.1	0.0	9.9	(29.0)	(88.6)	0.0	(9.0)	86.1
Forecast transactions**	107.3	(56.8)	15.3	8.7	1.1	(68.1)	(47.8)	13.4
Net position before hedging	**384.3**	**(92.7)**	**63.1**	**(1.3)**	**(77.4)**	**(83.4)**	**(118.8)**	**105.4**
Currency hedges	(311.1)	45.3	(19.5)	22.5	100.2	68.0	19.0	(107.6)
Net position after hedging	73.2	(47.4)	43.6	21.2	22.8	(15.4)	(99.8)	(2.2)

* *Including inter-company financing.*
** *Commercial exposure anticipated over the next 6 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 € million) December 31, 2021	Carrying amount Assets	Liabilities	Notional amount*	Maturities < 1 year	1 to 5 years	> 5 years
Fair value hedges						
■ forward currency contracts	0.1	(0.2)	62.5	62.5	0.0	0.0
■ Inter-company loans in foreign currencies swapped for euros	3.6	(0.8)	535.0	535.0	0.0	0.0
■ cross-currency swaps	1.7	(0.6)	135.5	0.0	106.0	29.5
Cash flow hedges						
■ forward currency contracts	3.7	(5.6)	486.0	486.0	0.0	0.0
■ currency option	1.2	(0.9)	188.8	188.8	0.0	0.0
Not eligible for hedge accounting	0.2	0.0	25.3	25.3	0.0	0.0
	10.5	**(8.0)**				

* *Notional amounts based on absolute values.*

(in € million) December 31, 2020	Carrying amount Assets	Liabilities	Notional amount*	Maturities < 1 year	1 to 5 years	> 5 years
Fair value hedges						
■ forward currency contracts	0.0	(0.1)	10.2	10.2	0.0	0.0
■ Inter-company loans in foreign currencies swapped for euros	2.6	(0.3)	468.3	468.3	0.0	0.0
■ cross-currency swaps	0.0	(6.8)	97.8	0.0	97.8	0.0
Cash flow hedges						
■ forward currency contracts	9.9	(2.2)	349.1	349.1	0.0	0.0
■ currency option	0.3	(0.3)	40.5	40.5	0.0	0.0
Not eligible for hedge accounting	0.0	(0.1)	9.1	9.1	0.0	0.0
	12.8	**(9.8)**				

* *Notional amounts based on absolute values.*

The sensitivity of Group income and equity as of December 31, 2021 to a fluctuation in exchange rates against the euro is as follows for the main currencies to which the Group is exposed:

Currency exposure	**USD**	**CZK**	**CNY**	**RUB**	**GBP**	**PLN**	**MXN**	**JPY**
2021	**1.13**	**24.86**	**7.19**	**85.30**	**0.84**	**4.60**	**23.14**	**130.38**
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	**1.19**	**26.10**	**7.55**	**89.57**	**0.88**	**4.83**	**24.30**	**136.90**
Impact on pre-tax income *(in € millions)*	(2.59)	1.04	0.05	(0.33)	(1.97)	0.82	2.40	(1.77)
Impact on other comprehensive income *(in € millions)*	8.87	(4.64)	(0.32)	0.00	0.00	(4.64)	(0.03)	0.79

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 € million) **2021**	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate
Financial assets		4,917.6								4,917.6
Financial liabilities	(261.6)	(924.0)	(283.0)	(422.8)	(2,255.9)	(681.7)	(3,517.9)	(37.5)	(6,318.3)	(2,066.0)
Net position before hedging	**(261.6)**	**3,993.7**	**(283.0)**	**(422.8)**	**(2,255.9)**	**(681.7)**	**(3,517.9)**	**(37.5)**	**(6,318.3)**	**2,851.6**
Interest rate hedges	0.0	0.0	(398.6)	398.6	(137.0)	137.0	29.6	(29.6)	(506.0)	506.0
Net position after hedging	**(261.6)**	**3,993.7**	**(681.5)**	**(24.3)**	**(2,392.9)**	**(544.7)**	**(3,488.3)**	**(67.1)**	**(6,824.3)**	**3,357.6**

	Under 1 year		1 to 2 years		2 to 5 years		More than 5 years		Total	
(in € million) **2020**	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate
Financial assets		3,094.0								3,094.0
Financial liabilities	(183.7)	(1,055.5)	(320.9)	(226.5)	(1,485.8)	(509.2)	(2,440.5)	0.0	(4,430.9)	(1,791.2)
Net position before hedging	**(183.7)**	**2,038.5**	**(320.9)**	**(226.5)**	**(1,485.8)**	**(509.2)**	**(2,440.5)**	**0.0**	**(4,430.9)**	**1,302.8**
Interest rate hedges	0.0	0.0	(226.5)	226.5	(531.8)	531.8	0.0	0.0	(758.3)	758.3
Net position after hedging	**(183.7)**	**2,038.5**	**(547.4)**	**0.0**	**(2,017.6)**	**22.6**	**(2,440.5)**	**0.0**	**(5,189.2)**	**2,061.1**

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 hereafter.

The main components of the fixed rate debt are:

- bonds maturing in June 2025, issued in March 2018 and July 2020 for a total amount of €1,000 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;
- bonds maturing in February 2027, issued in November 2021 for a total amount of €1,200 million;
- bonds maturing in June 2028, issued in July 2020 for a total amount of €700 million;
- green bonds maturing in June 2029, issued in March 2021 for a total amount of €400 million;
- a part of the *Schuldscheindarlehen* (see Note 26.3) issued in December 2018 and in December 2021.

The majority of interest rate derivatives as of December 31, 2021 aim at hedging the variable part of the *Schuldscheindarlehen* against an interest rate increase.

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

(in € million) **December 31, 2021**	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	(3.0)	0.0	487.0	0.0
Accrued premiums payable	1.4	0.0	0.0	0.0	0.0
Swaption	6.6	0.0	700.0	0.0	0.0
	8.0	**(3.0)**	**700.0**	**487.0**	**0.0**

(in € million) **December 31, 2020**	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	(9.9)	0.0	713.5	0.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	0.0	**(9.9)**	**0.0**	**713.5**	**0.0**

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, 2021 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, 2021.

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:

Financial assets as of December 31, 2021 *(in € million)*	(a) Gross amount value (before compensation)	(b) Gross amounts compensated (according to IAS 32)	(c) = (a) - (b) Net amounts presented in the balance sheet	(d) Related amounts not set off in the balance sheet (not fulfiling IAS 32 compensation criteria) Financial instruments	(d) Collaterals received	(e) = (c) - (d) Net amount
Derivatives	18.5		18.5	13.9		4.6
Other financial instruments						
TOTAL	**18.5**	**0.0**	**18.5**	**13.9**	**0.0**	**4.6**

Financial liabilities as of December 31, 2021 *(in € million)*	(a) Gross amount value (before compensation)	(b) Gross amounts compensated (according to IAS 32)	(c) = (a) - (b) Net amounts presented in the balance sheet	(d) Related amounts not set off in the balance sheet (not fulfiling IAS 32 compensation criteria) Financial instruments	(d) Collaterals received	(e) = (c) - (d) Net amount
Derivatives	11.0		11.0	13.9		(2.9)
Other financial instruments						
TOTAL	**11.0**	**0.0**	**11.0**	**13.9**	**0.0**	**(2.9)**

Note 31 Commitments given and contingent liabilities

Commitments given

(in € million)	2021	2020
Future minimum lease payments [1]	124.0	140.0
Debt collateral:		
■ mortgages	2.1	2.0
Other debt guarantees	94.5	30.3
Firm orders for property, plant and equipment and intangible assets	142.0	158.6
Other	1.0	1.1
TOTAL [2]	**363.6**	**332.0**

(1) Commitments on future lease payments are considering 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 as well as future payments on signed contracts which execution has not yet started.

(2) Of which €8 million of commitments for discontinued activities as at December 2020 (mainly firm orders for assets).

Future minimum lease payments break down as follows:

(in € million)	2021	2020
N+1	15.6	13.1
N+2	10.0	8.2
N+3	9.7	7.9
N+4	9.6	8.0
N+5 and above	79.0	102.9
TOTAL	**124.0**	**140.0**

Expiry dates of mortgages and guarantees:

(in € million)	2021
■ less than a year	81.5
■ 1 to 5 years	2.0
■ more than 5 years	13.1
TOTAL	**96.6**

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.

Note 33 Management compensation

Total compensation for 2021 awarded to the members of the Board of Directors and the Group Executive Committee serving in this capacity as at December 31, 2021 amounted to €12,647,356 including directors' fees of €864,629 compared with the 2020 figures of €14,293,985 and €703,000 respectively.

Note 34 Fees paid to the Statutory Auditors

	EY				Mazars			
	Amount (excl.VAT)		%		Amount (excl.VAT)		%	
(in € million)	Exercice 2021	Exercice 2020	Exercice 2021	Exercice 2020	Exercice 2021	Exercice 2020	Exercice 2021	Exercice 2020
AUDIT								
Statutory and contractual audits								
Issuer	0.9	0.9	17.0%	18.4%	0.7	0.7	15.2%	15.7%
Fully consolidated companies	3.6	3.3	68.2%	70.9%	3.6	3.8	73.9%	81.7%
SUB TOTAL	**4.5**	**4.2**	**85.2%**	**89.3%**	**4.3**	**4.6**	**89.1%**	**97.4%**
Other services								
Issuer	0.4	0.2	7.2%	4.3%	0.4	0.1	8.9%	2.6%
Fully consolidated companies	0.4	0.3	7.6%	6.4%	0.1	0.0	2.1%	0.0%
SUB TOTAL	**0.8**	**0.5**	**14.8%**	**10.7%**	**0.5**	**0.1**	**10.9%**	**2.6%**
TOTAL	**5.3**	**4.7**	**100.0%**	**100.0%**	**4.9**	**4.7**	**100.0%**	**100.0%**

The fees invoiced by the Statutory Auditors for the diligences performed for the specific publications of Peugeot S.A. within the frame of its merger with FCA have been validated and covered by Peugeot S.A. and are therefore not part of the figures given in the above table.

Other services provided by EY to the Company and its subsidiaries mainly relate to issuance of statements as independent auditors, contractual audit reports, procedures in connection with divestment projects, consultations and comfort letters in connection with a financing operation.

Other services provided by Mazars 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.

Note 35 Dividends

The Board of Directors dated February 18, 2022 decided to propose to the next Annual Shareholders' Meeting , to be held on June 8, 2022, the distribution of a dividend of €1.00 per share for the financial year 2021.

1.3.6. List of consolidated companies as of December 31, 2021

	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 [a]	Germany	100	100
Faurecia Automobiltechnik GmbH [a]	Germany	100	100
Faurecia Automotive GmbH [a] [b]	Germany	100	100
Faurecia Innenraum Systeme GmbH [a]	Germany	100	100
Faurecia Emissions Control Technologies, Germany GmbH [a]	Germany	100	100
Hug Engineering GmbH [a]	Germany	100	100
Clarion Europa GmbH	Germany	100	100
SAS Autosystemtechnik GmbH [a]	Germany	100	100
SAS Autosystemtechnik Verwaltungs GmbH [a]	Germany	100	100
Faurecia Participations GmbH	Germany	100	100
Argentina			
Faurecia Sistemas De Escape Argentina S.A.	Argentina	100	100
Faurecia Argentina S.A.	Argentina	100	100
SAS Automotriz Argentina S.A.	Argentina	100	100
Austria			
Faurecia Angell-Demmel GmbH	Austria	100	100
Belgium			
Faurecia Automotive Belgium	Belgium	100	100
Brazil			
Faurecia Automotive do Brasil, Ltda	Brazil	100	100
FMM Pernambuco Componentes Automotivos, Ltda	Brazil	51	100
SAS Automotive Do Brazil Ltda.	Brazil	100	100
Canada			
Faurecia Emissions Control Technologies Canada, Ltd	Canada	100	100
Irystec Software Inc.	Canada	100	100

(1) Cumulated percentages of interest for fully consolidated companies.
(a) Application of sec.264 (3) HGB (German Commercial Code).
(b) Application of sec.291(2) HGB (German Commercial Code).

	Country	Interest of (%)	Stake (%) (1)
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
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	100	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 (Shanghaï) 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
Faurecia Clarion Electronic Fengcheng Co., Ltd	China	100	100

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

	Country	Interest of (%)	Stake (%) [1]
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
Faurecia Clarion Electronic Foshan 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
Faurecia Clarion Electronics (Dongguan) Co. Ltd.	China	100	100
Faurecia Clarion Electronics (Xiamen) 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
SAS Automotive Systems (Shanghai) Co., Ltd.	China	100	100
Faurecia Clarion Electronic Chongqing Ltd	China	100	100
Changchun Faurecia Xuyang Display Technology Co., Ltd.	China	55	100
Nanjing Faurecia Emission Control Technology Co., Ltd	China	66	100
Faurecia (Shanghai) Automotive Component Co., Ltd	China	100	100
Faurecia (Jiaxing) Automotive Systems Co., Ltd.	China	100	100
Faurecia CLD Safety Technology (Shenyang) Co., Ltd.	China	65	100
Faurecia Clarion (Wuhan)	China	51	100
Coagent Global Limited	China	100	100
Faurecia Clarion Electronics Asia Pacific Limited	China	100	100
Chang Ming Co., Ltd.	China	82.9	100
Clarion (H.K.) Industries Co., Ltd	China	100	100
China Taiwan			
Covatech Inc.	China Taiwan	82.9	100
Clarion (Taiwan) Manufacturing Co., Ltd	China Taiwan	100	100
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 System España, S.A.	Spain	100	100
Faurecia Interior System SALC España, S.L.	Spain	100	100
Faurecia Automotive España, S.L.	Spain	100	100
Faurecia Interior System España, S.A.	Spain	100	100
Faurecia Interior System SALC España, S.L.	Spain	100	100

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

	Country	Interest of (%)	Stake (%) [1]
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 Holding España S.L.	Spain	100	100
SAS Autosystemtechnik S.A.	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
SAS Automotive Usa Inc.	United States	100	100
France			
Faurecia Sièges d'Automobile	France	100	100
Faurecia Industries	France	100	100
ECSA - Etudes 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
Faurecia Automotive Holdings	France	100	100
Faurecia Intérieur Industrie	France	100	100
Faurecia Systèmes d'Echappement	France	100	100
Faurecia Services Groupe	France	100	100
Faurecia Exhaust International	France	100	100
Faurecia Exhaust Russia Holding	France	100	100
Faurecia Smart Technologies	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
Faurecia Clarion Electronics Europe S.A.S.	France	100	100
Clarion Europe S.A.S	France	100	100

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

	Country	Interest of (%)	Stake (%) [1]
SAS Automotive France S.A.S.U.	France	100	100
SAS Logistics France S.A.S.U	France	100	100
Cockpit Automotive Systems Rennes S.A.S.U	France	100	100
Ullit	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
Design LED Products, 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
Indonesia			
PT Faurecia Clean Mobility Indonesia	Indonesia	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
Faurecia Clarion Electronics Co., Ltd.	Japan	100	100
Clarion Sales and Marketing Co., Ltd	Japan	100	100
Luxembourg			
Faurecia Ré	Luxembourg	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
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
Faurecia Howa Interior Mexico, S.A. de C.V.	Mexico	51	100
Electronica Clarion, S.A. de C.V.	Mexico	100	100
SAS Automotive Systems S.A. De C.V.	Mexico	100	100

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

	Country	Interest of (%)	Stake (%) [1]
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 Gorzow S.A.	Poland	100	100
Faurecia Legnica Decoration 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
SAS Automotive De Portugal Unipessoal Ltda.	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 S.R.O.	Czech Republic	100	100
SAS Autosystemtechnik S.R.O.	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	100	100
OOO Faurecia Automotive Development	Russia	100	100
OOO Faurecia Automotive Solutions	Russia	100	100
Slovakia			
Faurecia Automotive Slovakia SRO	Slovakia	100	100
SAS Automotive S.R.O.	Slovakia	100	100
Sweden			
Faurecia Interior Systems Sweden AB	Sweden	100	100
Faurecia CREO	Sweden	100	100
Switzerland			
Hug Engineering AG	Switzerland	100	100
Faurecia Switzerland Sàrl	Switzerland	100	100
Faurecia Switzerland Group AG	Switzerland	100	100

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

	Country	Interest of (%)	Stake (%) [1]
Thailand			
Faurecia Interior Systems (Thailand) Co., Ltd	Thailand	100	100
Faurecia Emissions Control Technologies, Thailand 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
SAS Otosistem Teknik Ticaret Ve Limited Sirketi	Turkey	100	100
Uruguay			
Faurecia Automotive Del Uruguay, S.A.	Uruguay	100	100
Vietnam			
Faurecia Interior Systems (Vietnam) Co., Ltd	Vietnam	100	100
II - COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD			
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
Faurecia (Liuzhou) Emissions Control Technologies Co., Ltd.	China	50	50
Wuhan Clarion Kotei Software Technology Co., Ltd	China	25	25
Beijing BAIC Faurecia Automotive Systems Co., Ltd	China	50	50
Kaishi Faurecia Aftertreatment Control Technologies Co., Ltd.	China	35	35
Spain			
Componentes de Vehiculos de Galicia, S.A.	Spain	50	50
Copo Iberica, S.A.	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			
GMD Stamping Mexico S.A. de C.V.	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
Faurecia Aptoide Automotive, Lda	Portugal	50	50
Turkey			
Teknik Malzeme Ticaret Ve Sanayi AS	Turkey	50	50

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

1.4. Statutory Auditors' report on the consolidated financial statements for the year ended December 31, 2021

For the year ended December 31, 2021

This is a translation into English of the statutory auditor's 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 auditor's report includes information required by European regulations and French law, such as information about the appointment of the statutory auditor or verification of the information concerning the Group presented in the management report and other documents provided to 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 General Meeting we have audited the accompanying consolidated financial statements of Faurecia for the year ended December 31st, 2021.

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 31st, 2021 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)* for the period from January 1st, 2021 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.

Emphasis of matter

We draw your attention to the Note 1.A to the consolidated financial statements, which describes the impact of the IFRS IC decision on attributing benefit to periods of service for a defined benefit plan (IAS19) have been integrated in the opening net equity of the period. Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements for this period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on the performance of audits.

It is in this complex, evolving context that, 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.

Impairment testing of goodwill

(Note 10 "Goodwill" to the consolidated financial statements)

Risk identified	Our response
The carrying amount of goodwill amounts to €2,236.2m at December 31, 2021. Goodwill is allocated to the four groups of cash generating units (CGUs) corresponding to the Group's operating segments: Seating, Clean Mobility, Interiors and Clarion Electronics. 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 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 group 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. For a given group of CGUs, an impairment loss is recognized whenever its value then determined falls below its carrying amount. The cash flow forecasts used to calculate value in use were based on the Group's 2022-2026 forecasts for Clarion Electronics and on the Group's 2022-2024 forecasts for the other three group of CGU. Those forecasts were established during 2021 last semester. The volume assumptions used in the forecasts are based on external information sources. As mentioned in Note 10 to the consolidated financial statements, impairment test performed as of December 31, 2021 confirmed goodwill value accounted for in the balance sheet for Seating, Clean Mobility, Interiors and Clarion Electronics. 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 impacted by the economic environment and in particular by the crisis evolutive context related to Covid-19 and the shortage of electronics components.	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 asset valuation experts part of the audit team, we assessed the 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 assumptions related to the volume for the global automotive market considered by the Group in the Covid-19 and the shortage of electronics components crisis context, applied discount rate and perpetual growth rate with independent market data; ■ analyzed the consistency of projected future cash flows with historical data; ■ reperformed the calculations and reconciled the main forecasts data including 2022-2026 forecasts data for Clarion Electronics and 2022-2024 forecasts data for the three other group of CGUs 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 to estimate their effects and assumptions related to the volume for the global automotive market considered by the Group. 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

(Notes 10 and 11 to the consolidated financial statements)

Risk identified	Our response
Net capitalized development costs amount to €2,268.4m at December 31, 2021. 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 pursuant to the conditions set out in Note 11 to the consolidated financial statements. As mentioned in the Note 10 to the consolidated financial statements, the capitalized development costs are tested for impairment whenever there is an indication that they may be impaired. Impairment tests involve comparing the carrying amount of the tangible and intangible assets allocated to a customer contract with the present value of the net future cash flows expected to be derived from the contract, considering the best estimates of the 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 customer contract, which are inherently impacted by the crisis evolutive context related to Covid-19 and the shortage of electronics components.	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 contracts to evaluate whether the related development costs were eligible for capitalization in compliance with IAS 38. 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 and assessed the consistency of performed calculations; ■ we assess the consistency of the key assumptions used by management to determine projected future cash flows including assumptions considered by management in the Covid-19 and the shortage of electronics components crisis context, for a sample of customer contracts 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, with asset valuation experts, the key assumptions used, such as discount rates, with independent market data, ■ reconciled, on a sample basis, the data specific to each customer contract, 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.

Accounting and recoverability of deferred tax assets

(Note 8 "Corporate Income Tax" to the consolidated financial statements)

Risk identified	Our response
Deferred tax assets amount to €540.6m in the balance sheet at December 31, 2021, while deferred tax liabilities amount to €44.1m. 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, based on the Group's forecasts. The assessment of the ability to recover net deferred tax assets as of December 31, 2021 (€496.5m) is based on the Group's forecasts 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, especially in the crisis evolutive context related to Covid-19 and the shortage of electronics components and considering 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 companies concerned to generate future taxable profit against which the existing tax loss carryforwards can be utilized. We also assessed the consistency with the forecasts of the main data and assumptions on which taxable income projections considered in the Covid-19 and the shortage of electronics components crisis context and 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 information relating to the Group given in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its 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 information relating to the Group given in the management report, it being specified that, in accordance with Article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein.

Report on other legal and regulatory requirements

Format of preparation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditor regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of December 17, 2018. Regarding consolidated financial statements, our work includes verifying that the tagging thereof complies with the format defined in the above-mentioned regulation.

On the basis of our work, we conclude that the preparation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF (*Autorité des Marchés Financiers*) agree with those on which we have performed our work.

Appointment of the Statutory Auditor

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, 2021, MAZARS and ERNST & YOUNG and Young were respectively in their third year and the thirty-nine year of total uninterrupted engagement (which is the twenty-third 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 auditor's 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 made 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 significant deficiencies, if any, 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) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*. 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 21, 2022

The Statutory Auditors

MAZARS		ERNST & YOUNG Audit	
Anne-Laure Rousselou	Grégory Derouet	Jean-Roch Varon	Guillaume Brunet-Moret

1.5. Review of Company's business and financial results

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 2021 are slightly going up to €42.5 million, compared to €34.8 million in 2020.

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 €52.3 million in 2021, versus €31.2 million in 2020.

Results of operations

The operating profit for the year 2021 is a loss of €24.5 million to be compared to a profit of €18.2 million in 2020.

The net financial income totaled €218.2 million, compared to a net financial expense of €155.4 million in 2020.

The variance is mainly due to the increase in dividends received from €3.7 million in 2020 to €208.2 million in 2021, and the decrease in provisions on securities from €196.1 million in 2020 to a reversal of €6.4 million in 2021 on Faurecia Automotive Belgium. Interest income, net of interest expense, represents €6.8 million, compared to €20.6 million in 2020.

In 2021, the net non-recurring loss is at €2.5 million versus an income of €5.3 million in 2020.

Tax income amounted to €21.4 million, compared with €9.1 million for fiscal year 2020. 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 €212.6 million [1]. This compares with a loss €122.8 million in 2020.

Financial structure and net debt

The main elements of the Group's financing are detailed in Note 17 to the financial statements. It should be noted, in particular, that in order to secure the financing of the acquisition of HELLA, Faurecia signed on August 13, 2021 a confirmed bridging loan for an amount of €5.5 billion. This loan will be refinanced mainly by bond issues and bank loans, with the exception of the €800 million component to be mainly refinanced by a capital increase (Bridge to equity).

During the first half of 2021, Standard & Poor's assigned a positive outlook to Faurecia on March 15, 2021. Fitch confirmed the BB+ rating but improved the outlook from negative to stable on June 4, 2021. Following the announcement of the acquisition of HELLA, Moody's downgraded its outlook from stable to negative on August 20, 2021, retaining its Ba2 rating. Finally, on December 9, 2021, S&P assigned a stable outlook to its BB rating.

As of December 31, 2021, the Company's shareholders' equity, before allocation of profit for the financial year, amounted to €3,520.2 million, compared to €3,470.0 million at the end of 2020. They are in increase of €50.2 million.

As of December 31, 2021, Faurecia's net debt was €2,765 million taking into account its gross debt, net of cash, marketable securities and net cash advances and intra-group loans, compared to €1,009 million as of December 31, 2020.

(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 €183,952,87 and the corresponding tax amounts to €52,426,57.

Payables representing €39.5 million included twelve invoices already due which were paid after December 31, 2021; receivables represented €18.5 million as of December 31, 2021, including €2.1 million past due and not settled, mainly with subsidiaries. The late payment analysis table is as follows:

	Article D. 441 I. 1°: Invoices received, unpaid and in arrears as of the closing date						**Article D. 441 I. 2°: Invoices issued, unpaid and in arrears as of the closing date**					
	0 day (indi-cative)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day and more)**	**0 day (indi-cative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 days and more)**
(A) LATE PAYMENT CATEGORIES												
Number of invoices concerned	2					12	37					24
Number of invoices concerned (including VAT)	1 606	5 000	27 345	247	282 596	315 188	11 668 546	0	336 891	868 600	838 108	2 043 599
% of total purchase amount for the fiscal year (including VAT)	0,00%	0,00%	0,03%	0,00%	0,28%	0,31%						
% of sales for the fiscal year (including VAT)							9,60%	0,00%	0,28%	0,71%	0,69%	1,68%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED PAYABLES AND RECEIVABLES												
Number of excluded invoices			0						0			
Total of amount of excluded invoices			0						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)												
Tearms of payment used to calculate late payments			x Contractual deadlines						x Contractual deadlines			

The carrying amount of investments in subsidiaries and affiliates recognized in the balance sheet at December 31, 2021 came to €6,157.0 million (€4,450.7million at December 31, 2020).

Business review relating to the Company's subsidiaries

January 2021

- The Brazilian subsidiary Clarion Do Brasil Ltda has been merged into Faurecia Automotive do Brasil Ltda with a retroactive effect as of January 1, 2021.
- On January 4, 2021, has been registered Faurecia (Jiaxing) Automotive Systems Co., Ltd. a new subsidiary held at 100% by Faurecia (China) Holdings Co. Ltd, (Seating Business Group).
- On January 4, 2021 has been registered un new Polish subsidiary Faurecia Legnica Decorations S.A. – This entity is issued from a demerger operation of Faurecia Legnica S.A. by transferring of the decoration's parts activity to this newly formed entity.

February 2021

- The 33.3% of shares capital held by Faurecia Clarion Electronics Co. Ltd in the joint-venture entity Carebot Corporation have been sold to the company Saint-Care Holding. Since February 1, 2021, date of closing operation, this entity does not belong anymore to the Faurecia group.
- On February 07, 2021, Faurecia (China) Holdings has acquired 35% of a new Chinese entity Kaishi Faurecia Aftertreatment Control Technologies Co., Ltd. The 65% remaining shares being held by Ningbo Kaishi Environmental Protection Technology Co., Ltd. (Clean Mobility Business Group).
- On February 26, 2021, has been registered o new Indonesian subsidiary PT Faurecia Clean Mobility Indonesia held at 100% by Faurecia Exhaust International.

March 2021

- On March 1, 2021, the total number of shares of the company Clarion Europe S.A. held by Faurecia Clarion Electronics Co. Ltd, has been transferred to the company Hennape Six.
- On March 18, 2021, PFP Acoustic and Soft Trims India Pvt Ltd is closed down and has been struck off from the Company Registry.

April 2021

- On April 15, 2021, has been registered Faurecia (Shanghai) Automotive Components Co., Ltd. a new subsidiary held at 100% by CN20 - Faurecia (China) Holdings Co. Ltd (Seating Business Group).
- On April 17, 2021, Faurecia Interior Systems Sweden AB has increased its shareholding in Faurecia Creo AB from 78% to 100% further to the acquisition of remaining shares held by minority shareholders.
- On April 27, 2021, has been acquired by Faurecia Investments, 100% of the share capital of Faurecia RE a reinsurance company for the Group.

May 2021

- On May 06, 2021, CN20 – Faurecia (China) Holdings has acquired 65% of a new Chinese entity Faurecia CLD Safety Technology (Shenyang) CO., Ltd. The 35% remaining shares being held by the partner Shenyang Gas Cylinder Safety Technology Co., LTD (Clean Mobility Business Group)

June 2021

- On June 4, 2021, has been acquired by Hennape Six, 100% equity of DESIGN LED PRODUCTS LTD (Clarion Electronics BG).
- On June 23, 2021 has been created and registered Acoustics & Soft Trim Olmedo, S.L. a new Spanish subsidiary held at 100% by Faurecia Automotive España, S.A.
- On June 27, 2021, Clarion Co., Ltd. has sold 15% of its shares in Crystal Precision (M) Sdn BhD (Clarion Electronics Business Group), to the partner "Tone Trading Company Sendirian Berhad".
- On June 28, 2021, the company Clarion Rus LLC, has been liquidated.

August 2021

- Faurecia has reached an agreement with the Family Pool and with HELLA on August 14, 2021, to
  - Launch a public tender cash offer for all HELLA shares (cf operation details on Chapter 6);
  - Acquire from the Family pool its 60% stake in HELLA. (cf operation details on Chapter 6).

  Faurecia, with its wholly owned subsidiary Faurecia Participations GmbH as bidding entity, published on September 27, 2021, the offer document for its voluntary public takeover offer in cash for all outstanding shares of HELLA.

September 2021

- On September 30, 2021, the registered office of the company Faurecia AST Luxembourg, S.A. has been transferred from Luxemburg to Switzerland. Its company name has been changed into Faurecia Switzerland Group AG.

October 2021

- On October 15, 2021, Clarion Europe SAS acquired 17.12% of the share capital of Faurecia Clarion Electronics Europe following to a share capital increase through a contribution in kind.
- On October 20, 2021, Faurecia Exhaust International, shareholder at 70% of the company Faurecia Metalloprodukcia Exhaust Systems, has acquired the remaining 30% of the share capital held by the Russian partner "Metalloprodukcia". On the same day, the company name of this subsidiary has been changed to Faurecia Exhaust Russia Holding.
- On October 29, 2021 the following companies of the "Acoustics and Soft Trim (AST) Division" has been sold to Adler Pelzer Group. (SPA Agreements signed on October 29, 2021).Faurecia Automotive Industrie (France), Faurecia Intérieurs Saint-Quentin (France), Faurecia Intérieurs Mornac (France), Faurecia Legnica S.A. (Pologne), Acoustics & Soft Trim Olmedo S.L. (Espagne), Faurecia Holdings ASt Sàrl (Luxembourg), Faurecia Luxembourg Sàrl (Luxembourg)

November 2021

- On November 16, 2021, Faurecia published the final results of the takeover offer for HELLA's shares.

  A total of 21,662,359 shares have been tendered during the offer period by HELLA shareholders.

  Together with the shareholding of 60% hold by the Family Pool, Faurecia held 80.6% of the shares in HELLA since completion of the takeover offer on January 31, 2022. (cf operation details on Chapter 6).
- The 50% of the equity held by Faurecia China Holdings CO., Ltd, in the joint-venture Hongtai Faurecia Composite (Wuhan) CO., Ltd, have been sold to the company "Zhejiang Shansheng Mould&Plastic Technology Co., Ltd." Since November 12, 2021 (date of completion of the divestment's registration), this entity does not belong anymore to the Faurecia group.

December 2021

- Following to a legal reorganization plan in Mexico, the following Mexicans subsidiaries have been merged with effective date of December 1, 2021:

1) Exhaust Services Mexicana S.A. de C.V. and ET Mexico Holdings II, S. DE R.L. De C.V. merged into Servicios Corporativos de Personal Especializado de S.A. de C.V.
2) Ultra Industrial, S.A. de C.V. merged into Electronica Clarion S.A. de C.V.
3) SAS Automotive Systems & Services S.A. de C.V. merged into SAS Automotive Systems, S.A. de C.V.

- On December 1, 2021, a new Russian legal entity JSC PK Avtokomponent Togliatti (Interiors Business Group) has been acquired OOO Faurecia Automotive Development and 1% by Faurecia Interior Luga LLC.
- On December 17, 2021, the shares of the company Faurecia Clarion Electronics Europe, held at 82.88% by Faurecia Investments has been sold to the company Hennape Six.
- On December 24, 2021, all the shares held by Clarion Co., Ltd. (15%) in the company Crystal Precision (M) Sdn BhD (Clarion Electronics Business Group) has been sold to its partner, Tone Trading Company Sendirian Berhad.
- On December 30, 2021, the company Faurecia Automotive Industrie Spain, S.L, has been liquidated.

As this management report is being presented in the form of this Universal Registration Document, the various Chapters in this document supplement the report.

The foreseeable changes in the Company and material events that occurred between the closing of the fiscal year and the date of the management report are discussed in Sections 1.1.1.2 "Main events" and 1.2 "Outlook" respectively.

The risks that Faurecia faces and the main features of the internal control and risk management procedures are set out in Chapter 2 "Risk factors and Management" 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 "Extra financial performance" of this Universal Registration Document.

The current capital structure, crossing of thresholds, employee share ownership and other information on the capital stock (including the table of financial authorizations and their use during the 2021 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 "Capital stock and shareholding structure" of this Universal Registration Document.

Information on the compensation of the corporate officers and on other aspects of the operation of the Company's administrative and management bodies (including the list of corporate offices and duties of the corporate officers) appears in Chapter 3 "Corporate governance" of this Universal Registration Document.

Provisions recognized by Faurecia and its subsidiaries for pensions and other employee benefits are analyzed in Note 25.2 to the consolidated financial statements included in this chapter.

Factors likely to affect a public takeover bid are described in Chapter 7 "Other information", Section 7.1 "Legal information".

Information on the fees of the Statutory Auditors is provided in the Chapter 7 "Other information", Section 7.4 "Additional information on audits of financial statements".

Information on performance shares is provided in Note 22.2 to the consolidated financial statements included in this chapter and in Chapter 5 "Capital stock and shareholding structure", Section 5.2.2 "Potential capital stock" of this Universal Registration Document.

Information on the vigilance plan, within the meaning of the French Law of March 27, 2017, is provided in Chapter 2 "Risk factors and Management", Sections 2.2.3.3 "Responsible supply-chain" and in Chapter 4 "Extra financial performance", Sections 4.3.4 "Responsible supply-chain" and 4.7.1 "Extra-financial performance declaration".

1.6. Parent company's financial statements for the year ended December 31, 2021

1.6.1. Income statement

(in € thousands)	Notes	2021	2020
Services sold		42,481	34,843
Sales		**42,481**	**34,843**
Outside services		(146,373)	(46,179)
Taxes other than on income		(2,133)	(4,091)
Salaries and wages		(4,883)	(12,332)
Payroll taxes		(2,435)	(1,891)
Amortization, depreciation and provisions (net of reversals) and expense transfers	3	37,215	17,228
Other income/(expenses)	4	51,583	30,624
Total operating income and expenses		**(67,026)**	**(16,641)**
NET OPERATING INCOME		**(24,545)**	**18,202**
Financial income	5	454,377	292,312
Financing costs	5	(236,186)	(447,700)
NET FINANCIAL INCOME (EXPENSE)	5	**218,191**	**(155,388)**
OPERATING INCOME AFTER NET FINANCIAL INCOME		**193,646**	**(137,186)**
Non-recurring income	6	319	6,935
Extraordinary expenses	6	(2,828)	(1,651)
NET NON-RECURRING INCOME	6	**(2,509)**	**5,284**
Employee profit-sharing		(12)	(28)
Corporate income tax	7	21,426	9,147
NET INCOME		**212,551**	**(122,783)**

1.6.2 Balance sheet as of December 31, 2021

Assets

(in € thousands)	Notes	31/12/2021 Gross amounts	31/12/2021 Depreciation and provisions	31/12/2021 Net amounts	31/12/2020 Net amounts
Intangible assets	8	105	25	80	80
Property, plant and equipment	9	943	861	82	40
Investments	10	6,690,069	217,189	6,472,880	4,769,578
TOTAL FIXED ASSETS		**6,691,117**	**218,075**	**6,473,042**	**4,769,698**
Operating receivables		18,472	0	18,472	17,840
Other receivables	11	2,832,259	0	2,832,259	3,695,925
Marketable securities				0	0
and related receivables	12	2,569,302	635	2,568,667	778,586
Cash and cash equivalents		552,930		552,930	875,826
TOTAL CURRENT ASSETS		**5,972,963**	**635**	**5,972,328**	**5,368,177**
Prepaid expenses	13	3,114		3,114	4,011
Unrealized foreign exchange losses		31,297		31,297	23,921
Bond redemption premiums		5,337		5,337	6,861
Deferred expanses	14	88,989		88,989	52,222
TOTAL ASSETS		**12,792,817**	**218,710**	**12,574,107**	**10,224,890**

Liabilities

(in € thousands)	Notes	31/12/2021	31/12/2020
Capital stock		966,251	966,251
Additional paid-in capital		599,882	627,441
Statutory reserve		96,625	96,625
Untaxed reserves		8,939	8,939
Other reserves		0	0
Retained earnings		1,635,965	1,893,523
Net income for the fiscal year		212,551	(122,783)
TOTAL SHAREHOLDERS' EQUITY	15	**3,520,213**	**3,469,996**
Provisions for contingencies and charges	**16**	**16,333**	**14,457**
TOTAL DEBT	17	**7,111,486**	**4,947,813**
Operating payables	18	53,729	46,825
Sundry payables	18	1,850,887	1,714,675
TOTAL OPERATING PAYABLES AND OTHER PAYABLES		**1,904,616**	**1,761,500**
Prepaid income		145	145
Unrealized foreign exchange gains		21,314	30,979
TOTAL EQUITY AND LIABILITIES		**12,574,107**	**10,224,890**

1.6.3 Notes to the 2021 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 presented in the accounts is the historical cost method.

The Faurecia'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.

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 composesd 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.

The impacts of group commitment on carbon neutrality as well as the consequences of governmental policies linked to the global warming are as well part of the assumptions used for these forecasts provided that these are measurable.

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.

1.9 Pensions

In May 2021, the IFRS Interpretation Committee (IFRIC IC) published a decision relating to the allocation of the cost of services associated with a defined benefit plan with the following characteristics:

- the definitive acquisition of benefits is subject to presence in the company at the time of retirement;
- the amount of benefits depends on seniority;
- this amount is capped at a determined number of consecutive years of service.

The application of this decision leads to the distribution of the projected rights, not over the duration of the presence of the employees in the company, but over the last years of acquisition of the rights, taking into account, where applicable, the levels of acquisition.

In France, the accounting standards authority has also amended ANC recommendation No. 2013-02 to introduce this accounting method.

The company opted for this new method (insignificant impact of €122k).

Note 2 Highlights and post-balance sheet events

2.1 Covid-19

As opposed to previous period, the operations for the year 2021 have not been significantly impacted by the sanitary crisis linked to Covid-19.

2.2 Shortage of electronics components

The global shortage of semiconductors has impacted the automotive industry over the entire year 2021. The impact was stronger on the second half year than on the first half year, that was nevertheless already impacted by climatic conditions in Texas and a fire disaster at one of the major Japanese suppliers of semiconductors. The worldwide automotive production in 2021 amounted to only 72.7 million Light Vehicles (LVs), up only 2.8% year-on-year, The difficult situation in the second half year 2021, with a very low point in the third quarter (only 15.8 million LVs produced in the quarter, down 19% vs. the third quarter 2020), strongly disrupted our customer's activity during that period, generating unprecedented high volatility in OEM programs and consequent numerous and erratic production Stops & Gos for Faurecia. Volatility in OEM programs, at its peak in September and October, started to normalize as from November 2021.

The shortage of semiconductors is expected to continue at least in the first half year 2022 but should gradually ease as from the second half year 2022 and the global situation should return to normal in 2023.

2.3 Merger of Peugeot S.A. and FCA to create the Stellantis group

Within the frame of Peugeot S.A. and FCA merger:

- on January 4, 2021, the Extraordinary Shareholder's Meetings of Peugeot S.A. and FCA have approved the merger of the two groups to create the Stellantis group;
- on January 12, 2021, as committed by Peugeot S.A. and FCA, the Faurecia shares held by Peugeot S.A. have been converted to bearer shares (followed by a conversion to nominative shares) involving the loss of the double voting rights that were attached to them so far, and the three Faurecia Board members representing Peugeot S.A. in Faurecia's Board have resigned at that date;
- on March 8, 2021, Stellantis have approved in the extraordinary shareholders' meeting the distribution of a maximum of 54,297,006 Faurecia ordinary shares (representing 39.3% of Faurecia shares) on the basis of 0,017029 Faurecia ordinary share for each Stellantis share; this distribution has become effective on March 15, 2021.

This distribution has increased Faurecia free float up to around 85%, significantly enhancing its visibility in the capital markets and allowing the Group to affirm its strategy as an independent company.

2.4 HELLA acquisition

On August 14, 2021, Faurecia has announced the signatures of agreements concerning the acquisition of block of control for 60% of the shares from the controlling family pool and a public tender cash offer on the remaining 40% shares of HELLA, group listed on the Frankfort Stock Exchange, for a price of 60 € per HELLA share, corresponding to a total value of € billion 6.7, for the total number of shares. 19.5% of HELLA shares were tendered in the takeover offer by HELLA shareholders, which has been launched on September 27, 2021 by Faurecia and closed on November 11, 2021.

Following approval from the appropriate regulatory bodies, Faurecia has completed on January 31, 2022 the acquisition of 79.5% of HELLA, comprising the 60% acquired from the family pool, of which 8.95% were paid through newly issued Faurecia shares and 19.5% as a result of the public tender offer mentioned above. Faurecia has also acquired shares on the market until January 31,2022, representing 1.09% of HELLA shares. Faurecia holds 80.6% of HELLA shares at that date.

The combination of Faurecia and HELLA will create the 7th largest global automotive supplier, focused on four growth areas, fully aligned with industry megatrends:

- Electric Mobility (incl. hydrogen solutions);
- ADAS & Autonomous Driving;
- Cockpit of the Future;
- Lifecycle Value Management.

The new Group will become a major technology player focused on six activities. Five of which, Electronics, Lighting, Seating, Interiors, Clean Mobility, will each exceed €3bn of sales. The newly created Business Group, Life Cycle Value Management, will quickly grow to reach a leading position.

Note 3 Depreciation, amortization and provisions (net of reversals) and expense transfers

(in € thousands)	2021	2020
Provision reversals	1	20,000
Expense transfers (1)	60,858	10,745
Depreciation and amortization	(22,779)	(10,361)
Provisions for impairment of current assets		
Provisions for contingencies and charges	(865)	(3,156)
TOTAL	**37,215**	**17,228**

(1) Of which:		
• *Transfer of fees included in "Outside services" relating to new financings:*	*54,675*	*19,562*

Note 4 Other income/(expenses)

(in € thousands)	2021	2020
Operating income		
Trademark royalties	52,292	31,459
Other income	0	28
TOTAL	**52,292**	**31,487**
Operating expenses		
Trademark royalties	1	246
Other non-operating expenses	708	618
TOTAL	**709**	**863**
TOTAL	**51,583**	**30,624**

Note 5 Net financial income (expense)

Net financial income (expense) breaks down as follows:

(in € thousands)	2021	2020
Financial income		
Income from investments in subsidiaries and affiliates [(1)]	208,157	3,723
Other interest and related income	234,078	265,739
Net proceeds from sales of marketable securities	0	0
Provision reversals [(2)]	12,142	22,850
TOTAL	**454,377**	**292,312**
Financing costs		
Interest expense	227,313	245,164
Charges to provisions for impairment of investments [(3)]	0	196,119
Charges to other provisions and other financial expenses	8,873	6,417
TOTAL	**236,186**	**447,700**
NET FINANCIAL INCOME (EXPENSE)	**218,191**	**(155,388)**
(1) This item corresponds to dividends received from subsidiaries and affiliates:		
• *Faurecia Services Groupe*	*4,225*	
• *Faurecia Investissements*	*131,185*	
• *Faurecia Tongda Exhaust System*	*7,426*	*3,723*
• *Faurecia Honghu Exhaust Systems Shanghai*	*9,286*	
• *Faurecia Exhaust International*	*32,612*	
• *Faurecia Automotive Holdings*	*23,423*	
(2) of which:		
• *reversal of provisions for Faurecia Automotive GmbH shares*		*18,191*
• *reversal of provisions for Faurecia Automotive Belgium*	*6,364*	
• *reversal of provisions for financial contingencies and charges*	*5,702*	*4,659*
(3) of which:		
• *allowances of Faurecia Hennape six*		*178,009*
• allowances of Faurecia Automotive Belguim		*18,110*

Note 6 Net non-recurring income/(expense)

Net non-recurring income (expense) breaks down as follows:

(in € thousands)	2021	2020
Non-recurring income		
Proceeds from management activities	(189)	4,502
Proceeds from disposals of fixed assets (1)	0	69
Proceeds from disposals of bonus shares	396	403
Provision reversals	112	1,961
TOTAL	**319**	**6,935**
Non-recurring expenses		
On management transactions	2,393	1,241
Carrying amount of fixed and financial assets sold (2)	0	1
Cost of bonus shares sold	435	409
Depreciation, amortization and charges to provisions	0	0
TOTAL	**2,828**	**1,651**
NET NON-RECURRING INCOME/(EXPENSE)	**(2,509)**	**5,284**
(1) of which proceeds from the sale of investments in subsidiaries and affiliates:	*0*	*0*
(2) of which carrying amounts of investments in subsidiaries and affiliates sold or transferred:	*0*	*0*

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)	2021	2020
Tax benefit arising from group relief	20,826	8,733
Other tax (expense) income (tax credit) [(1)]	600	414
TOTAL	**21,426**	**9,147**

(1) Sponsorship tax credit.

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, 2019	**80**	**8**	**0**	**88**
Additions (including own work capital)				
Disposals				
Funding of depreciation, amortization and impairment provisions		(8)		(8)
Depreciation written off on disposals				
Other movements				
AMOUNT AS OF DECEMBER 31, 2020	**80**	**0**	**0**	**80**
Additions (including own work capital)				
Disposals				
Funding of depreciation, amortization and impairment provisions				
Depreciation written off on disposals				
Other movements				
AMOUNT AS OF DECEMBER 31, 2021	**80**	**0**	**0**	**80**

Note 9 Property, plant and equipment

This can be broken down as follows:

(in € thousands)	31/12/2021		
	Brut	**Net**	**Net**
Land	52	52	52
Buildings	258	0	0
Other property, plant and equipment	633	30	(12)
TOTAL	**943**	**82**	**40**

(in € thousands)	Land	Buildings	Other property, plant and equipment	Property, plant and equipment in progress	Total
AMOUNT AS OF DECEMBER 31, 2019	**53**	**0**	**54**	**0**	**107**
Additions (including own work capital)			10		10
Disposals	(1)	(13)			(14)
Funding of depreciation, amortization and impairment provisions			(76)		(76)
Depreciation written off on disposals		13			13
AMOUNT AS OF DECEMBER 31, 2020	**52**	**0**	**(12)**	**0**	**40**
Additions (including own work capital)					0
Disposals			(2)		(2)
Funding of depreciation, amortization and impairment provisions			(68)		(68)
Depreciation written off on disposals			111		111
AMOUNT AS OF DECEMBER 31, 2021	**52**	**0**	**30**	**0**	**82**

Note 10 Investments

(in € thousands)	31/12/2021 Brut	31/12/2021 Provisions	31/12/2021 Net	31/12/2020 Net
Equity investments	6,371,800	214,689	6,157,111	4,450,718
Loans to subsidiaries and affiliates	315,370	0	315,370	318,513
Other non-current securities	2,899	2,500	399	347
TOTAL	**6,690,069**	**217,189**	**6,472,880**	**4,769,578**

Movements in investments in subsidiaries and affiliates break down as follows:

(in € thousands)	Gross value	Provisions	Carrying amount
AMOUNT AS OF DECEMBER 31, 2019	**4,671,771**	**43,124**	**4,628,647**
Capital stock increases			
Charges to and reversals of provisions			
Company liquidation		177,929	(177,929)
Sale of shares			
AMOUNT AS OF DECEMBER 31, 2020	**4,671,771**	**221,053**	**4,450,718**
Acquisitions	29		29
Capital increase	1,700,000		1,700,000
Charges to and reversals of provisions		(6,364)	6,364
Company liquidation			
Sale of shares			
AMOUNT AS OF DECEMBER 31, 2021	**6,371,800**	**214,689**	**6,157,111**

Capital increases mainly concern Faurecia Investments and Faurecia Automotive Holding.

Note 11 Receivables

(in € thousands)	31/12/2021	31/12/2020
Cash advances	2,753,352	3,675,215
Tax due by subsidiaries in the tax group	5,731	3,446
Prepaid and recoverable corporate income tax	12,969	15,097
Recoverable VAT	10,009	776
Sundry receivables	50,196	1,389
TOTAL	**2,832,259**	**3,695,925**

All receivables are due in less than one year.

Prepaid and recoverable corporate income tax corresponds to tax credits of €13.0 million, including €11.8 million research tax credit.

Note 12 Marketable securities and related receivables

As of December 31, 2021, this item includes:

(in € thousands)	31/12/2021	31/12/2020
Treasury stock	3,952	19,078
Liquidity agreement	0	0
Securities	2,435,349	679,584
Depreciation mutual fund	(635)	(76)
Deposits	130,000	80,000
TOTAL MARKETABLE SECURITIES	**2,568,667**	**778,586**

Treasury stock transactions during the year break down as follows:

Shares *(in € thousands)*	Number of shares	Amount
Amount as at December 31, 2020	**499,273**	**19,078**
Distribution of treasury stock (1)	(3,175,818)	(142,632)
Shares buyback	2,760,716	127,506
Amount as at December 31, 2021	**84,171**	**3,952**

(1) The treasury shares distributed in 2021 were delivered to French or foreign employees of the Group within the framework of the action allocation plan n° 9 and partly canceled in return for the capital increase reserved for employees – Faureso (see Note 1.1).

Liquidity agreement *(in € thousands)*	Number of shares	Amount
Amount as at December 31, 2020	**0**	**0**
Shares buyback	1,928,230	85,539
Shares sales	(1,928,230)	(85,539)
Amount as at December 31, 2021	**0**	**0**

Note 13 Prepaid expenses

Prepaid expenses mainly comprise:

(in € thousands)	31/12/2021	31/12/2020
Commissions and bank charges	0	0
Rent	0	0
Other	3,114	4,011
TOTAL	**3,114**	**4,011**

Note 14 Deferred charges

Deferred charges as of December 31, 2021 refer to financing fees.

A bond issue of €1,200 million nominal amount issued on November 10, 2021 (Maturity February 15, 2027 – rate 2.75%) generated issue costs of which €9.8 million were charged to expenses to be spread over six years.

A bond issue of €400 million in nominal amount issued on March 22, 2021 (Maturity June 15, 2029 – rate 2.375%) generated issue costs, of which €3.9 million were charged to expenses to be spread over eight years.

An addition to the bonds maturing in 2027 for a nominal amount of €190 million (Maturity June 15, 2027 – rate 2.375%) generated additional issue costs, of which €1.2 million were charged to expenses to be spread over six years as well.

The private placement under German law (*Schuldscheindarlehen*) set up to anticipate and secure the refinancing of a bridging loan (HELLA acquisition) generated issue costs of which €2.4 million were charged to expenses to be spread over five years.

A bridge loan set up to provide pre-financing for the HELLA acquisition generated issue costs, of which €17.8 million were charged to expenses to be spread over 12 months, and €19 million which will be spread on the basis of the underlying debt transaction. i.e., a total amount of €36,8 million.

Note 15 Shareholders' equity

15.1 Change in shareholders' equity

(in € thousands)	Amount as at 31/12/2020	Appropriation decision at the OGM of 05/31/2021	Capital stock increase	Capital stock decrease	Dividends	Net income for the fiscal year	Amount as at 31/12/2021
Capital stock	966,251						966,251
Additional paid-in capital	627,441			(27,559) (1)			599,882
Statutory reserve	96,625						96,625
Untaxed reserves	8,939						8,939
Other reserves	0						0
Retained earnings	1,893,523	(122,783)			(134,776)		1,635,964
Net income for the fiscal year	(122,783)	122,783				212,551	212,551
TOTAL	**3,469,996**	**0**	**0**	**(27,559)**	**(134,776)**	**212,551**	**3,520,213**

(1) *Difference between the net book value of the shares canceled and the nominal value during the capital increase reserved for employees – Faureso.*

15.2 Capital stock and premiums from equity issues, mergers and acquisitions

As at December 31, 2021, the share capital was €966,250,607, divided into 138,035,801 fully paid-up shares of €7 each.

As of December 31, 2021, 1,846,531 registered shares held double voting rights.

There are no share subscription options as of December 31, 2021

15.3 Free share allocation plans

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

In 2021, Faurecia has implemented a unique long term share grant plan (Executive Super Performance Initiative-ESPI) for the members of the Group Executive Committee. executives of Group companies. The acquisition period is five years without conservation condition, and the maximum amount is limited to 300% of the yearly fixed wages. These shares are subject to a service and a performance condition, the Total shareholder Return - TSR, compared to a peer group.

The performance conditions for the plan attributed by the Board of July 20, 2017 have been met, the corresponding shares, i.e. 418,876 have been definitely distributed in July 2021. The performance conditions for the plan attributed by the Board of July 19, 2018 have not been met.

Details of the share grant plans as of December 31, 2021 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:		Performance condition
		reaching the objective	exceeding the objective	
05/28/2019	10/09/2019	722,220	939,470	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
06/26/2020	10/22/2020	909,540	1,183,050	2022 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
05/31/2021	10/25/2021	1060,090	1,379,060	2023 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
05/31/2021	07/23/2021	673,549	673,549	ESPI plan: Faurecia share relative performance (TSR) compared to a reference group of companies on a yearly basis; for the CEO, Faurecia share relative performance (TSR) compared to a reference group of companies on average over 5 years (2021-2026)

* *Net of free shares granted cancelled.*

Note 16 Provisions for contingencies and charges

(in € thousands)	As of 31/12/2021	As of 31/12/2020
Provision for contingencies		
Foreign exchange losses	6,714	5,702
Other	0	0
SUB-TOTAL	**6,714**	**5,702**
Provisions for charges		
Provision for pensions and other post-employment benefits (1)	9,600	8,735
Other provisions for charges	19	21
SUB-TOTAL	**9,619**	**8,756**
TOTAL	**16,333**	**14,458**

(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 1.15% 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 as of December 31, 2019, the rights acquired being frozen as of December 31, 2019.

(in € thousands)	2021	2020
Projected benefit obligation	19,188	19,075
Hedging of obligations	(8,819)	(8,781)
Deferred items	(769)	(1,559)
PROVISIONS	**9,600**	**8,735**

(in € thousands)	2021	2020
Service cost	(556)	(2,551)
Interest cost	(366)	(698)
Expected return on plan assets	57	93
TOTAL	**(865)**	**(3,156)**

Changes in provisions for liabilities and charges in 2021 were as follows:

(in € thousands)	Amount as at 31/12/2020	Additions	Reversals (surplus provisions)	Payments to retirement funds	Amount as at 31/12/2021
Provisions for currency risks	5,702	6,714	(5,702)		6,714
Provisions for pensions and other employee obligations	8,735	866	(1)		9,600
Other provisions for charges	21				21
TOTAL	**14,457**	**7,580**	**(5,703)**	**0**	**16,334**

Note 17 Borrowings

(in € thousands)	31/12/2021	31/12/2020
Bond issue premium	8,692	9,259
Other bonds	4,940,000	3,150,000
Borrowings and debts from credit institution	2,153,730	1,784,440
Other borrowings	9,064	4,114
TOTAL	**7,111,486**	**4,947,813**

17.0% 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 31/12/2021
Maturing in 2022	846,269
Maturing in 2023	403,981
Maturing in 2024	429,500
Maturing in 2025	1,153,398
Maturing in 2026	997,500
Maturing in 2027	2,119,646
Maturing in 2028	752,500
Maturing in 2029	400,000
TOTAL	**7,102,794**

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, then on June 15, 2018 in order to extend the maturity to five years from that date.

By the end of May 2021, Faurecia has signed with its banks an Amend & Extend agreement of its syndicated credit line enabling the Group to reinforce its financial flexibility by:

- increasing the amount from €1.2 up to €1.5 billion;
- indexing its costs on Faurecia's environmental performance; The interest rate of the credit line will vary depending upon the achievement of the group's target of CO_2 neutrality for its scopes 1 & 2;
- extending its maturity to five years, i.e. May 2026, with two one-year extension options submitted to the banks' agreement.

As of December 31, 2021, this 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 3.0 (previously 2.79). Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2021, 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.

Syndicated bridge loan

On August 13, 2021, Faurecia signed a syndicated confirmed bridge loan for an amount of €5.5 billion in order to secure the financing of the HELLA acquisition. This credit facility will be refinanced mainly through bonds issues and bank loans, to the exception of the €800 million part to be refinanced through a capital increase.

As of December 31, 2021, the available amount of this credit facility was €3.4 billion, as a consequence of the various pre financing operations of the HELLA acquisition (see below).

Schuldscheindarlehen

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, i.e. December 2022, 2023 and 2024. €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 EUR resources through long term cross-currency swaps.

This private placement has been used to finance the acquisition of Clarion Co. Ltd.

On June 21, 2021 Faurecia has reimbursed by anticipation €226.5 millions of the variable rate tranche of the *Schuldscheindarlehen* with 2022 maturity.

Faurecia has signed on December 17, 2021 a private placement under German Law (Schuldscheindarlehen) including ESG performance criteria 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 two and half, four, five and six years, i.e. July 2024 and January 2026, 2027 and 2028. €435 million have been received on December 22, 2021 and the remaining amount has been received in early January 2022. The USD tranches have been partially converted in EUR resources through long term cross-currency swaps.

This private placement is part of the prefinancing of the acquisition of HELLA.

¥30 billion credit facility

On February 7, 2020, Faurecia has signed a credit facility in Yen for an amount of ¥30 billion, with a five-year maturity, aiming at refinancing on a long term basis the debt of Clarion Co. Ltd. The credit facility comprises two tranches of ¥15 billion each, one being a loan and the other one a renewable credit line.

The proceeds of this credit line have enabled Clarion Co. Ltd. to reimburse most of its bank debts.

The maturity of the credit line has been extended from February 2025 to February 2026 by exercising the first extension option.

As of December 31, 2021, the drawn amount was at ¥20 billion, representing €152.8 million.

In June 2021, the conditions of this credit line have been renegotiated to align the restrictive conditions with the ones of the syndicated credit line of €1.5 billion, more specifically the ratio Net debt/EBITDA, which is now at 3.0.

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.

An additional issue for €300 million of these 2025 bonds has been done on July 31, 2020. These additional bonds have been issued at 97.50% of the par, which corresponds to a yield to maturity of 3.18%.

As of December 31, 2021, the outstanding amount of these 2025 bonds amounted to €1,000 million.

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.

(1) Consolitated 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.

These bonds are subject to the same restrictions than the 2025 bonds.

The proceeds of these bonds have been used to finance the acquisition of Clarion Co., Ltd.

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 par, which corresponds to a return at issuance of 2.40%.

As of December 31, 2021, the outstanding amount of these 2026 bonds amounted to €750 million.

2027 2.375% 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 are subject to the same restrictions than 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 in the year 2019.

On February 3, 2021, an additional issue for €190 million of these 2027 bonds has been performed via a private placement. These bonds have been issued at 100.75% of the par, which corresponds to a return at issuance of 2.26%.

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.

As of December 31, 2021, the outstanding amount of these 2027 bonds amounted to €890 million.

2027 SLB 2.75% bonds

On November 10, 2021, Faurecia issued bonds for an amount of €1200 million due February 15, 2027, carrying annual interest of 2.75%, payable on June 15 and December 15 each year, as from June 15, 2022.

These bonds are subject to the same restrictions than the 2029 bonds and base the 2025 objectives of CO_2 emission reduction on scope 1 & 2. On the "Sustainable Linked Financing Framework" published in October 2021 and approved by the ISS ESG. The non compliance to these objectives involves a step up of the bonds interest in 2026.

The proceeds of these bonds have been used to pre finance the acquisition of HELLA.

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.

As of December 31, 2021, the outstanding amount of these 2027 bonds amounted to €1200 million.

2028 bonds

On July 31, 2020, Faurecia issued bonds for an amount of €700 million due June 15, 2028, carrying annual interest of 3.75%, payable on June 15 and December 15 each year, as from December 15, 2020.

These bonds are subject to the same restrictions than the 2027 bonds. 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.

As of December 31, 2021, the outstanding amount of these 2028 bonds amounted to €700 million.

Green bonds 2029

Faurecia issued on March 22, 2021 green bonds for an amount of €400 million due June 15, 2029, carrying annual interest of 2.375%. The proceeds will be used to finance or refinance the Group's investments in the hydrogen mobility, for both hydrogen storage and distribution systems and in fuel cell stacks and systems through Symbio, its joint venture with Michelin. The Green Bond Framework has been reviewed by ISS ESG, environmental rating agency.

These bonds are subject to the same restrictions than the 2028 bonds. 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.

As of December 31, 2021, the outstanding amount of these 2029 bonds amounted to €400 million.

Finally, during 2021, Faurecia regularly issued commercial papers with a maturity up to one year for investors located mainly in France. As of December 31, 2021, the outstanding amount was €747 million.

During the first half-year 2021, Standard & Poor's has given a positive outlook to Faurecia on March 15, 2021 and Fitch has confirmed the BB+ rating but improved the outlook from negative to stable on June 4, 2021. Following the announcement of the acquisition of HELLA, Moody's has downgraded on August 20, 2021 the outlook from stable to negative, while maintaining the Ba2 grading. On December 9, 2021, S&P has given a stable outlook to its BB grading.

IBOR rates reform: On March 5, 2021 the Financial Conduct Authority (FCA) officially announced the end of the publication of the IBOR rates. This change has no significant impact on the group financial statements, as the majority of its variable rate fianncial debt is based on the EURIBOR, which is not impacted by this change. However, Faurecia has anticipated the end of the publication of the rate Libor JPY expected for December 31, 2021, and since September 2021, is applying the Tokyo Overnight Average Rate (TONAR) for the ¥30 billion credit facility in Yen drawn at ¥20 billion (see above).

Note 18 Operating payables and other liabilities

(in € thousands)	31/12/2021	31/12/2020
Trade payables	39,485	15,486
Other operating payables	14,244	31,339
SUBTOTAL OPERATING PAYABLES	**53,729**	**46,825**
Cash advances from subsidiaries	1,846,770	1,709,373
Other liabilities	4,117	5,302
SUBTOTAL OTHER PAYABLES	**1,850,887**	**1,714,675**
TOTAL	**1,904,616**	**1,761,500**

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)	31/12/2021	31/12/2020
Deferred taxes relating to the tax savings arising from using losses in tax-group subsidiaries	(515,854)	(542,881)
SUBTOTAL, DEFERRED TAX LIABILITIES	**(515,854)**	**(542,881)**
Tax paid on taxable income that is not yet recognized	(1,893)	(71)
Charges recognized that are deductible for tax purposes in future years	5,146	4,356
Future tax savings on tax loss carry forwards of the tax group	329,966	331,877
SUBTOTAL, DEFERRED TAX ASSETS	**333,219**	**336,162**
NET DEFERRED TAX (LIABILITIES)/ASSETS	**(182,635)**	**(206,719)**

Note 20 Financial commitments

Endorsements, sureties and guarantees include commitments to subsidiaries and direct and indirect equity investments for an amount of €169.2 million (€93.1 million as of December 31, 2020).

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 31/12/2021 *(in € millions)*	**< 1 year**	**1 to 5 years**	**> 5 years**
Interest rate options	700		
Variable rate/fixed rate swaps		487	

Share of variable rate debt (before rate swap): 17.0%

21.2 Foreign exchange 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, 2021, the foreign exchange swaps in place relate to the following currencies:

At 31/12/2021 (in millions)	Net position		Equivalent *(in millions)*
	Buyer	Seller	
CAD	0.0	1.8	1.3
DKK	0.0	225.8	30.4
GBP	70.0	0.0	83.3
JPY	0.0	15,037.0	115.3
RUB	2,639.2	0.0	30.9
USD	0.0	126.5	111.7
MXN	0.0	135.3	5.8
CNY	0.0	70.0	9.7
SEK	0.0	67.6	6.6
CHF	0.0	4.4	4.3

Note: these are foreign exchange swaps that cover intra-group deposits and loans.

Note 22 Average headcounts

	2021	2020
Management	8	8
Staff	0	0
TOTAL	**8**	**8**

Note 23 Compensation

In 2021, total attendance fees paid to directors amounted to €864,629 compared with €703,000 in 2020.

1.6.4 Five-year financial summary

(in €)	2021	2020	2019	2018	2017
1 – CAPITAL STOCK AT END OF PERIOD					
a) Capital stock	966,250,607	966,250,607	966,250,607	966,250,607	966,250,607
b) Number of ordinary shares outstanding	138,035,801	138,035,801	138,035,801	138,035,801	138,035,801
c) Maximum number of future shares to be created: by exercising stock options	0	0	0	0	0
2 – OPERATIONS AND RESULTS FOR THE FISCAL YEAR					
a) Sales excluding tax	42,481,000	34,843,000	30,146,000	33,439,165	290,857,463
b) Income before tax, employee profit-sharing, depreciation, amortization and provisions	196,816,636	(330,269,884)	462,414,608	440,662,106	113,474,100
c) Corporate income tax [(1)]	(21,414,822)	(9,303,708)	(31,436,160)	(31,692,192)	(18,331,259)
d) Employee profit-sharing	0	0	0	(0)	0
e) Income after tax, employee profit-sharing depreciation, amortization and provisions	212,551,344	(122,782,135)	477,124,055	415,679,804	94,364,262
f) Total dividend [(2) (3)]	0	138,035,801	0	172,544,751	151,839,381
3 – EARNINGS PER SHARE					
a) Income after tax and employee profit-sharing, but before depreciation, amortization and provisions	1.29	(2.45)	3.15	3.40	0.95
b) Income after tax, employee profit-sharing, depreciation, amortization and provisions	1.54	(0.89)	3.46	3.01	0.68
c) Net dividend per share	0.00	1.00	0.00	1.25	1.10
4 – PERSONNEL					
a) Average number of employees during the fiscal year	8	8	9	8	8
b) Total payroll for the fiscal year	4,884,197	12,332,626	16,239,993	19,920,220	16,977,910
c) Total employee benefits paid for the fiscal year (social security, other social benefits, etc.)	2,434,566	1,890,759	4,187,781	5,109,349	6,933,157

(1) Amounts in parentheses represent tax savings recognized under the tax consolidation agreement.
(2) The 2021 dividend is pending approval by the Ordinary General Meeting of the proposed appropriation of 2021 net income.
(3) The part of the 2021 dividend corresponding to shares that the Company holds on its own behalf at the payment date will be allocated to "Retained earnings".

1.6.5. Subsidiaries and affiliates

(in € thousands)	Capital stock	Reserves and retained earnings before appro-priation of net income	Share of capital stock owned (as a%	Gross carrying amount of invest-ment	Net carrying amount of invest-ment	Out-standing loans and advances granted by the Company and not yet paid	Amounts of guaran-tees 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
I. DETAILED INFORMATION											
A. Subsidiaries (at least 50% of capital stock owned by the Company)											
Faurecia investments	238,702	1,395,515	100.00	1,480,395	1,480,385	203,492	0	0	(116,335)	131,185	
Faurecia Automotive Belgium	10,000	7,165	100.00	60,196	23,563	5,246	0	0	1,042	0	
Faurecia USA Holdings Inc.	15	405,580	85.03	600,699	600,699	483,387	0	40,079	(38,653)	0	
ET Dutch Holdings BV	18	200,183	100.00	610,550	610,550	112,254	0	769	63,004	0	
Faurecia Automotive Holdings	62,311	1,039,613	100.00	1,618,260	1,618,260	208,973	0	220,301	(68,080)	23,423	
Faurecia Exhaust International	7,301	55,460	100.00	82,301	82,301	327,501	0	0	37,191	32,612	
Faurecia Services Groupe	40	10,511	100.00	46	0	0	0	324,579	2,095	4,225	
Faurecia Honghu Exhaust Systems Shanghai	6,023	80,999	59.97	1,212	1,212	0	0	23,784	21,587	9,775	EUR 1 = 7,3282 CNY BS / 7,4663 CNY PL*
Faurecia Holdings Espana	3,010	408,884	60.59	514,183	514,183	114,348	0	0	(68,292)	0	
Hennape six	1,100,010	(209,781)	100.00	1,100,010	922,000	222,676	0	0	99,534	0	
Faurecia participation GmbH	25	0	100.00	29	29	23,818	0	0	(61)	0	
B. Affiliates (10%-50% of capital stock owned by the Company)											
Faurecia Automotive Espana S.L.	7,138	741,179	10.66	76,449	76,449	0	0	35,074	8,750	0	
Faurecia Automotive GmbH	146,420	44,407	25.81	225,184	225,184	83,599	0	3,878	111,798	0	
Faurecia Tongda Exhaust System (WUHAN) Co, Ltd	4,791	11,879	50.00	2,217	2,217	0	0	35,047	10,264	8,036	EUR 1 = 7.7367 CNY BS / 7.73673 CNY PL
II. SUMMARIZED INFORMATION											
Subsidiaries and affiliates not included in Section A				74	74	0				0	
Subsidiaries and affiliates not included in Section B											
TOTAL				**6,371,805**	**6,157,106**	**1,785,293**				**209,256**	

* *Note: BS (Balance Sheet); PL (Profit & Loose).*

1.7. Statutory Auditors' report on the financial statements for the year ended December 31, 2021

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Faurecia SE for the year ended December 31st, 2021.

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 31st, 2021 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 Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)* for the period from January 1st, 2021 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.

Emphasis of matter

We draw your attention to the 1.9 "Pensions" to the annual financial statements, which describes the impact of the ANC recommendation n°2013-02 on November 5, 2021 which has introduced the new accounting method related to the allocation of the cost of services associated with a defined benefit plan. The company opted for this new method. Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements for this period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on the performance of audits.

It is in this complex, evolving context that, 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 and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Assessment of the value in use of equity interests

(Note 1.2 and 10 "Investments" to the financial statements)

Risk identified	Our response
The balance of equity interests as at December 31, 2021 amounted to 6,157,1 m€, representing 49% 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 forecasts, especially in the crisis evolutive context related to Covid-19 and the shortage of electronics components.	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 forecasts and the impairment tests for each of the significant equity interests in order to assess the valuations based on forecasts. With asset valuation experts part of the audit team, we assessed the key assumptions considered in the Covid-19 and the shortage of electronics components context and 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 forecasts 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 management report of the Board of Directors' and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 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. 225-37-4 and L. 22-10-10 [L. 225-37-4, L. 22-10-10 and L. 22-10-9] of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code *(Code de commerce)* relating to the remuneration and benefits received by, or allocated to the directors and any other commitments made in their favor, 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. 22-10-11 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 and holders of voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of preparation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditor regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the preparation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF (*Autorité des Marchés Financiers)* agree with those on which we have performed our work.

Appointment of the Statutory Auditor

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.

As at December 31, 2021, MAZARS and ERNST & YOUNG and Young were third year and the thirty-nine year of total uninterrupted engagement (which is the twenty-three 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 risk 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 Auditor's 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 made 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 significant deficiencies, if any, 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) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of theFrench Commercial Code *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*. 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 21, 2022

The Statutory Auditors

French original signed by

MAZARS		**ERNST & YOUNG Audit**	
Anne-Laure Rousselou	Grégory Derouet	Jean-Roch Varon	Guillaume Brunet-Moret

2

Risk factors & Risk management

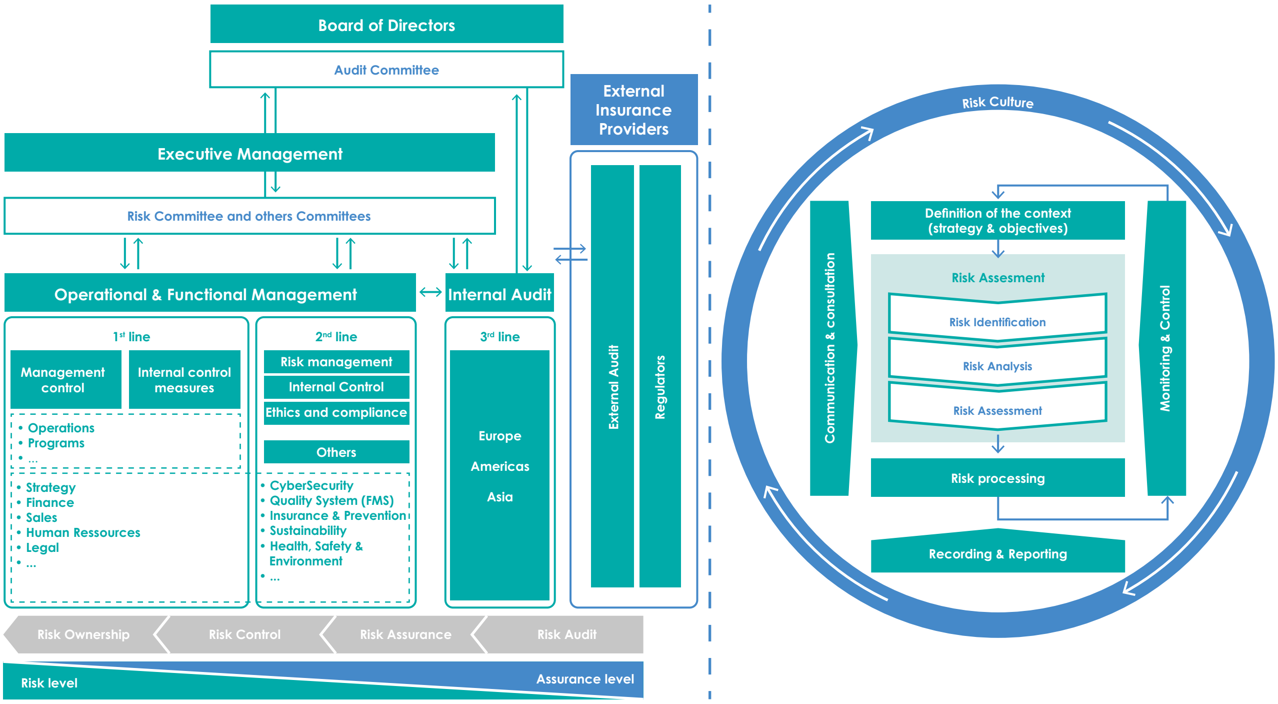
This section describes the parties involved in managing the Faurecia group's risks and the main significant risks to which the Group believes it is exposed as of the date of this Universal Registration Document. However, other risks that the Group is not aware of at the date of this Universal Registration 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.

This section presents the risk factors of the Group within its scope as of the date of this Universal Registration Document, it being understood that certain information presented below and identified as such relates to the 2021 financial year (before the closing of the acquisition of HELLA).

2.1. Contributors and global risk program

The Audit Committee, which is tasked with overseeing the effectiveness of risk management program and the internal control system which are not limited to accounting and financial risks), informs Faurecia's Board of Directors of the main actions taken by the Group in this domain. Risk contributors provide information to the Audit Committee which conducts a formal annual review of the global risk management program and its internal control.

The following diagrams provide a summary of the organization and processes of risk management and internal control within the Group:



2.1.1. Operational departments

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 (Business Group) is responsible for identifying and controlling operational risks inherent to its business, which are examined by the Operations Committees attached to them. The operational and support functions of the businesses are directly linked to the sale of products and services to customers. These functions direct and lead the actions, including risk management, necessary to achieve the Group's objectives.

2.1.2. Functional departments

Focusing on their specific fields, the Group's functional departments are responsible for complying and ensuring compliance with current regulations and standards, improving their processes and working with the other departments in order to improve cross-functional processes. They monitor the performance of the operating entities and provide coordination and support to the divisions and sites reporting to them. Each manager is responsible for the risk assessment and the risk processing of the processes for which she/he is responsible and is directly involved in the implementation of internal control measures of these processes.

2.1.2.1. 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 parent company 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 a generalization of the permanent inventory process completed by physical inventory takings at least once a year, the strict separation of tasks, and thorough monitoring of access to the various accounting transactions as a function of 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. They 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 set 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. Their line managers are (i) the Site, Division and Activity Managers and they have (ii) a functional dotted line to the Group Finance department. Because of their function, they are therefore stakeholders in the definition and in the achievement of the operational objectives.

This organization between, on 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 Oracle HFM (Hyperion Financial Management) and PBCS (Planning and Budgeting Cloud Service) consolidation systems are used 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 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 tools 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 (except recent acquisitions) and enables standardization 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 AI-type tools, in order to optimize processes.

2.1.2.2. Internal control

Within the Faurecia group, internal control is a mechanism that encompasses a set of resources, behaviors, training, procedures and actions, the overall purpose of which is to mitigate risks (prevention and protection) that may:

- 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, delays 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 risk management and internal control program plays a key role in conducting and steering its various business activities. However, as underscored by the AMF's frame of reference, any risk management and internal control program, 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 risk management and internal control program, 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 MISSIONS

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 risks inherent to their business activity;
- training on internal control, some of which are now offered by Faurecia University, Faurecia's internal training center, including online training 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 Sponsoring Organization of the Treadway Commission. Faurecia's primary contributors 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 Research & Development 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). Since 2018, the scope of the self-assessment has been extended to the registered office and administrative centers, in order to provide Faurecia's business activities with comprehensive coverage. This questionnaire is reviewed annually; a self-assessment program was rolled out in 2019 to strengthen control over development costs, volumes and other assumptions used for the Business Plans;
- 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.);
- monitoring of "high" and "critical" recommendations raised by Internal Audit as part of their assignments in the event of non-resolution beyond a period of 6 months.

Internal control representatives are present at several levels of the organization (Group, Activities, 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. The Faurecia Excellence System 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;
- the internal control manual;

- the Empowerment Manager which defines six general transverse principles for managers in certain key areas: 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 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 activities 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 Chief Risk Officer, the Deputy Chief Financial Officer, the Director of Internal Audit, the General Counsel, the Chief Compliance Officer, and the Chief Financial Officers of the businesses.

Its work is also regularly reviewed by the Audit Committee of the Board of Directors and the Executive Committee.

2.1.2.3. 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 sets its missions based primarily on the Group's risk mapping and an independent risk assessment.

The Internal Audit department is under the responsibility of the Chief Financial Officer, with an option to directly alert the Chief Executive Officer and the Chairman of the Audit Committee. It submits the audit program for approval once a year to the Chief Executive Officer, the Chief Financial Officer and the Audit Committee. It regularly reports to them on the results of its audit missions and the measures taken to achieve its audit 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 registered office, it also has regional teams based in France, the United States and China.

It conducts its assignments wholly independently and systematically substantiates its findings with specific facts that have been duly verified. It follows up the recommendations it has made to the audited sites by (i) an assessment three, six or 12 months after the final report and (ii) an on-site follow-up if deemed necessary.

The Internal Audit department has an Internal Audit Charter, which was last reviewed in November 2020 and which defines its roles and mission, its field of competence and the audit methodology used for its assignments.

2.1.2.4. The Risk Management and the Compliance departments

RISK MANAGEMENT

Risk management is handled by the Group Risk Committee, which is chaired by the Chief Financial Officer. The main tasks of the Risk Committee are to update risk mapping, ensure that the corresponding control and mitigation plans are established and implemented and, more broadly, ensure that risks are monitored regularly.

The Risk Committee meets quarterly and it is facilitated by the the Chief Risk Officer. The Chief Financial Officer, the Deputy Chief Financial Officer, the Director of Internal Audit, the General Counsel, the Chief Compliance Officer are also members of this Committee. A representative of each Group function as well as key risk management bodies (insurance, loss prevention, HSE, CSR) also sit on the 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 Board of Directors. 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 of continuous improvement the ofrisk ma nagement program, the risk mapping is reviewed regularly and the inclusion of new risks is submitted to the Risk Committee and the Audit Committee.

The Group appointed a Chief Risk Officer who reports to the General Counsel. With the support of risk champions who have been appointed for each risk of the risk mapping, he oversees the control and mitigation plans established and reviewed by the Committee. He also manages the network of risk sponsors that have been nominated for each function of the Group.

The Group developed 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.

Each year, the Group has launched an annual risk assessment campaign with Group management, working with Internal Audit, to update current risk mapping and identify potential emerging risks. This approach has 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 risk management program was also translated into two procedures (Faurecia Core Procedures); the associated process, called the ERM (Enterprise Risk Management) Program, is built using a step-by-step approach and provides the method to be followed by each of the risk coordinators and the functions in charge of risk.

Also, since 2018, the risk register, which enables the topics examined by the Risk Committee to be monitored and which was set up in 2017, can be accessed remotely in a dedicated tool developed specifically by Faurecia's teams, enabling information to be shared in real time between the various lines of defense: the risk universe, risk sheets, risk assessment with associated parameters and then risk modeling on the map. Lastly, quarterly reporting and monitoring is carried out using around 80 risk indicators and the main risk mitigation and control plans.

In 2020, in addition to the usual work, the risk universe was extended to cover new, emerging risks and an analysis of the risks specific to our three historic businesses was carried out to feed into the Group's risk matrix, but also to provide a risk-oriented vision by business.

In 2021, in order to strengthen anticipation, the Group has introduced a risk identification approach into its strategic planning exercise. This approach combines work on the definition of both threats (value protection) and opportunities (value creation). Thanks to a bottom-up approach by activity, the evaluation of potential impacts has been combined with a 15-year time scale, to bring out the notion of emerging risks.

COMPLIANCE PROGRAM

Organization

The Compliance 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 program priorities that arise from the risk analysis of the previous compliance plan. Regional Compliance Officers (RCOs) drive the compliance program in the regions in which the Group operates, which include North America and Mexico, South America, Asia and EMEA (Europe, Middle East and Africa). The compliance team also relies on a network of contact people, called Compliance Leaders, in each operational division of the businesses. As part of the identification and monitoring of non-compliance risks, the compliance team works closely with the Chief Risk Officer and members tasked with Internal Audit and Internal 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 10 universally accepted principles in the areas of human rights, labor standards, the environment and the fight against corruption. This commitment is reasserted in Faurecia's Code of Ethics, which is updated on a regular basis, specifically (i) 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 (ii) 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 of Ethics Management 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 dialog, 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 practice guide concerning anti-competitive practices. It contains internal rules that are widely distributed to employees. These rules cover the following subjects: policy on gifts and hospitality, donations and sponsorships, managing conflicts of interest (via an electronic tool) and the "golden rules" of competition law.

The functions of the second line of defense regularly monitor risks to prevent and fight against corruption at Faurecia. The Compliance and Legal departments assess the risks before and/or after acquisition operations. Accounting controls to prevent and identify acts of corruption are carried out by Compliance, Internal Control and the Finance Directors of the countries concerned. In addition, Internal Audit performs special missions relating to the existence and effectiveness of Faurecia's corruption program. These missions cover a sample of transactions selected by the audit.

Internal rules exist in relation to the risk tracking system for Faurecia's third parties and their co-contractors, where applicable.

Training and 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. There is a core of mandatory online training (MOOC) focusing in particular on ethics, competition rules and the fight against corruption. In order to maintain a strong ethics and compliance culture, the Group Compliance department implemented different training sessions accessible to all employees of the Group (including temporary employees, interns, consultants etc.). These trainings are Faurecia tailored and include the risks that may face targeted population. The pedagogical approach promotes interactive training using short videos and animations. Moreover, the Group has prepared and disseminated practical guides and an online training.

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, Regional Compliance Officers 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

The measures taken by the Group to prevent breaches, (particularly in the area of corruption), as well as areas for improvement, are regularly presented and discussed at the various bodies in which the compliance function participates.

On the Group level, the Chief Executive Officer chairs a quarterly committee, which is steered by the compliance function. Its main missions and strategic decisions 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 main risks identified and monitored by the compliance function are in particular presented and discussed in this Committee.

Furthermore, Compliance Leaders facilitate quarterly Compliance Committee meetings, 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 Regional Compliance Officer oversees one or several quarterly Compliance Committee meetings to present the actions and results of the compliance program in their region

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). Thus, any Group employee (including temporary employees, interns, consultants, etc.) as well as any person and entity are called upon to express their concerns or report a violation of the Code of Ethics, the Code of Conduct for the prevention of corruption, internal policies and procedures or the law, by reporting it to the Company's management:

- either via the internal whistle-blowing procedure: any Group employee may share their concerns or indicate unethical behavior to their line manager, to someone in Human Resources, or a compliance team member;
- or through a dedicated whistle-blowing hotline: this channel may be used specifically 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: https://faurecia.ethicspoint.com/.

All cases are initially analyzed to determine whether there is sufficient evidence to initiate an investigation, if necessary. After analysis, the lessons learned are regularly shared with the functions concerned. To this end, Compliance department has created a library that gathers all cases according to the following main categories: human resources (inappropriate behavior, discrimination, harassment, etc.), finance (compliance with accounting rules, fraud), conflicts of interest (selection of suppliers, non-declaration), violation of internal processes, environment and safety, corruption, compliance with competition rules, etc. This periodic reporting guarantees the anonymity of the protagonists.

Compliance communicates widely on the Speak up process, procedures and training. All alerts are received by the Chief Compliance Officer and the General Counsel who, where applicable, together with Regional Compliance Officers provide legal protection for the whistleblower. Alerts can be entered into the tool in the desired language by the whistleblower. The tool is configured in the main Faurecia languages. Upon receipt of the alert, an investigation procedure is initiated in order to best ensure its management in accordance with applicable internal and local rules. At the end of the investigation, corrective actions can be taken. The Compliance department monitors the implementation of these actions and periodically reports on the trends identified.

2.1.2.5. The Legal department

The Legal department consists of a team located in France and in the main countries where the Group operates. 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 each businesses and on a network of multidisciplinary legal practitioners who are responsible for the Group's different regions.

Thanks to these various skills, a constant legal watch and the implementation of control and reporting processes, the Legal department protects and ensures the security of the Group's operations.

2.1.3. External stakeholders

The mechanism outlined above is supplemented by the involvement of external stakeholders 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,
  - check whether the prevention and protection measures in place are adequate,
  - issue recommendations to reduce risks.

2.2. Methodology and description of the main risks

The Group operates its activities in an environment that is constantly changing. It is therefore exposed to risk factors, that could result in unfortunate events whose probability of occurrence and/or severity could adversely affect the achievement of its objectives in a short, medium or long term.

Methodology

The Group works every year on the Group's risk mapping through a global and iterative approach that breaks down into several stages:

- the definition of the context in terms of prospective strategy and then the associated objectives; this task is carried out at the beginning of the year during the strategic planning phase, using a bottom-up approach, by product line and then by activity with a SWOT analysis as deliverable;
- the risk assessment with 3 phases (i) the risk identification that is carried out using various methods, including the conduct of interviews with the main stakeholders at Group and business level (ii) the analysis of the causes and consequences of these risks and the respective risk parameters (iii) and the risk ranking according to the assessment method described below;
- the risk processing with the appropriate tools (risk avoidance, risk reduction, risk sharing or risk acceptance) through the update of risk action plans enabling the control (on probability of occurence) or mitigation (on severity) and thus anticipating and minimizing the rising of any unfortunate events.

This Group risk mapping is regularly updated and it is submitted to the Risk Committee for approval.

Since 2019, there are two other specific risk mappings in accordance with the new regulations:

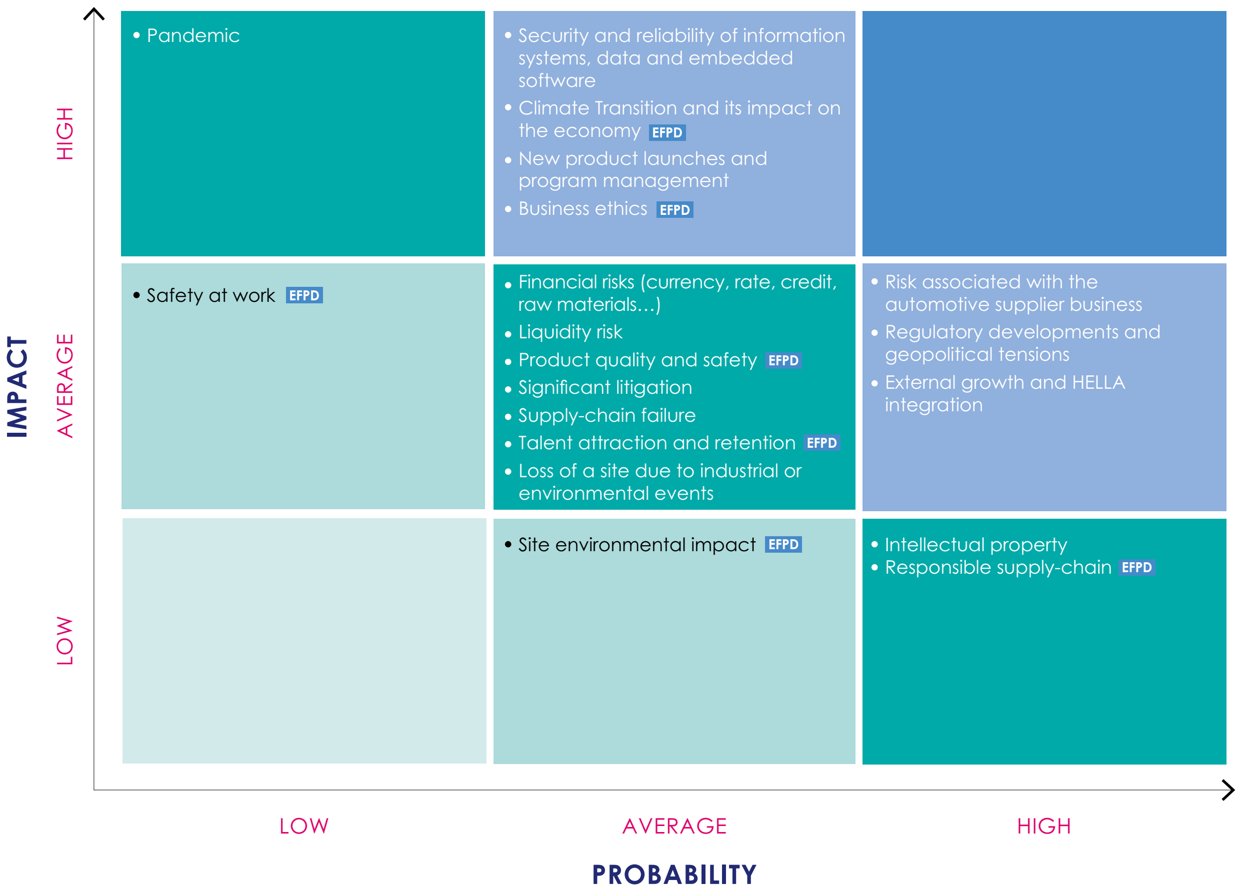
- the corruption risk mapping in application of the provisions of the Sapin II law;
- the extra-financial performance risk mapping in the context of the Non-Financial Performance Declaration.

The link between risk management and internal control is described in Section 2.1.2.2 “Internal control” of this chapter.

The assessment of the main risks takes into account the control measures implemented to reduce the risk (the risk is net) and is based on two axes with three levels each:

- impact or severity (low/medium/high) which is characterised by financial, operational, reputational, human and/or legal criteria;
- the probability of occurrence (low/medium/high).

The simplified mapping of the main risk factors is shown below. The different risk factors included in this matrix are detailed in this chapter. The risk mapping is an internal too to manage these risk factors. It is validated by the Audit Committee and by the Board of Directors.



In addition to the simplified mapping of the main risks above, the table below provides a summary of the main risks and the associated control systems. 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 events outside or 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.

Other risks of which the Group is currently unaware, or which it does not consider significant at the date of this Universal Registration Document, could also affect its business.

	Risk factors	Main risk control measures	Probability	Impact	Related Section
Operational and industrial risks					2.2.1.
	Security and reliability of information systems, data and embedded software	■ 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 ■ GDPR compliance program ■ Deployment of an online training and awareness campaign	●●○	●●●	2.2.1.1.
EFPD	Climate Transition and its impact on the economy	■ Dedicated Project Director reporting to the Executive Committee ■ Roadmap validated by the Science-Based Targets Initiative (SBTi) ■ Special partnership with Schneider-Electric, Accenture, Engie, KPMG and Deloitte	●●○	●●●	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 and integration of HELLA	■ Strategic priorities set by the Board of Directors ■ Control and allocation of necessary resources by a team of specialists ■ This team is involved in the life of entities concerned and takes part in decision-making bodies ■ Constitution of provisions as necessary	●●●	●●○	2.2.1.4.
	New product launches and program management	■ Existence of a standard organizing the succession of steps for the duration of a program ■ Systematic risk assessment from the initial phase using 30 criteria ■ 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 ■ Specialized and independent auditors	●●○	●●○	2.2.1.6.
	Pandemic	■ Updating our crisis management process ■ Deployment of the "Safer Together" program applicable to all sites and conducting regular audits ■ Implementation of cost reduction and cash protection measures	●○○	●●●	2.2.1.7.
	Loss of a site due to industrial or environmental events	■ 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	●●○	●●●	2.2.1.8.
	Supply-chain failure	■ Recourse to many local suppliers in different countries ■ Systematic assessment of risks of any new order via a special sourcing 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, etc.) ■ Implementation of a supplier risk management solution	●●○	●●○	2.2.1.9.
EFPD	Safety at work	■ 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	●○○	●●○	2.2.1.10.
EFPD	Site environmental impact	■ 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 ■ Regular internal and Faurecia Excellence System audit of sites	●●○	●○○	2.2.1.11.
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	●●○	●●○	2.2.1.12.

	Risk factors	Main risk control measures	Probability	Impact	Related Section
Financial risks (currency, rate, credit, raw materials…)					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	●●○	●●○	2.2.2.1.
	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	●●○	●●○	2.2.2.2.
	Currency risk	■ Centralized management of currency hedging	●●○	●●○	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 and geopolitical tensions	■ 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	Responsible supply-chain	■ "Buy Beyond" sustainable buying policy ■ Systematic CSR analysis of new programs suppliers ■ Required minimum level score ■ Quality Audit of 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 and 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 non-financial challenges, which are described in detail in Chapter 4 "Extra Financial Performance." 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 Risk Committee in September 2021.

2.2.1. **Operational and industrial risks**

2.2.1.1. **Security and reliability of information systems, data and embedded software**

	Probability	Impact
	●●○	●●●

IDENTIFICATION AND DESCRIPTION OF RISK	*POTENTIAL IMPACT ON THE GROUP*
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. The Group relies upon the capacity, reliability and security of its IT and data protection and security infrastructure, as well as its ability to expand and update this infrastructure in response to the changing needs of its business. The Group's IT systems are vulnerable to damage from computer viruses, natural disasters, unauthorized access, cyber-attacks and other similar disruptions. In particular, the Group is faced with risks relating to (i) failures of computer equipment used in plant production, (ii) breaches of confidentiality of know-how and personal data, and (iii) the integrity and availability of information systems, particularly those contributing to business processes related to ordering, supply and invoicing or to digital products and services marketed by the Group. In addition, certain of the Group's products or components such as infotainment, Android system embedded applications or wireless chargers that connect with smartphones contain complex information technology systems, software and/or data connectivity features and may be vulnerable to unauthorized access aimed at gaining control of, changing the functionality of or gaining access to data stored in or generated by these products.	Any system failure, accident, security breach or delivery of a flawed digital product or service could result in disruptions to the Group's operations. There could be multiple potential impacts on the Group depending on the type of incident that occurs, including: ■ a system failure that makes it impossible to perform business transactions (production, order intake, deliveries, accounting, etc.); ■ breach, loss or theft of confidential, personal, or strategic data; ■ non-compliant storage, processing, transmission or use of personal information in violation of applicable privacy laws; ■ delivery of a flawed or compromised digital product or service. Despite the numerous investments made in this field in both human and financial resources, any major interruption or loss of sensitive data could impact the Group's business and have a material adverse effect on its operations, financial condition and reputation. For example, to the extent that any disruption or security breach results in inappropriate or unlawful disclosure of confidential, proprietary, customer or supplier information, it could cause significant damage to the Group's reputation, affect the Group's relationships with its customers and suppliers and/or lead to claims or fines against the Group, including within the framework of the General Data Protection Regulation (GDPR) to which it is subject. In addition, the Group may be required to incur significant costs to remedy damage caused by these disruptions or protect against security breaches in the future.

	Probability	Impact
	●●○	●●●

RISK MANAGEMENT

Particular attention has been paid to the protection of data and IT systems for the past several years. The strategic plan to prevent, detect and control Information Systems security risks continued throughout 2021 and primarily covered the following aspects:

- reinforcing control and data access permissions for the Microsoft Office 365 software suite;
- implementing a prevention tool in all client systems against leaks of confidential information and personal data;
- the creation of a dedicated cybersecurity team to optimize the integration of new companies or facilitate the separation of certain non-strategic entities;
- the use of dedicated and secured information networks in the context of the ongoing digitalization of the Group's factories;
- strengthening the Group's teams with experts focused on the cloud;
- reinforcing the Group's detection and response capabilities regarding cybersecurity incidents, thanks to the implementation of software solutions using artificial intelligence and automation to protect the Group against such threats;
- implementation of awareness campaigns addressing cybersecurity threats, including a required online training (Massive Open Online Course - MOOC) for all employees;
- protection of the Group's users' identities with the deployment of a secured password management solution.

Centralized management systems, such as SAP and Oracle HFM (Hyperion Financial Management), 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.

Finally, during the last fiscal year, new sites were evaluated according to the TISAX standard in force in the automotive industry to certify the security of the Group's Information Systems.

2.2.1.2. EFPD Climate Transition and its impact on the economy

	Probability	Impact
	●●○	●●●

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
With transport accounting for approximately one quarter of global CO_2 emissions, and passenger vehicles accounting for approximately 10% of global CO_2 emissions, the automotive industry has a responsibility to reduce greenhouse gas emissions and its environmental impact. Climate change, and businesses' responses to these emerging threats, are under increasing scrutiny by governments, regulators and the public alike. The automotive sector is subject to regulatory constraints related to CO_2 emissions, including European Regulation 2019/631, which includes an additional obligation to reduce the emissions of new passenger cars by 37.5% between 2021 and 2030. The automotive sector may be strongly impacted in the future by the introduction of stricter regulations on climate issues, particularly in the area of vehicle life cycle analysis. Regulations on the life cycle carbon footprint of vehicles would have a direct impact on the products and solutions that the Group provides. The Group's greenhouse gas footprint comes from its own direct and indirect emissions (scopes 1 & 2), more predominantly from the controlled upstream and downstream value chain (scope 3), and especially from purchasing. To accelerate the climate transition, the public authorities are expected to constrain this total footprint with new taxes and regulations. In addition, more extensive regulations aimed at reducing emissions of NOx in urban areas and CO_2 globally could lead to an increase in demand for vehicles that emit less pollution. Consumer behavior may also evolve as a result of greater environmental awareness, encouraging new models of mobility and vehicle ownership as well as the purchase of more eco-friendly vehicles. Finally, extreme weather-related events (such as floods, cyclones and storms) may impact production facilities located near rivers or basins, which could disrupt production and thereby lead to customer delays and, potentially, loss of business. A study on the evolution of climate change and the associated potential physical risks for the Group has been commissioned for the first half of 2022.	Failure to anticipate, identify and manage risks associated with the climate transition risk could have a significant impact on the Group's financial condition, business and reputation. Furthermore, the Group's operations may be interrupted due to the loss, closure or suspension of its production facilities, whether as a result of extreme weather-related events or failure to comply with more stringent regulations.

	Probability	Impact
	●●○	●●●

RISK MANAGEMENT

On the basis of the most rigorous and conclusive scientific facts, the Group has established a roadmap, validated by the Science-Based Targets initiative (SBTi) and compatible with the reduction required to maintain global warming at 1.5°C. Faurecia's roadmap is in line with the Paris Agreement and is the most ambitious of the thresholds proposed by the SBTi.

It will be implemented in three stages:

1. by 2025, the Group aims to be CO_2 neutral for its internal emissions;
2. by 2030, the Group aims to reduce its CO_2 emissions by 50% for its controlled scope 3 emissions;
3. by 2050, the Group aims to be CO_2 neutral for all of its emissions.

To achieve these objectives, Faurecia is working with experts and investing in energy efficiency projects at its production sites. The first stage of the program will consist of (i) reducing the energy consumed through the adoption of innovative digital solutions targeting energy efficiency as well as heat recovery and (ii) the purchase or production of renewable energies or low-carbon fuels at all of Faurecia's industrial sites around the world.

The project is monitored by the "carbon neutrality" project manager, who was appointed in the Group and reports to an Executive Committee member in charge of strategy.

In order to achieve the project's objectives, the Group has partnered with global specialist groups with expertise in sustainable transition, including Accenture, Schneider Electric, Engie, KPMG and Deloitte.

In 2021, this climate transition project entered into its execution phase, which included energy audits at 120 sites and the launch of a call for tenders for the production of renewable electricity both onsite and offsite. In addition, a "sustainable materials" division was created and an agreement for the development of decarbonized steel was signed with the Swedish steelmaker SSAB.

Additional details relating to this project are available in Chapter 4 "Extra-Financial Performance" of this Universal Registration Document.

The results of the study on climate change and its impact on the Group will enable the development of an action plan to anticipate the effects on the Group's industrial footprint.

2.2.1.3. Risk associated with the automotive supplier business

	Probability	Impact
	●●●	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
The Group's business is the manufacture and sale of original automotive equipment and aftermarket automotive components for its automaker customers. The global automotive supply industry is highly competitive and there can be no assurance that the Group's products will be able to compete successfully with those of its competitors, including new competitors entering the markets served by the Group. The Group's sales are directly related to the level of sales of each of its customers in their respective markets, which depends on many factors, including (i) the overall level of consumption of goods and services in a given market, (ii) confidence levels of the economic actors in each market, (iii) buyers' access to credit for vehicle purchases and (iv) any existing governmental aid programs, such as programs to support the automotive industry or vehicle purchase incentive programs. The success of the Group's products is also related to the commercial success of the models marketed by its customers for which the Group produces components and modules. Sales of car models with combustion engines in particular may be negatively affected by increased regulation, such as more stringent emissions tests or the exclusions of such vehicles from city centers, or by an acceleration in the adoption of electric vehicles by consumers. In addition, developments in the automotive sector could accelerate the concentration of various manufacturers and lead to the eventual disappearance of certain vehicle brands or 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, particularly in Europe (which represented 44.8 % of the Group's sales in 2021), Asia (26.7 % of the Group's sales in 2021) and North America (23.9 % of the Group's sales in 2021) as well as the commercial success of the models marketed by its customers for which the Group produces components and modules. In addition, the cyclical nature of the automotive industry can have a significant impact on the Group's sales and results. Furthermore, the orders placed with the Group are binding supply contracts for open orders without any guarantees of minimum volume. The orders are generally based on the life cycle of the particular vehicle model, and there can be no certainty as to how long a given vehicle model will remain in production. At the end of a vehicle's life cycle, there can be no guarantee that the Group's products will be utilized for the replacement model. The Group could therefore be required to make certain investments in supply contracts that may not be offset by customer order volumes, thereby generating a significant impact on the Group's operating income. More generally, a shift in market share away from the vehicles for which Faurecia produces components and modules (and in particular, internal combustion engine vehicles) could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, the current shortage of semiconductors has had an adverse impact on vehicle production levels, which has had a direct impact on Faurecia's sales (see risk factors 2.2.1.9. "Supply-chain failure" and 2.2.2.4. "Risk related to raw materials").

RISK MANAGEMENT

Given its market share and diversified international presence, the Group has a natural potential to assess its customer risk. Faurecia thus seeks to optimize the quality and diversity of its customer portfolio.

In 2021, the Group did business with more than 90 customers. In addition to historical Group customers (e.g. Stellantis, Renault-Nissan – Mitsubishi, Volkswagen, etc.), the Group is now also working with new entrants in the mobility business as well as several local actors in China.

The Group is working to reduce its exposure to sales of internal combustion motor vehicles from 25% in 2020 to around 10% in 2025 after the integration of HELLA.

The Group also relies on the diversification of its sales by region by vehicle brand and model. In addition, each business 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 sale of complex equipment. In this way, Faurecia stays competitive through innovation and efficiency in product development.

As purchases of components and raw materials account for more than 60% of the sales of an automotive supplier, risk factors related to supply-chain failure and raw materials are detailed in Sections 2.2.1.9 "Supply-chain failure" and 2.2.2.4 "Risk related to raw materials", respectively.

2.2.1.4. External growth and integration of HELLA

	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. For example, in 2020, Faurecia completed the acquisitions of (i) the Canadian company IRYStec Inc., which specializes in display technologies, and (ii) SAS, a major player in the assembly and logistics of complex modules for vehicle interiors. In 2021, Faurecia also acquired (i) the Russian company ACP, specialized in the production of vehicle interior systems in the Togliatti region, (ii) the UK company Design Led, specialized in advanced backlighting technologies, and (iii) CLD, one of the main Chinese producers of hydrogen reservoirs, based in Shenyang. In August 2021, Faurecia announced its proposed business combination with the German company HELLA, which develops and manufactures lighting and electronic components and systems for the automotive industry. The transformational HELLA acquisition was completed on January 31st, 2022, following the acquisition of 60% of HELLA's shares from its family shareholders and the voluntary cash tender offer launched by Faurecia on September 27, 2021 at the end of which Faurecia acquired an additional 19.5% of HELLA's shares. As of March 18, 2022, Faurecia holds 81.6% of the share capital of HELLA. On a *pro forma* basis, HELLA represented 28.8% of the combined group's consolidated sales for the financial year ended December 31st, 2021, and preliminary goodwill associated with the combination is estimated at €4,152.2 million at December 31st, 2021 on a *pro forma* basis (for more information on the acquisition, please refer to Chapter 6 "Information about HELLA", Section 6.1 "Description of the HELLA Acquisition" of this Universal Registration Document). There are several risks inherent to acquisitions which could occur, including, in particular: ▪ risk of overestimation of the target value; ▪ risk of the anticipated synergies being significantly delayed or not being achieved; ▪ risk of not succeeding in integrating the acquired companies and their technologies, product ranges and employees; ▪ risk of departure of key employees; ▪ risk of higher than expected costs related to the integration of acquired companies; ▪ risks related to suppliers or customers, or the loss of contracts resulting in costly or unfavorable financial conditions; ▪ existence of new specific risks within the target including risks the Group failed to identify during the due diligence investigations (tax, environmental, ethics, legal, etc.); ▪ risk of increased indebtedness in order to finance the acquisition or refinance the debt of the target.	The benefits expected from future or completed acquisitions may not be realized within the anticipated time frames and/or at the levels expected and, consequently, may significantly affect the Group's business, financial position and results of operations. The expected benefits of the HELLA acquisition in particular will depend upon the successful integration of HELLA's activities into the Group's. The companies could face significant difficulties when implementing an integration plan, some of which may have been unforeseeable or outside of the Group's control or the control of HELLA, notably with respect to differences in norms, controls, procedures and rules, corporate culture, the history of technological investments and the organization of the Group and HELLA, and the need to integrate and harmonize the various operating systems and procedures that are specific to each group, such as financial and accounting systems and other IT systems. The costs the Group incurs in integrating HELLA or trying to realize anticipated synergies may be substantially higher than our current estimates and may outweigh any benefit. Furthermore, if the assumptions and estimates used by the Group to value the acquisition prove to be inaccurate, it could result in an impairment of the goodwill recorded in respect of the transaction.

	Probability	Impact
	●●●	●●○

RISK MANAGEMENT

The Board of Directors determines the Group's major priorities and strategies. Executive Management oversees these strategies and allocates the resources necessary to carry them 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. Targets are being identified as part of a selection process led by the Strategy department with the help of external specialized consulting firms. A set of documents comprising analyses of the market, competitors, Business Plans and risks is used as part of the decision-making process. Negotiations and the determination of the target's value are carried out by the Strategy department, and acquisition decisions are taken by the Board of Directors in accordance with the Board of Directors' internal rules.

This team is also very closely involved in the life of the entities resulting from external growth transactions (joint ventures, acquisitions) and thus takes part in their decision-making bodies.

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 highest levels of the organization.

Following the merger agreement with HELLA, an Integration Committee was created to facilitate and oversee the process of integrating HELLA into the Group. For more information on the Integration Committee, please refer to Chapter 6 "Information about HELLA", Section 6.2.2.2 "Integration Committee" of this Universal Registration Document.

Moreover, Faurecia sets aside any provisions that may prove to be required under applicable accounting standards, and in particular those concerning the impairment of assets.Regarding the acquisition of HELLA, Faurecia confirmed the implementation of identified synergies and an optimization plan following the completion of the transaction on January 31st 2021, 2022.

2.2.1.5. New product launches and program management

	Probability ●●○	**Impact** ●●●

IDENTIFICATION AND DESCRIPTION OF RISK	***POTENTIAL IMPACT ON THE GROUP***
Most of the contracts entered into by Faurecia as of December 31st, 2021 were awarded after a call for tenders put out by an automaker to supply complex equipment, to which Faurecia responded in the form of a Request for Quotation. Every contract entered into with a customer constitutes a "program" whose production phase, which follows the development phase, may last up to ten years, although there is no minimum duration for a program. In 2021, the Group managed approximately 800 programs on a permanent basis. Over the course of its life cycle, a program faces various risks 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.	If the Group fails to identify and manage risks in connection with the bidding for and establishment of new programs, or fails to appropriately monitor its operational and financial performance, the Group's gross margins could be adversely affected, which could have a material adverse effect on its business, financial condition and results of operations. Furthermore, depending on the difficulties encountered over the course of the life cycle of a program, customers' satisfaction with a program may be negatively impacted, which could have significant consequences on the reputation of the Group as well as its financial results (sales and/or operating income). For example, in 2021, the Group encountered operational difficulties during the launch phase of a new project in the Seating business in the U.S. state of Michigan. These operational difficulties were mainly due to the lack of a qualified and stable labor supply in the region. This situation generated disruptions and additional costs (in particular, costs related to subcontracting and quality control problems) in the fourth quarter of 2021 that exceeded initial cost estimates.

RISK MANAGEMENT

The Program Management Core System 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 completed in order to determine in advance, based on a list of 30 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 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.

Since 2021, for each program deemed critical, audits have been conducted directly on the related industrial sites prior to the mass production phase in order to assess the readiness of such program's launch phase and ensure the rightr ramp-up time for the related customer.

2.2.1.6. EFPD Product quality and safety

	Probability	Impact
	●●○	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
With over 800 active programs on a permanent basis in 2021, Faurecia supplies 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 regulations in force, notably concerning public safety. In addition, a number of the Group's products (such as infotainment, Android system embedded applications or wireless chargers that connect with smartphones) include embedded software which is obtained from third-party providers. If the software provided by the Group's suppliers is defective, the product may not function as intended.	Faulty products that are delivered or manufactured may adversely affect the production process for customer systems, subject the Group to legal proceedings and commercial or contractual disputes or result in the incurrence of additional costs that have repercussions on the Group's business, results or financial position. In particular, the Group may be exposed to product liability or warranty claims if its products actually or allegedly fail to perform as expected or the use of its products results, or is alleged to result, in bodily injury and/or property damage. The Group may incur significant costs to defend these claims or experience product liability losses. Large product liability claims, if made, could exceed the Group's insurance coverage limits, and further insurance may not continue to be available on commercially acceptable terms or at all. Further, any proven or alleged instances of inferior product quality or damage caused by the Group's products could damage its reputation and brand image, reduce customer satisfaction and/or cause new and/or existing customers to be less willing to conduct business with the Group. In addition, if any of Faurecia's designed products are, or are alleged to be, defective, the Group may be required to proceed with such product's recall and exchange. The future cost associated with providing product warranties and/or bearing the cost of repair or replacement of such products could have a material adverse effect on the Group's business, financial condition and results of operations.

	Probability	Impact
	●●○	●●○

RISK MANAGEMENT

The Group manages product quality and safety risks, from the new order acquisition phase to manufacturing in the plants. The Quality department oversees this operation at each stage of the process. It is present in all levels of the organization, from the multidisciplinary team developing new programs or production plants up to the Group's management structure.

In 2018, Faurecia initiated its Total Customer Satisfaction program, which takes into account both Group performance and the perception the Group's customers have of the Group. This program aims to obtain a global picture of customer satisfaction, both in terms of performance and perception, across the entire value chain from order-taking to the start of production.

In addition to quality indicators, Group customers' comments are now collected immediately and transparently via a dedicated digital application. Customer feedback in the app is processed via a Customer Relationship Management tool and allows the Group to track the speed and quality of responses brought by Faurecia. In 2020, the Group launched a structured approach in order to improve the perception that the Group's customers have of the quality of its products.

The Faurecia Excellence System 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 the Group to aim for the best possible operational performance. In 2018, the Group decided to improve this system, and this improved version was implemented throughout 2019 and 2020. In 2021, the Group centralized its FMS (Faurecia Management Systems) teams in order to simplify and harmonize its systems (One System), audits (One Audit) and teams (One Team). As part of this process, the Group recently acquired a database in order to centralize all documents and construct an integrated system of audits.

For major problems, a management alert system is used. Faurecia's management is consistently developing its structured problem-solving culture (contact within 24 hours, identification of the main causes, etc.).

Since 2019, the Group has been working with several partners, including a manufacturer, on a new X-Ceed blockchain (eXtended Compliance End-to-End Distributed) for the European automobile industry. This project aims to certify the conformity of vehicle components and subcomponents from conception to production. It also enables the Group to trace and ensure the regulatory compliance of repairs and trace the lifecycle of the Group's products. The Group is focused on three principle elements: product safety and regulation, geometrics and materials. The X-Ceed blockchain also aims to improve the exchange of information, transparency and trust within the partner ecosystem, as the information collection is automated and performed in real time.

Finally, the Group's industrial management includes a team of auditors that is independent of the operational organization of the businesses, and which conducts reviews on both production plants and R&D centers. The auditors use a precise and rigorous questionnaire to assess the application and maturity of enforcement of the Faurecia Excellence System. 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. Pandemic

	Probability	Impact
	●○○	●●●

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
Since March 2020, the Coronavirus (Covid-19) has become a global pandemic. Covid-19 has generated, generates and can generate numerous significant health threats in the countries where the Group operates and may lead to the implementation or tightening of public measures, including the restriction of movement of goods and people. The pandemic has disrupted, disrupts and could continue to disrupt, or even prevent, in the short or long term, the operation of all or some of the Group's production plants and R&D centers located in impacted areas, including as a result of a decline in demand for the products of the Group's customers. The pandemic may similarly impact the production factories or the points of sale of all or some of the Group's customers and suppliers located in impacted areas. The Group cannot guarantee that this type of event will not reoccur in the future, whether due to a new wave of Covid-19, a new variant or another virus.	A pandemic could have multiple significant impacts concerning: ■ the temporary or lasting disruption of production chains in the various countries affected by the pandemic; ■ the global demand for vehicles (new ways of working, etc.); ■ he health and availability of Group employees, particularly in its factories and R&D centers; ■ the Group's and its partner's financial performance (sales, operating margin and cash in particular). The consequences of these impacts has included, and may continue to include, the partial or total shutdown of production sites, which has led, and may continue to lead, to delays in the execution of contracts, or the postponement of decisions regarding the placing of orders, or even their cancellation. The effects of Covid-19 materially impacted the Group's sales in the year ended December 31st, 2021 and may continue to have a material adverse impact on sales for the coming years. The shortage of semiconductors linked to the Covid-19 pandemic has had an impact on the Group's sales volumes (see risk factors 2.2.1.9. "Supply-chain failure" and 2.2.2.4. "Risk related to raw materials"). The extent of the impact of the Covid-19 pandemic, or any such similar pandemic in the future, on the Group's business and financial performance, including its ability to execute the Group's near-term and long-term operational, strategic and capital structure initiatives, will depend on future developments, including the duration and severity of the pandemic, which are uncertain and cannot be predicted.

RISK MANAGEMENT

The management of the Covid-19 crisis has led the Group to adopt various measures:

- the Group makes every effort to ensure that its production activities take place in a secure environment, including in the event that a variant of the Covid-19 virus or any other similar virus propagates. Thus, a specific "Safer Together" program has been developed and is continuously being improved. It continues to be deployed across all of the Group's sites. The program is regularly audited to ensure that the program is being implemented and is appropriate to the health situation at hand. At the end of 2021, more than 680 audits had been carried out since the beginning of the pandemic;
- the Group has also strengthened its crisis management process in order to improve the upstream phases of preparation and the downstream phases of feedback and continuous improvement;
- the Group continuously monitors the situation on a country-by-country basis and has developed a system to classify health risks in order to be able to take necessary decisions quickly while respecting the rules applied to sites, the work environment (or remote working environment) and business travel;
- finally, the Group has also implemented drastic cash management measures as well as strict control of costs and investments during the period of slowdown in activity.

Despite all of these measures, it remains difficult at this stage to estimate the level of production for the coming months as it depends on many parameters, including government decisions, the rate of development of the Covid-19 pandemic or any other pandemic in the various regions and the effective restart of production by the Group's customers and consumer demand. Therefore, the overall impact of Covid-19 remains difficult to assess at this stage.

2.2.1.8. Loss of a site due to industrial or environmental events

	Probability	Impact
	●●○	●●●

IDENTIFICATION AND DESCRIPTION OF RISK

The Group has approximately 300 industrial sites and 77 R&D centers located in 42 different countries. Some of the Group's 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 Group 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, including those resulting from climate change (see risk factor 2.2.1.2 "Climate transition and its impact on the economy").

POTENTIAL IMPACT ON THE GROUP

These various risks may result in the Group incurring additional costs, which could have a material adverse effect on its business, financial condition and results of operations. The total or partial loss of a major industrial site could lead to a supply disruption affecting one or more customers with major consequences for the automotive industry value chain. An event of this kind would also have consequences on the Group's sales and operating income. Such loss or damage may not be fully insured or could exceed the Group's insurance coverage limits, which could have an adverse effect on the Group's financial position.

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 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 24 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 Group's insurer following the HPR grid. Around one hundred prevention audits are completed each year, together with some 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;
- 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, keep employees safe and ensure the site's resilience.

2.2.1.9. **Supply-chain failure**

	Probability	Impact
	●●○	●●○

IDENTIFICATION AND DESCRIPTION OF RISK

The Group uses a large number of suppliers based in different countries for its raw materials and basic parts supplies.

As of December 31st, 2021, the Group had made total purchases (production and indirect, excluding monoliths) of €11.5 billion from approximately 19,000 suppliers.

Given its business, the Group could be impacted in the event of supply-chain failures, for example, following a major loss in one of their production sites, a health crisis, production quality issues or delivery of less than required quantities.

Furthermore, the global value chain has experienced disruptions as the result of a general lack of production capacity for certain raw materials or components, such as the current shortage of semiconductors, which has had an adverse impact on vehicle production levels. These shortages can be further exacerbated by external factors, such as the Covid-19 pandemic, climatic events, such as the winter storms in Texas, accidents, such as fires at several suppliers in Japan that disrupted the production of semiconductors, such as global economic recoveries that have created and may continue to create pressure on demand for such raw materials or components as well as geopolitical tensions ((see risk factors 2.2.1.9. "Regulatory developments and geopolitical tensions"). As a result, production downstream of the global value chain can be disrupted.

POTENTIAL IMPACT ON THE GROUP

If one or more of the Group's main suppliers were to go bankrupt or experience an unforeseen stock-out, quality problems, social unrest, a strike or any other incident disrupting its supplies for which it were liable, this could cause delays, 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. If the Group is unable to obtain sufficient or competitively priced raw materials and components to meet customer demand, this could result in potential disruptions in the supply chain or a reduction in the number of cars produced, which could have a material adverse effect on the Group's business, results and financial condition.

RISK MANAGEMENT

Faurecia's Group Purchasing department 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 through the following measures:

- the operational and financial performance of Faurecia's suppliers is constantly monitored to ensure that any restructuring and security measures that may prove necessary to ensure the quality, quantity and cost of supplies are carried out successfully;
- in the context of the Covid-19 pandemic, the risk management process has been enriched with additional elements of resilience, such as the implementation of a process for projecting the financial health of Group suppliers ("Stress Test") to better anticipate risky situations;
- geopolitical, environmental, social, ethical, economic, health and financial risks, and specific factors such as management of fire risk, or the level of dependence in terms of revenue allocated to a supplier, are subject to strict supervision.

This risk review is carried out as early as the supplier selection process and is subject to regular reassessment. It may lead to a refusal to include the supplier in the Group panel or to an end of the relationship with the supplier in the event of high risk.

In 2021, Faurecia put in place a tool to analyze supplier risk, which will enable it to manage all risks related to natural disasters, geopolitics or solvency on a single platform from 2022.

Faurecia's purchasing teams organize regular reviews of supplier-related risks at the Group, Business and Division level. They also work with suppliers to define action plans to reduce the risks identified in each of them. They thus help suppliers to develop and reduce their industrial and financial risks, in particular through operational support to improve their quality, logistics and cost control efficiency. They also support suppliers in their international expansion.

2.2.1.10. EFPD Safety at work[1]

	Probability	Impact
	●○○	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
As of December 31st, 2021, the Group employed around 77,735 operators and workers worldwide, i.e. approximately 70% 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 at work is one of the key elements of the excellence initiative embodied by the Faurecia Excellence System (FES). Faurecia's policy on health and safety at work at the day-to-day level centers around two main goals: safeguarding staff health and improving staff safety at work.

The Group has a dedicated organization in charge of this topic at every level of the organization.

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.

Since 2018, Faurecia has structured its approach to prevention around seven safety fundamentals for all employees, in particular, operators and employees of external contractors. Most occupational illnesses reported by Group 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 Faurecia Excellence System tools. This analysis is systematically integrated into the design of products and manufacturing tools and is checked during production site audits. These reviews, the effectiveness of which was significantly improved by the use of digital technology augmented by artificial intelligence, assists the implementation of solutions to improve manufacturing workstations.

(1) Excluding pandemic risk detailed in Section 2.2.1.7.

2.2.1.11. EFPD Site environmental impact

	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 polluting 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 damage to the Group's reputation and generate a significant financial impact (including in the form of criminal law sanctions as well as lost opportunities). Accidental pollution could also force the Group to pay considerably 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 has appointed an HSE Officer, who is assisted by (i) a network of HSE managers at the division level (mainly regional) and (ii) 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.

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 "Extra-Financial Performance" of this Universal Registration Document.

Moreover, Faurecia has transferred a portion of the risk to the insurance market in order to hedge against damage that may result from environmental pollution.

2.2.1.12. EFPD Talent attraction and retention

	Probability	Impact
	●●○	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
The Group's strategy focuses on four main mobility priorities which are based on safety, sustainability, advanced solutions and customized. The development of products connected to these four 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 talent able to provide the skills required for the development or production of its innovative products and services, particularly if the automotive industry is considered less attractive to younger generations. In addition, the Group must compete with other companies for suitably qualified personnel, including technical and engineering personnel.	If positions remain unfilled for too long, if turnover rates are too high or if diversity is not sufficient, the level of motivation and productivity of the teams, as well as the cost of recruiting, training and integrating new employees, could be impacted. In addition, the loss of the Group's senior management team or key personnel (for example, during the integration of an acquisition) could have an adverse effect on its operations. Such risks could also slow down the development and innovation of the Group's business and have a negative impact on its results and reputation.

RISK MANAGEMENT

The Group defines and deploys several policies and actions related to recruitment, development and compensation to ensure it recruits and retains talent.

Talent recruitment
In 2021, 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. Throughout this process, the Group has established preferential partnerships with more than 100 schools, post-secondary institutions and universities in the many countries where the Group operates.

The Group uses the international volunteering in business (IVB) program as a key to achieving its recruitment goals among recent graduates. The number of IVB participants recruited by the Group has been continuously increasing for the past several years.

All new hires benefit from a personal induction program enabling them to find out more about the Company and its values, strategy and organization.

Talent development
To prepare the managers of tomorrow, talent identification starts as early as possible. After a period during which employees successfully demonstrate their talents, Faurecia offers employees diverse career paths to realize their full potential. These paths include inter-function/inter-division mobility, project-based work and short-term assignments. The plan aims to help employees step out of their comfort zone and provide them with general management skills.

Experts are also recognized according to a specific process.

Faurecia offers a large catalog of trainings. In 2021, the Faurecia University trained more than 8,300 employees, and its online training (Learning Lab) exceeded its first million hours of delivered training since it was initially set-up in 2016.

Recognition
The Group's compensation policy is subject to an annual review by specialized firms in order to ensure competitiveness with the local market. Compensation depends on several elements related not only to individual performance, but also 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 2021 by the "Top Employer Institute", Faurecia was among the companies awarded the "Top Employer Europe" label in 2021. This label rewards companies for their excellence in HR practices, especially in talent attraction and development.

Finally, in 2021, Faurecia was awarded the "Happy Index - Trainees" label for Europe, France, the Czech Republic, Japan and Mexico. This label, issued by "Choose My Company," recognizes companies that successfully welcome, support and manage students.

For more information on efforts to promote diversity in talent attraction and development, please refer to Chapter 4 "Extra-Financial Performance", Section 4.2.6 "Investments for sustainable technologies" of this Universal Registration Document.

2.2.2. **Financial risks (currency, rate, credit, raw materials…)**

2.2.2.1. **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 capital sourced from both financial institutions and financial markets.	A worldwide economic downturn and/or disruption of the credit markets could reduce the Group's access to capital or liquidity necessary for its operations and executing its strategic plan. If the Group's access to these resources were to become constrained significantly, or if costs of capital increased significantly due to lowered credit ratings, prevailing industry conditions, the volatility of the capital markets or other factors, the inability to access such resources could have an adverse impact on the profitability of the Group and on its financial condition, results of operations or cash flows.

RISK MANAGEMENT

The Group's liquidity is ensured mainly by its bond issues and its syndicated credit facility.

Between 2018 and 2021, Faurecia made several bond issues, for a total amount of 4,940 million, reaching maturity between June 2025 and June 2029.

Faurecia also holds a €1.5 billion line of credit with its banks that is scheduled to reach maturity at the end of May 2026. As of December 31st, 2021 this credit facility was not drawn. This credit line includes only one covenant, related to consolidated financial ratios: Net debt/EBITDA must be lower than 3.00. Compliance with this ratio is a condition affecting the availability of this credit facility.

In the context of the HELLA acquisition, Faurecia entered into a €5.5 billion bridge loan in August 2021. This credit line is to be refinanced through various capital markets transactions, including a €1.2 billion bond issue maturing in 2027 completed in November 2021, a €700 million ESG-linked *Schuldscheindarlehen* (German-law private placement) issued in December 2021, as well as other debt transactions and a capital increase expected in 2022. The various components of Faurecia's long-term debt and the maturities of the Group's liquidities are described in 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 31st, 2021, Faurecia was compliant with the financial ratio required by the syndicated credit facility:

Ratio	**Limit**	**Carrying amount as of 31/12/2021**
Net debt*/EBITDA**	< 3.00	1.64

* *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.*

2.2.2.2. Interest rate risk

	Probability	Impact
	●●○	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
As a significant part of the Group's debt 24.6% as of December 31st, 2021, before taking into account the impact of interest rate hedges) 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 adopts a centralized approach to managing the hedging of interest rate risks. 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 financings, commercial paper) 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, 24.6% of the Group's financial debt was on a variable rate as of the end of December 2021, compared with 28.8% as of year-end 2020. 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 and July 2020 for a total amount of €1,000 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 and February 2021 for a total amount of €890 million;
- bonds maturing in June 2028, issued in July 2020 for a total amount of €700 million;
- green bonds maturing in June 2029, issued in March 2021 for a total amount of €400 million;
- sustainably-linked bonds maturing in February 2027, issued in November 2021 for an amount of €1.2 billion to pre-finance a portion of the HELLA acquisition;
- a part of the *Schuldscheindarlehen* for €700 million issued in December 2018 as part of Clarion Co. Ltd. acquisition;
- a part of ESG-linked *Schuldscheindarlehen* for €700 million issued in December 2021 which will be used to finance a portion of the HELLA acquisition.

2.2.2.3. Currency risk

	Probability	Impact
	●●○	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
Given (i) its international presence in a large number of countries outside of the Euro zone, particularly due to the location of some of its production sites and (ii) the fact that certain subsidiaries purchase raw materials and other supplies or sell their products in a currency other than their functional currency, the Group is faced with the risk of exchange rate fluctuations. This 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.	Excessive fluctuations in exchange rates could have a 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 derivatives hedging them, as well as the sensitivity of the Group's net income and shareholders' equity to fluctuations against the euro of the main currencies to which the Group 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 by the Group's Finance and Treasury department, under the responsibility of the Executive 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 budgets validated by Executive 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 exchange rate risk, and this risk is hedged by means of currency swaps or financing in the currency in question.

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 directly through its raw materials purchases and indirectly through components purchased from its suppliers. In 2021, direct raw materials purchases (thermoplastic resins and steel) and the raw materials share of indirect purchases of components made of these same raw materials accounted for about 40% of the Group's total purchases. Their prices are subject to fluctuations, the underlying causes of which are linked to structural supply capacity, demand, international geopolitical relations and since 2021 by the effects of the sanitary crisis (please refer to Section 2.2.1.7 "Pandemic" risk factor). 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 does not use derivatives to hedge its purchases of raw materials or energy. In addition, the Covid-19 crisis has put pressure on raw materials supplies with a potential impact on prices, including risks related to shortages of semiconductors (which are present in numerous Group products) that are expected to continue through part or all of 2022 at a minimum.	The Group's sales, as well as its operating and net income, could be adversely affected if the prices of the raw materials it uses, notably steel and plastics, were to rise steeply. The Group may be unable pass on all such price increases to its customers, and the impact could be reflected in the Group's financial results. If the Group is unable to secure a sufficient quantity of semiconductors, it could be exposed to operational losses as well as client claims seeking indemnification (series products or launch phase). Bottlenecks in the value chain, which are mainly the result of a general shortage of certain electronic components and have been amplified by external factors over which the Group has limited control, could result in higher costs (transportation, raw materials, energy, workforce, quality assurance and disruptions to the production process) which may affect the Group's financial results. These risks could also affect customer-supplier relationships. Automakers could require the creation of larger safety stocks, followed by revising existing contractual arrangements. Impacts from such changes to customer-supplier relationships could affect the Group's financial results.

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. The Group's exposure to this risk remains limited since a large proportion of the raw material price fluctuation is subject to an indexation mechanism or frequent negotiation with most of its customers on a "pass-through basis." Faurecia's remaining exposure is, therefore, around 20% of the total exposure to raw material costs. In the event of significant variations in commodity prices, specific negotiations going beyond the usual indexation mechanisms are implemented to further reduce exposure to the risk of rising commodity prices. A change of 10% to 20% in the price of raw materials, would have an impact from 50 bps to 100 bps on the Group's operating margin. As a result of the Covid-19 crisis, specific actions have been implemented, in particular in terms of diversification of raw material suppliers and management of safety stock. The Group is actively working to minimize these risks through a proactive approach to supplier risk management. This approach includes (i) a multi-sourcing strategy, to the extent it remains a viable solution in terms of technical and economic feasibility, while using the existing qualified panel, and (ii) some methods currently developped by the Group to identify substitution products available on the market.

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 (the emergence of new stakeholders, a decrease in volumes, increasingly stringent environmental standards, etc.), the Group cannot rule out the possibility that one or more of its customers may not be able to honor certain agreements or suffer financial difficulties. In 2021, the Group's five largest customers accounted for 66.9% of sales, as follows: Volkswagen (20.0%), Stellantis (18.5%), Ford (11,2%), Renault-Nissan – Mitsubishi group (10.6%) and Chinese OEMs (6,6%).	The failure to recover a trade receivable in the event of a payment default (for example, resulting from a customer bankruptcy) could have a negative impact on the Group's financial results.

RISK MANAGEMENT

Trade accounts receivable 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 31st, 2021, late payments represented €111 million, or 0.7% of consolidated sales for the fiscal 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
Due to the international nature of its business activities, Faurecia is exposed to economic, political, fiscal, legal and other types of risks in the countries in which Faurecia operates. These may result in particular from heightened geopolitical tensions (including those between the U.S. and China and between Russia and Ukraine), regional instability or the imposition of trade barriers and protectionist policies in various countries. As of December 31st, 2021, Faurecia operates in over 33 countries and generated 44.8% of its sales in Europe, 26.7% in Asia, 23.9% in North America and 4.6% in South America and rest of the world (including 1.3% in Russia). The risks to which Faurecia is exposed include: ■ any potential amendments to laws or regulations, or to commercial, monetary or fiscal policies applied in certain foreign countries and, in particular, risks of expropriation and nationalization; ■ 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; ■ supply-chain tensions and their consequences (see risk factor 2.2.1.9 "Supply-chain failure").	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 and results of operations. For example, the government authorities in a country in which Faurecia operates could update standards that apply to the Group's products, which could have negative consequences for the Group's operating income. These risks may be further exacerbated by macroeconomic trends and developments, such as trade tensions between various countries and regions, which could lead to unfavorable changes in trade policies that apply to the Group's products. These developments could have a material adverse effect on the Group's business, financial condition and results of operations.

RISK MANAGEMENT

The Group relies on the expertise of its Legal, Tax and Finance departments, which consistently monitor legislation and regulations in France and abroad via local intermediaries (employees, networks of lawyers, tax specialists, etc.). The Strategy department has a unit that monitors regulatory aspects with a focus on sustainability and communicates directly with the businesses to anticipate changes that could impact the design of the Group's products. 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. **Significant litigation**

	Probability	Impact
	●●○	●●○

IDENTIFICATION AND DESCRIPTION OF RISK	*POTENTIAL IMPACT ON THE GROUP*
Given its key role and the nature of manufacturing in the global automotive industry, the Group may become the target of litigation or claims filed by its customers, suppliers, end-users or government authorities or become subject to class action lawsuits. These lawsuits, claims and proceedings typically arise in the normal course of business and include claims pertaining to product liability, product safety, environmental, safety and health, intellectual property, employment, commercial and contractual matters and various other matters. The Group may also become subject to investigations by competition authorities relating to alleged anti-competitive practices in certain jurisdictions.	The outcome of such lawsuits, investigations, claims or proceedings cannot be predicted with certainty. Major litigation could have a negative impact on the Group's financial position that is greater than the Group anticipates 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 appendix of the consolidated financial statements as of December 31st, 2021 gives a description of ongoing significant 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 level through reporting prepared by the Legal department. Preventative measures, in particular via the provision of training to core teams, negotiation of contractual terms and proactive identification of potential legal risks are implemented on a continuous basis.

2.2.3.3. EFPD Responsible supply-chain

	Probability	Impact
	●●●	●○○

IDENTIFICATION AND DESCRIPTION OF RISK	POTENTIAL IMPACT ON THE GROUP
The Group pays particular attention to the risks related to fundamental rights (child labor, forced labor, non-respect for union freedom, environmental damages, etc.) relevant to its activities, all of its suppliers and subcontractors. Due to the large number of suppliers with which the Group works (more than 19,000 in 2021 in 63 countries), the Group is unable to exclude, and may not be aware of, the existence of improper practices at these suppliers regarding compliance with environmental standards, business ethics, employment law, or human and fundamental rights.	If one of the Group's suppliers has failed, or is suspected of having failed, to comply with environmental standards, business ethics, employment law, or human and fundamental rights, or if the Group's integrity on these issues is called into doubt, it could have significant consequences to its reputation, business activity and financial position.

RISK MANAGEMENT

The Group's Purchasing department has established a policy of sustainable buying, called "Buy Beyond," which reflects the Group's commitment to comply with the requirements of the Law No. 2017-399 of March 27, 2017, related to the duty of care. This policy consists, in particular, in systematically reviewing suppliers that are part of the Group production process prior to their selection. For existing suppliers, selection among the main suppliers is complete. This analysis is conducted through a partner of the Group, 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, the EcoVadis supplier evaluation requires a minimum score. In an effort towards continuous improvement, this score has changed over the years, rising from 30 out of 100 in 2019 and 2020 to 35 out of 100 in 2021. Moreover, supplier quality audits, which are a prerequisite to joining Faurecia's panel of suppliers, also include CSR requirements.

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. The responsible purchasing policy is described in further detail in Chapter 4 "Extra-Financial performance", Section "4.3.4 Responsible supply-chain" of this Universal Registration Document.

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 R&D 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, 574 new patent applications and 582 territorial extensions were filed by the Group in 2021 for a total of 1,156 patent applications filed. There are more than 1,400 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. The Group cannot rule out the risk that its intellectual property rights may be disputed by a third party, including by non-practicing entities or "patent trolls", on the grounds of preexisting rights or for any other reason, whether or not founded. The use of new technologies also entails the risk of infringing upon patents of other companies. The materialization of such a risk could have a financial impact as a result of claims for damages or loss of business income and harm the Group's reputation. The Group may also be required to modify its products or processes or negotiate rights of use with third parties generating significant financial consequences. Furthermore, for countries outside France, the Group cannot be sure of holding or obtaining intellectual and industrial property rights offering the same level of protection as those in France.

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 allow strategic decisions to be made to protect transactions with all stakeholders. Twice a year, Intellectual Property Management Committees define the strategies for the businesses 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 has a large and solid portfolio of intellectual property rights. It is supported by in-house 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 rights 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
Faurecia is a decentralized Group operating in multiple countries. Each of these countries may have anti-corruption legislation that is potentially extra-territorial in scope. This is the case with regard to the Sapin II law in France, the Bribery Act in the United Kingdom and the Foreign Corrupt Practices Act in the United States. In addition, given the specific nature of the automotive sector (in particular, the presence of a reduced number of stakeholders in certain markets), the Group may also be exposed to antitrust risks (for example, cartel arrangements). Although the Group has a number of company-wide policies and measures, including the "Code of Ethics", which addresses the latest requirements of applicable French anti-corruption legislation, there can be no assurance that violations of the Group's internal corporate governance requirements will not occur.	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 non-compliance, which could in turn have a material adverse effect on the Group's business, financial condition and results of operations. Furthermore, if the Group's integrity on these issues were to be called into doubt, it could have significant consequences to its reputation and business activity.

RISK MANAGEMENT

The 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 following subjects: gift and hospitality policy; donations and sponsorship; conflict of interest management (via an electronic tool).

Since 2015, the Group has had a Compliance department under the responsibility of the Compliance Director who reports to the General Counsel and which is supported by regional compliance managers in North America, Mexico, Asia, and the EMEA (Europe, Middle East and Africa) region. It also relies on a network of compliance leaders who serve as contacts in each operational division of the businesses.

An online 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" were launched in 2016. The deployment and monitoring of these training courses were ongoing in 2021.

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 have been developed by the Group. In 2021, the Group also developed a special anti-corruption training course.

More specifically, a major risk management program related to anti-competitive practices has been deployed throughout the Group. This program includes the creation of a dedicated team of experts within the Legal department, a guide to best practices in the fight against anti-competitive practices, a program of digital and face-to-face training for at-risk populations in the various countries where the Group operates and a control plan implemented throughout the various divisions of the Group.

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 risk coverage

The Group's asset protection policy is based on the implementation and ongoing adaptation of a policy of (i) preventing industrial risks and (ii) transferring the main insurable risks to the insurance market.

In addition, given the trend in claims and the unfavorable trend in the insurance market - in particular the increase in deductibles - Faurecia is de facto its own insurer to a certain extent. The Group has set up a captive reinsurance company based in Luxembourg in order to further structure this self-insurance. The Group obtained approval from the Luxembourg Insurance Commission in May 2021 and Faurecia-Ré is now active in the Group's liability, property and casualty and business interruption insurance programs.

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 FM Global.

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 this area.

The premium rates applicable to exposed capital (direct damage and annual gross margin) depend directly on the Highly Protected Risk (HPR) 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;
- January 2018: the Doubs river overflowed, flooding the Clean Mobility plant in Beaulieu, France. The flood damaged numerous machines, destroyed inventory and led to a production stoppage of about 24 hours;
- May 2018: an explosion at the Meridian plant at Eaton Rapids in Michigan, which produces magnesium parts, disrupted several customers (General Motors, Chrysler, BMW, and Mercedes-Benz) for around one month;
- June 2019: destruction following a fire at the plant belonging to the FCM supplier Modulo in Poland;
- 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.

These claims and general developments in the insurance market have led to a significant tightening of the program's terms and conditions:

- a sharp increase in deductibles, particularly for major sites that are poorly protected or exposed to high natural risks;
- increase in the premium;
- increase in the deductible for failures, and reduction in the level of coverage provided for indirect failures (tier-2 and above suppliers, customer suppliers).

Following recent incidents, prevention actions have been stepped up by :

- a monitoring with the Risk Committee of the fire protection action plans for major but poorly protected sites;
- the launch of an analysis and a monitoring of the fire and natural risks of our main suppliers, in particular through the precise location of their production plants;
- the launch of a technical and an economic evaluation of the costs of securing sites exposed to a high risk of flooding, earthquakes, wind or snowfall.

Damage insurance is supplemented by builder's risk insurance and insurance covering the transportation of goods or equipment and political risk.

A consolidation project of the various regional transport policies is currently ongoing.

A call for tenders was launched to renew the Transport policy and won by AXA XL, which will become our insurer on January 1st, 2022.

2.3.2. **Liability insurance**

Since January 1st, 2022, Allianz became the leader of the co-insurance program that covers Faurecia's civil liability. Civil liability insurance covers operational liability and product liability after delivery, including the risk of recall. Liability insurance takes the form of a Master policy combined with local policies taken out in countries where Faurecia has subsidiaries.

The Group's civil liability insurance plan also includes specific policies such as civil liability insurance for environmental damage or damage coverage due to accidents or occupational illnesses of personnel.

Several major claims were filed in the United States and 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.

Since 2019, it has been observed that the recent high loss experience as well as the tightening of market conditions lead to a sharp increase in the deductibles applicable in case of recall and in insurance premiums.

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 Commercial Code.

Some of the information forming an integral part of the corporate governance report, as required by Articles L. 22-10-8 and L. 22-10-10 of the French Commercial Code, is included 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.

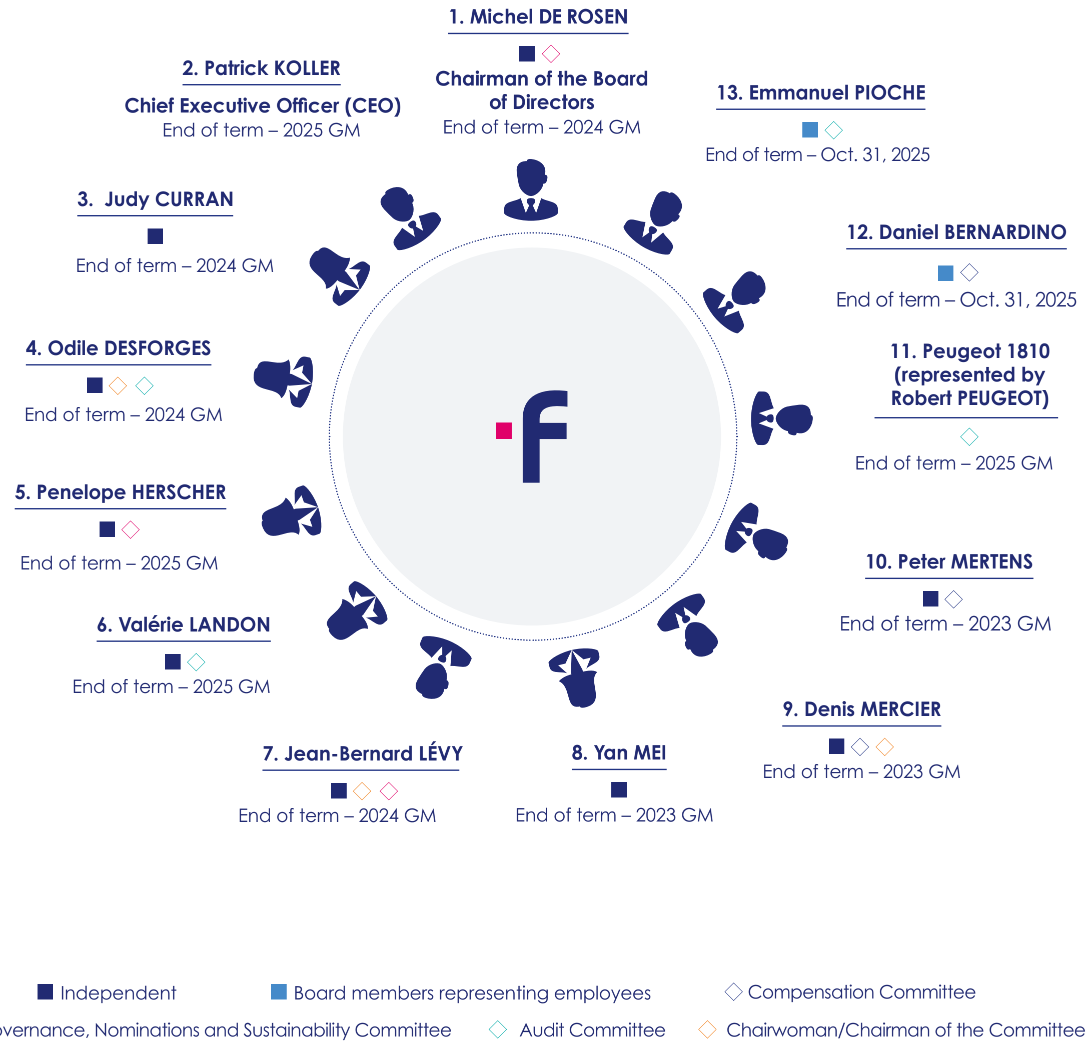
This chapter has been prepared on the basis of the work carried out by the Group's Legal department and Human Resources department.

The Company refers to the AFEP-MEDEF Corporate Governance Code for listed companies, available 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

The diagram below summarizes the composition of the Board of Directors and the Committees (permanent) at the date of this Universal Registration Document:



The table below presents the key figures of the Board of Directors at the date of this Universal Registration Document.

13 Board members	82% Independent Board members (1)(3)	45% Female Board members (1)(3)	
2 Board members representing employees	6 Nationalities	3 years and 5 months (4) Average term of office	63 years Average age
13 MEETINGS OF THE BOARD OF DIRECTORS (2)	96% Attendance rate at Board meetings (2)(3)		
22 Committee meetings (including 6 meetings of the Ad Hoc Committee) (2)	97% Attendance rate at Committee meetings (2)(3)		

(1) Excluding Board members representing employees.
(2) Figures as of December 31, 2021.
(3) Rounded up to the nearest integer.
(4) Including Judy Curran coopted as Board member by the Board on 18 February 2022.

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 15 members, excluding Board members representing employees, appointed in accordance with Article L. 225-27-1 of the French Commercial Code.

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, Nominations and Sustainability 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, the Company has two Board members representing employees appointed pursuant to Article L. 225-27-1 of the French Commercial Code, in accordance with the following terms and conditions of the bylaws: one Board member representing employees is appointed by the labor union that 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, and a second Board member representing employees is appointed by the European Employee Representation Council. They are also appointed for a term of four years.

The Board of Directors has no advisor (*censeur*).

The table below sets out and completes the information mentioned in the above graph and in the key figures regarding the composition of the Board of Directors and the Specialized Committees (permanent) as of the date of this Universal Registration Document.

	Age	Gender	Nationality	Number of shares	Number of corporate offices in listed companies (excluding Faurecia)	Indepen-dence	Date of first appointment	End of corporate office	Length of time on Board	Committees
1. EXECUTIVE CORPORATE OFFICERS										
Michel de ROSEN Chairman of the Board of Directors	71 years	M		5,944	2	Yes	GM of May 27, 2016	GM in 2024	5 years and 10 months	Member of the Governance, Nominations and Sustainability Committee
Patrick KOLLER Chief Executive Officer and Board member	63 years	M		114,913	2	No	GM of May 30, 2017	GM in 2025	4 years and 10 months	-
2. BOARD MEMBERS APPOINTED BY THE MEETING										
Judy CURRAN	60 years	F		-	2	Yes	BoD meeting of February 18, 2022	GM in 2024	2 months	-
Odile DESFORGES	72 years	F		500	1	Yes	GM of May 27, 2016	GM in 2024	5 years and 10 months	Chairwoman of the Audit Committee
Penelope HERSCHER	61 years	F		500	2	Yes	GM of May 30, 2017	GM in 2025	4 years and 10 months	Member of the Governance, Nominations and Sustainability Committee
Valérie LANDON	59 years	F		500	0	Yes	BoD Meeting of October 12, 2017	GM in 2025	4 years and 6 months	Member of the Audit Committee
Jean-Bernard LÉVY	66 years	M		500	2 [1]	Yes	BoD Meeting of February 19, 2021	GM in 2024	1 year and 2 months	Chairman of the Governance, Nominations and Sustainability Committee
Yan MEI	66 years	F		500	0	Yes	GM of May 28, 2019	GM in 2023	2 years and 10 months	-
Denis MERCIER	62 years	M		890	0	Yes	GM of May 28, 2019	GM in 2023	2 years and 10 months	Chairman of the Compensation Committee
Peter MERTENS	60 years	M		1,000	1	Yes	GM of May 28, 2019 (effective as from November 1, 2019)	GM in 2023	2 years and 5 months	Member of the Compensation Committee
PEUGEOT 1810 with Robert PEUGEOT as permanent representative	71 years	M		4,700,380[2]	4 [4]	No	General Meeting of May 31, 2021 [3]	GM in 2025	10 months	Member of the Audit Committee

	Age	Gender	Nationality	Number of shares	Number of corporate offices in listed companies (excluding Faurecia)	Indepen-dence	Date of first appointment	End of corporate office	Length of time on Board	Committees
3. BOARD MEMBERS REPRESENTING EMPLOYEES										
Daniel BERNARDINO	51 years	M		- (6)	0	- (5)	November 1, 2017	October 31, 2025	4 years and 5 months	Member of the Compensation Committee
Emmanuel PIOCHE	56 years	M		- (7)	0	- (5)	November 1, 2017	October 31, 2025	4 years and 5 months	Member of the Audit Committee

(1) This figure includes a Board member position at Edison, a listed foreign subsidiary of the EDF Group, of which Jean-Bernard LÉVY is Chairman of the Board and Chief Executive Officer.

(2) Robert PEUGEOT also holds 520 individual shares.

(3) Robert PEUGEOT has been an individual director since May 29, 2007. The term of his corporate office ended on May 31, 2021. Since this date, he has been a permanent representative of PEUGEOT 1810. His seniority within the Board of Directors (as an individual director and permanent representative of PEUGEOT 1810) is 14 years and seven months.

(4) Corporate office held by the permanent representative.

(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.

(6) Daniel BERNARDINO paricipated in an employee shareholding plan carried out in 2021 and holds as such FCPE shares invested in Faurecia shares.

(7) Emmanuel PIOCHE participated in an employee shareholding plan carried out in 2021 and holds as such FCPE shares invested in Faurecia shares.

3.1.2.2. Board members' expertise, positions and corporate offices as of the date of this Universal Registration Document

Information provided below is given as of the date of this Universal Registration Document.

The business address of Board members is that of Faurecia.

Daniel BERNARDINO

Date of birth: August 9, 1970

Nationality:

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, 2025

Member of the Compensation Committee

Daniel Bernardino is a method agent in the Logistics department at Faurecia's Palmela site (Portugal).

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.

He is a sociology graduate.

Main position held outside of Faurecia

No outside position held.

Other positions and corporate offices in 2021 outside of Faurecia

No outside corporate offices.

Positions and corporate offices held within the last five years and which have expired

- Member of Faurecia's European Works Council (until 2017).

(*) Daniel Bernardino participated in an employee shareholding plan carried out in 2021 and holds as such FCPE shares invested in Faurecia shares.

Experience in Faurecia's core businesses *Experience in an industrial company* *Automotive technologies*
Specific knowledge of a geographic market *Leadership and crisis management*

Judy CURRAN

Date of birth: May 17, 1961

Nationality:

Number of Faurecia shares: -

Skills:

Independent Board member

Date of first appointment:	February 18, 2022
Date of expiry of term of office:	GM in 2024

Judy Curran is responsible for the Automotive Strategy at Ansys including the go-to-market plans and the development of new simulation workflows aligned with latest automotive trends such as electrification, assisted driving and autonomy.

Judy Curran served previously in a number of positions at Ford group from 1986 to 2018 (notably as Director of Technology Strategy from 2014 to 2018 where she notably developed the cross-vehicle global strategy for key new technologies including Assisted Driving, Infotainment, new Electrical Architectures, and Connectivity).

Judy Curran holds a Bachelor of Science, Electrical Engineering/Computer Software from Lawrence Technological University (USA) and Masters of Science, Electrical Engineering from the University of Michigan (USA).

Main position held outside of Faurecia

- Head of Automotive Strategy of ANSYS (foreign listed company).

Other positions and corporate offices in 2021 outside of Faurecia

French listed companies

No such corporate office.

French unlisted companies

No such corporate office.

Foreign listed companies

- Independent Board Director at MicroVision.

Foreign unlisted companies

- Board of Directors of SAE International; Chair SAE Global Leadership Conference;
- Board of Advisors, College of Engineering, Lawrence Technological University.

Positions and corporate offices held within the last five years and which have expired

- Director of Technology Strategy, Ford Motor Company, from 2014 to 2018;
- Board of Directors, Executive Committee, Inforum AutomotiveNEXT.

Experience in Faurecia's core businesses

Experience in an industrial company

International experience

Automotive technologies

Governance/management of large companies

Leadership and crisis management

Risk management

Specific knowledge of a geographic market

Data based technologies /digital

Energy/electrification

Odile DESFORGES

Date of birth: January 24, 1950

Nationality:

Number of Faurecia shares: 500

Skills:

Independent Board member

Date of first appointment:	May 27, 2016
Date of expiry of term of office:	GM in 2024

Chairwoman of the Audit Committee

Odile Desforges was a research analyst at the Institut de Recherche des Transports in 1973 before joining Renault in 1981, where she held several positions of responsibility in planning, product development and purchasing. Subsequently, after serving as Deputy Chief Executive Officer 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.

Odile Desforges is an engineer and graduate of École Centrale de Paris and of the European Center for Executive Development (CEDEP).

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 of Faurecia

- Companies Board member.

Other positions and corporate offices in 2021 outside of Faurecia

French listed companies

- Board member and member of the Audit Committee of Dassault Systèmes.

French unlisted companies

No such corporate office.

Foreign listed companies

No such corporate office.

Foreign unlisted companies

No such corporate office.

Positions and corporate offices held within the last five years and which have expired

- Board member and chair of the Audit Committe of Safran until the General Meeting held in 2021;
- Board member of Imerys (until the General Meeting of May 2020);
- Board member and member of the Audit Committee, the Nomination Committee and the Compensation Committee of Johnson Matthey Plc. (Great Britain), until July 2019.

Experience in Faurecia's core businesses — *Experience in an industrial company* — *International experience* — *Automotive technologies* — *Governance/management of large companies* — *Banking/finance* — *Leadership and crisis management* — *Risk management*

Penelope HERSCHER

Date of birth: July 15, 1960

Nationality:

Number of Faurecia shares: 500

Skills:

Independent Board member

Date of first appointment: May 30, 2017

Date of expiry of term of office: GM in 2025

Member of the Governance, Nominations and Sustainability Committee

Penelope Herscher is Chairwoman of the Board of Directors of Lumentum Operations LLC. (formerly JDSU) and its Governance Committee.

She is also Chairwoman of the Board of a listed company named SGH (formerly Smart Global) for which she also serves on the Governance Committee, and of two unlisted companies: Delphix and Modern Health.

From 1996 to 2015, Peneloppe Herscher was CEO and Chair of two Silicon Valley technology companies: Simplex which she took public in 2001 and subsequently sold to Cadence Design Systems and FirstRain which she sold in 2017.

Penelope Herscher holds a Bachelor of Arts with honours and a Master of Arts in Mathematics from Cambridge University (England).

Main position held outside of Faurecia

- Companies Board member/Chairwoman.

Other positions and corporate offices in 2021 outside of Faurecia

French listed companies

No such corporate office.

French unlisted companies

No such corporate office.

Foreign listed companies

- Chairwoman of the Board of Lumentum Operations LLC (since 2019, previously Board member);
- Chairwoman of the Board of SGH, previously Smart Global (since February 14, 2022, previously Board member).

Foreign unlisted companies

- Board member of Delphix;
- Board member of Modern Health.

Positions and corporate offices held within the last five years and which have expired

- Board member of Verint (from March 2017 to June 2021);
- Board member of Pros (from January 2018 to May 2021);
- 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).

Experience in an industrial company · *International experience* · *Governance/management of large companies* · *Specific knowledge of a geographic market* · *Data based technologies/digital* · *Leadership and crisis management* · *CSR* · *Risk management*

Patrick KOLLER

Date of birth: January 2, 1959

Nationality:

Number of Faurecia shares: 114,913

Skills:

Board member

Date of first appointment: May 30, 2017

Date of expiry of term of office: GM in 2025

Patrick Koller has been Chief Executive Officer of Faurecia since July 1, 2016.

He has held various management positions with several major manufacturing groups (HELLA, 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 in charge of operations, a position he held until June 30, 2016.

He graduated from the École Supérieure des Sciences et Technologies de l'Ingénieur de Nancy (ESSTIN).

Main position held within Faurecia

- Chief Executive Officer (CEO).

Main position held outside of Faurecia

- Companies Board member.

Other positions and corporate offices in 2021 outside of Faurecia

French listed companies

- Board member of Legrand S.A.

French unlisted companies

No such corporate office.

Foreign listed companies

- Member of the Shareholder Committee of HELLA

Foreign unlisted companies

No such corporate office.

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

-

Experience in Faurecia's core businesses | *Experience in an industrial company* | *International experience* | *Automotive technologies* | *Governance/management of large companies* | *Specific knowledge of a geographic market* | *Leadership and crisis management* | *CSR* | *Risk management* | *Energy/electrification*

Valérie LANDON

Date of birth: August 17, 1962

Nationality:

Number of Faurecia shares: 500

Skills:

Independent Board member

Date of first appointment: October 12, 2017

Date of expiry of term of office: GM in 2025

Member of the Audit Committee

Valérie Landon is Chief Executive Officer of Credit Suisse in France and Belgium.

She began her career, as an engineer, with Air France in 1985. In 1990, she joined Credit Suisse as an investment banker. Before starting her current position as Chief Executive Officer of Credit Suisse in France and Belgium, she served in particular as Head of Investment Banking & Capital Markets for France, Belgium and Luxembourg.

She is an engineering graduate from École Centrale de Paris.

Main position held outside of Faurecia

- Chairwoman France and Belgium, Credit Suisse (listed foreign company).

Other positions and corporate offices in 2021 outside of Faurecia

No such corporate office.

Positions and corporate offices held within the last five years and which have expired

- Independent Board member of Albioma, member of the Audit, Accounts and Risks Committee, member of the Commitments Committee, from 2016 to May 2019.

International experience *Specific knowledge of a geographic market* *Banking/finance* *Risk management*

Jean-Bernard LÉVY

Date of birth: March 18, 1955

Nationality:

Number of Faurecia shares: 500

Skills:

Independent Board member

Date of first appointment: February 19, 2021

Date of expiry of term of office: GM in 2024

Chairman of the Governance, Nominations and Sustainability Committee

Jean-Bernard Lévy is Chairman and Chief Executive Officer of EDF.

He was a works engineer at the Angers Division of France Télécom in 1979, became responsible for managing executive managers and HR budgets at head office in 1982, and then deputy to the head of the HR department.

In 1986, he was appointed Technical Advisor to the office of Gérard Longuet, Minister for Postal Services and Telecommunications. From 1988 to 1993, Jean-Bernard Lévy managed the Telecommunications Satellites activity of Matra Espace, now Matra Marconi Space. From 1993 to 1994, he was the Chief of Staff to Gérard Longuet, Minister of Industry, Postal Services, Telecommunications and Foreign Trade.

In 1995, he was appointed Chairman and Chief Executive Officer of Matra Communication. In 1998, he joined Oddo et Cie as Managing Director, then Managing Partner. In summer 2002, Jean-Bernard Lévy joined Vivendi. He served as its Chief Operating Officer until April 2005, and became Chairman of the Management Board and then Chief Executive Officer in April 2005, until June 2012. From December 2012 to November 2014, he was Chairman and Chief Executive Officer of the Thales defense and aerospace group. Jean-Bernard Lévy has been EDF's Chairman and Chief Executive Officer of EDF since November 2014.

Jean-Bernard Lévy is a graduate of the École Polytechnique and of Télécom Paris Tech.

Main position held outside of Faurecia

- Chairman and Chief Executive Officer of EDF(*) (*listed company*).

Other positions and corporate offices in 2021 outside of Faurecia

French listed companies

- Advisor (*censeur*) of Société Générale.

French unlisted companies

- Chairman of the Supervisory Board for Framatome(*);
- Board member of Dalkia(*);
- Board member of EDF Renouvelables(*).

Foreign listed companies

- Board member of Edison S.p.A(*) (Italy).

Foreign unlisted companies

- Board member of EDF Energy Holdings(*) (United Kingdom).

Others

- Chairman of the Board of the EDF Foundation;
- President of the Fondation Innovations Pour les Apprentissages (FIPA);
- President of the French Energy Council (CFE);
- Board member of France Industrie;
- Board member of the Global Sustainable Electricity Partnership (GSEP) (Canada);
- Board member of Europlace;
- Board member of AX;
- Advisor (censeur) of the Fondation JJ Laffont - Toulouse School of Economics (TSE);
- Chairman of "Usine Extraordinaire" Foundation;
- Chariman of Eurelectric.

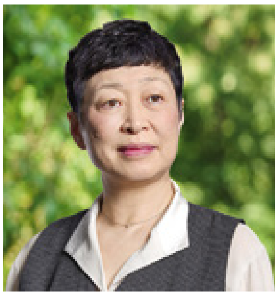
Positions and corporate offices held within the last five years and which have expired

- Chairman of the Board of EDF Energy Holdings(*) (United Kingdom), from 2015 to 2017;
- Chairman of the Board of Edison S.p.A(*) (Italy), from 2014 to June 2019.

(*) EDF Group

Experience in an industrial company · *International experience* · *Governance/management of large companies* · *Banking/finance* · *Leadership and crisis management* · *CSR* · *Risk management* · *Energy/electrification*

Yan MEI



Date of birth: July 12, 1955

Nationality:

Number of Faurecia shares: 500

Skills:

Independent Board member

Date of first appointment: May 28, 2019

Date of expiry of term of office: GM in 2023

Yan Mei is Senior Partner, Chair of China of Brunswick group (China) where she overseas Brunswick's China Business Groups and acts as a counselor to senior executives.

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).

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.

Main position held outside of Faurecia

- Senior Partner, Chair of China of Brunswick Group (China).

Other positions and corporate offices in 2021 outside of Faurecia

French listed companies

No such corporate office.

French unlisted companies

No such corporate office.

Other foreign listed companies

- Senior Advisor at KKR & Co. Inc. (since March 2019).

Foreign unlisted companies

No such corporate office.

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

-

International experience

Governance/management of large companies

Specific knowledge of a geographic market

Leadership and crisis management

Risk management

Denis MERCIER

Date of birth: October 4, 1959

Nationality:

Number of Faurecia shares: 890

Skills:

Independent Board member

Date of first appointment:	May 28, 2019
Date of expiry of term of office:	GM in 2023

Chairman of the Compensation Committee

Denis Mercier is Deputy Chief Executive Officer of the Fives Group, member of the Executive Committee.

He held different positions within the French Air Force and NATO.

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. He joined the Fives Group in October 2018 as Deputy Chief Executive Officer.

Denis Mercier is an engineering graduate from the French Flying School (1979), Grand Officier of the Légion d'Honneur and Officier de l'Ordre National du Mérite.

Main position held outside of Faurecia

- Deputy Chief Executive Officer of Fives group (*French listed company*(*)), member of its Executive Committee.

Other positions and corporate offices in 2021 outside of Faurecia

French listed companies

No such corporate office.

French unlisted companies

No such corporate office.

Foreign listed companies

No such corporate office.

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);
- Board member of CryptoNext Security.

Others

- Chairman of the Board of École de l'Air (EPSCP);
- Board member of Comité France-China (MEDEF).

Positions and corporate offices held within the last five years and which have expired

- Supreme Allied Commander of the NATO's Transformation (Norfolk naval base – USA), from 2015 to September 2018.

(*) Company in which only the bonds are listed.

Experience in an industrial company *International experience* *Data based technologies/digital*

Leadership and crisis management *CSR* *Risk management*

Peter MERTENS

Date of birth: March 30, 1961

Nationality:

Number of Faurecia shares: 1,000

Skills:

Independent Board member

Date of first appointment: GM in 2019 (effective November 1, 2019)

Date of expiry of term of office: GM in 2023

Member of the Compensation Committee

Dr. Peter Mertens is a companies Board member.

From 1985 to 1990, he oversaw the Department of Technology Transfer of the Kaiserslautern University (Germany).

In 1990, Dr. Peter Mertens held multiple management positions with Mercedes-Benz AG. He was then head 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). He was an executive at Audi AG until October 31, 2019, after having served as Chief Technical Officer from May 2017 to October 2018.

He studied Production Engineering at the Ostwestfalen-Lippe University of Applied Sciences, and in 1985 received a Master of Science in Industrial Engineering and Operations Research from the Virginia Polytechnic Institute (United States). He holds a Doctorate in Engineering (Dr. Ing.) from the University of Kaiserslautern (Germany).

Main position held outside of Faurecia

- Companies Board member.

Other positions and corporate offices in 2021 outside of Faurecia

French listed companies

No such corporate office.

French unlisted companies

No such corporate office.

Foreign listed companies

- Chairman of the Board of Valens Hod Hasharon (Israël) (company listed in New York since September 2021).

Foreign unlisted companies

- Board member of Recogni (United States);
- Chair of the Board of Directors of Aurora Labs (Israel);
- Chair of the Board of Directors of Viola (Israel);
- Board member of proteanTECS.

Positions and corporate offices held within the last five years and which have expired

- 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.

Experience in Faurecia's core businesses · *Experience in an industrial company* · *International experience* · *Automotive technologies* · *Governance/management of large companies* · *Specific knowledge of a geographic market* · *Data based technologies/digital* · *Leadership and crisis management* · *Risk management* · *Energy/electrification*

PEUGEOT 1810 with Robert PEUGEOT as permanent representative

French *Société par actions simplifiée* with a share capital of €1,531,905,966

Number of Faurecia shares held by PEUGEOT 1810: 4,700,380

Corporate office: 66 avenue Charles de Gaulle
92200 Neuilly-sur-Seine

Subsidiary of Peugeot Invest and Etablissements Peugeot Frères which purpose is to hold their historical participations in relation to the automotive sector.

Date of first appointment:	May 31, 2021(*)
Date of expiry of term of office:	GM in 2025

Member of the Audit Committee

Main position held outside of Faurecia

No outside position held.

Other positions and corporate offices in 2021 outside of Faurecia

No outside corporate offices.

Position and corporate office held within the last five years and which have expired

- Board member of SICAV ARMENE;
- Board Member of SICAV ARMENE 2.

Robert PEUGEOT

Date of birth:
April 25, 1950

Nationality:

Number of Faurecia shares :
520

Skills:

Permanent representative of PEUGEOT 1810

Date of first appointment:	May 29, 2007
Date of expiry of term of office:	GM in 2025

Robert Peugeot is Chairman of the Board of Directors of Peugeot Invest.

He has held various senior positions within the PSA Group and was a member of its Executive Committee from 1998 to 2007, in charge of Innovation and Quality. He represented Peugeot Invest at Peugeot S.A. Supervisory Board until the merger between Peugeot SA and Fiat Chrysler Automobiles; he holds since within Stellantis, the new entity resulting from the merger, the position of Vice-President and Board member. After being the Chairman and CEO of Peugeot Invest from 2002 to 2020, he is now Chairman of the Board.

Robert Peugeot is a graduate of the École Centrale de Paris and of INSEAD. 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 of Faurecia

- Chairman of the Board of Directors of Peugeot Invest (French listed company).

Other positions and corporate offices in 2021 outside of Faurecia

Other French listed companies

- Permanent representative of F&P SAS on the Board of Directors of Safran S.A.

French unlisted companies

- Board member of Établissements Peugeot Frères S.A.;
- Board member of Tikehau Capital Advisors SAS;
- General Manager of SC Rodom;
- Member of the Soparexo S.C.A. Supervisory Board;
- Chairman of F&P SAS;
- Permanent representative of Peugeot Invest (formerly named FFP S.A.) on the Board of Directors of Peugeot 1810 (previously named Maillot I);
- Permanent representative of Maillot II on the Board of Directors of SICAV ARMENE 2;
- Member of Financière Guiraud SAS Supervisory Board.

Foreign listed companies

- Vice Chairman of the Board of Directors of Stellantis (Dutch company listed in France, Italy and the United States);
- Board member of Sofina S.A. (Belgium).

Foreign unlisted companies

- Director of Peugeot Invest UK Ltd (United Kingdom);
- Member of the Signa Prime Supervisory Board (Austria);
- Member of Signa Development Supervisory Board (Austria);
- Board member of Asia Emergency Assistance Holdings Pte Ltd (Singapore).

(*) Robert Peugeot was Board member of the Company in his own name since May 29, 2007.

Positions and corporate offices held within the last five years and which have expired

- Board member of Faurecia;
- Member of the Peugeot S.A. Supervisory Board;
- General Manager of SARL CHP Gestion;
- Permanent representative of Peugeot Invest, Chairman of Peugeot Invest Assets;
- Permanent representative of Peugeot Invest Assets., Director and Member of the supervisory Board of Financière Guiraud S.A.S.;
- Member of the ACE Management S.A. Supervisory Board;
- Permanent representative of Peugeot 1810 on the Board of Directors of SICAV ARMENE 2;
- Chairman-Chief Executive Officer of Peugeot Invest;
- Board member of DKSH S.A. (Switzerland);
- Member of the Hermès International S.C.A. Supervisory Board;
- Permanent representative of Peugeot 1810 on the Board of Directors of SICAV ARMENE;
- Permanent representative of Peugeot Invest Assets (formerly FFP Invest SAS) on the Board of Directors of Sanef SA (France).

Experience in Faurecia's core businesses | *Experience in an industrial company* | *International experience* | *Automotive technologies*

Governance/management of large companies | *Banking/finance* | *Leadership and crisis management* | *Risk management* | *Energy/electrification*

Emmanuel PIOCHE

Date of birth: December 4, 1965

Nationality:

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, 2025

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 joined the Group in 1995 as qualified agent prtotypes. He held various employee representation offices from 1999 to 2017.

He holds the professional title of thin-sheet metal worker, holds an Aerospace TIG Heavy and Light Metal Welding License, obtained a G2 Baccalaureate (management), and a level III programmer analyst's diploma.

Main position held outside of Faurecia

No outside position held.

Other positions and corporate offices in 2021 outside of Faurecia

No such corporate office.

Positions and corporate offices held within Faurecia group in the last five years and which have expired

- 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.

(*) *Emmanuel PIOCHE participated in an employee shareholding plan carried out in 2021 and holds as such FCPE shares invested in Faurecia shares.*

Experience in Faurecia's core businesses *Experience in an industrial company* *Automotive technologies*
Leadership and crisis management

Michel de ROSEN

Date of birth: February 18, 1951

Nationality:

Number of Faurecia shares: 5,944

Skills:

Independent Board member

Date of first appointment: May 27, 2016

Date of expiry of term of office: GM in 2024

Chairman of the Board of Directors

Date of first appointment: May 30, 2017

Member of the Governance, Nominations and Sustainability Committee

Michel de Rosen has been Chairman of the Board of Directors of Faurecia since May 30, 2017.

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 was 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 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. Michel de Rosen was Deputy Chief Executive Officer of Eutelsat and then Chief Executive Officer and Board member. From September 2013 to February 2016, he was Chairman and Chief Executive Officer. From March 2016 to November 2017, Michel de Rosen was the Chairman of the Board of Directors.

He is a graduate of the École des Hautes Études Commerciales (HEC) and the École Nationale d'Administration (ENA).

Main position held outside of Faurecia

- Companies Board member/Chairman.

Other positions and corporate offices in 2021 outside of Faurecia

French listed companies

- Board member of Pharnext S.A (*).;
- Non-Executive Chairman of the Board of Directors of DBV Technologies.

French unlisted companies

No such corporate office.

Foreign listed companies

No such corporate office.

Foreign unlisted companies

No such corporate office.

Positions and corporate offices held within the last five years and which have expired

- 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;
- Board member of Idorsia (Switzerland) until 2021.

(*) His term as Chairman of the Board of Directors ended on January 1, 2022.

Experience in an industrial company | *International experience* | *Governance/management of large companies*

Specific knowledge of a geographic market | *Banking/finance* | *Leadership and crisis management* | *Risk management*

3.1.2.3. Changes in the composition of the Board of Directors and Specialized Committees

During the past fiscal year and up to the date of publication of this Universal Registration Document, the following changes occurred in the composition of the Board of Directors and specialized Committees (permanent):

	Departure	Appointment	Reappointment
Board of Directors	Olivia LARMARAUD (January 12, 2021) [(1)] Grégoire OLIVIER (January 12, 2021) [(1)] Philippe de ROVIRA (January 12, 2021) [(1)] Linda HASENFRATZ (July 23, 2021)	Jean-Bernard LÉVY (BoD of February 19, 2021) [(2)] PEUGEOT 1810, (with Robert PEUGEOT as permanent representative) (GM of May 31, 2021) [(3)] Judy CURRAN (BoD of February 18, 2022)	Patrick KOLLER (GM of May 31, 2021) [(4)] Penelope HERSCHER (GM of May 31, 2021)[(5)] Valérie LANDON (GM of May 31, 2021) [(6)] Daniel BERNARDINO (September 29, 2021, approved by the BoD on October 25, 2021 and effective as of November 1, 2021) [(7)] Emmanuel PIOCHE (July 21, 2021, approved by the BoD on October 25, 2021 and effective as of November 1, 2021) [(7)]
Compensation Committee	Robert PEUGEOT (April 16, 2021) Linda HASENFRATZ (Chairwoman) (July 23, 2021)	Denis MERCIER (Chairman) (BoD of July 23, 2021) [(9)]	Daniel BERNARDINO (BoD Meeting of October 25, 2021)
Governance, Nominations and Sustainability Committee	Philippe de ROVIRA (January 12, 2021) [(1)] Michel de ROSEN (Chairman) [(8)] (BoD of February 19, 2021) Denis MERCIER (BoD of July 23, 2021) [(9)]	Jean-Bernard LÉVY (Chairman) (BoD of February 19, 2021) [(2)]	Penelope HERSCHER (BoD of April 16, 2021) [(5)]
Audit Committee	Olivia LARMARAUD (January 12, 2021) [(1)]	-	Valérie LANDON (GM of May 31, 2021) [(6)] Robert PEUGEOT then PEUGEOT 1810 with Robert PEUGEOT as permanent representative [(10)] (BoD of April 16, 2021) Emmanuel PIOCHE (BoD of October 25, 2021)

(1) See detailed explanations below under "Reminder of the Impact of the PSA/FCA merger on Corporate Governance."

(2) Jean-Bernard LÉVY's experience as an executive officer of a listed company, combined with his vision and knowledge of industrial and strategic issues, strengthens the expertise of the Board of Directors in these areas. His experience in the energy sector is also important given Faurecia's commitments in new forms of mobility, and notably hydrogen. He was appointed Chairman of the Governance, Nominations and Sustainability Committee. The ratification of the co-option of Jean-Bernard LÉVY as Board member was approved by the General Meeting of May 31, 2021.

(3) The appointment of PEUGEOT 1810 occurred following the merger between PSA and FCA and the distribution of Faurecia shares by Stellantis. This appointment is a continuation of the representation of the PEUGEOT family within the Board of Directors of the Company and takes into account the internal governance principles of the PEUGEOT family, which lead to the preference and generalization of the representation of the family group on the governance bodies of its investments by legal entities. The appointment of Robert PEUGEOT as permanent representative enables the Board of Directors to continue to include among its members a specialist in the automotive sector and in investment management. With his experience as an executive officer acquired within Peugeot Invest, a listed company, and as a non-executive member of several listed and unlisted companies, he brings to the Board of Directors his experience in corporate governance practices.

(4) The presence of the Chief Executive Officer within the Board of Directors means that he can fully contribute to the work of the Board, in particular as regards the definition of the Group's strategy, and his knowledge of the challenges the Group is facing in an automotive sector in full transformation. His contribution and his experience as an executive officer are also important for the Board of Directors and contribute to the balance of the composition of the Board and the complementarity of profiles, in accordance with the objectives of the diversity policy.

(5) Penelope Herscher has extensive experience in the digital area acquired in Silicon Valley companies. This area has an important and growing place in the Group's strategy. Through her duties as Chairwoman of the Board of Directors of Lumentum Operations LLC, a listed company in the United States, and her membership on the Boards of other North American listed and unlisted companies, she also brings to the Board of Directors and the Governance, Nominations and Sustainability Committee her experience, from an Anglo-Saxon perspective, on corporate governance practices. She was reappointed as a member of the Governance, Nominations and Sustainability Committee (this renewal was conditional on her reappointment as Board member by the General Meeting of May 31, 2021).

(6) Valérie LANDON has recognized expertise in banking and financial matters, acquired during her career, notably within Credit Suisse. In periods of financial uncertainties in particular, the Board of Directors and the Audit Committee of which she is a member can rely on her expertise. She was reappointed as a member of the Audit Committee (this renewal was conditional upon her reappointment as Board member by the General Meeting of May 31, 2021).

(7) The term of office of Daniel BERNARDINO and Emmanuel PIOCHE were renewed in accordance with the terms of the Company's bylaws by the European Company Committee and the CFDT respectively.

(8) Jean-Bernard LÉVY has been Chairman of the Governance, Nominations and Sustainability Committee since February 19, 2021. Michel de ROSEN remains a member of the Governance, Nominations and Sustainability Committee.

(9) The appointment of Denis MERCIER as Chairman of the Compensation Committee took place following the resignation of Linda HASENFRATZ. In view of his new duties, he resigned from his corporate office as a member of the Governance, Nominations and Sustainability Committee.

(10) The decision to appoint PEUGEOT 1810, with Robert PEUGEOT as permanent representative, as a member of the Audit Committee was taken by the Board of Directors of April 16, 2021, subject to the appointment of PEUGEOT 1810 as Board member by the General Meeting of May 31, 2021.

Reminder of the impact of the merger between Peugeot S.A. (PSA) and Fiat Chrysler Automobile NV (FCA) on the governance of the Company

The merger agreement signed between PSA and FCA on December 17, 2019 provided in particular that before proceeding with the merger between these two companies, PSA would distribute its 46% stake in the Company to its shareholders. On September 14, 2020, PSA and FCA announced an amendment to the initial agreement to strengthen the financial structure of Stellantis, which notably modified the timing of the distribution by providing that it would be carried out (i) by Stellantis (company resulting from the merger between PSA and FCA) after the merger and following the approval by the Board of Directors and the shareholders of Stellantis and (ii) for the benefit of all the shareholders of Stellantis. The key dates for the 2021 period were as follows:

- on January 4, 2021, the General Meetings of PSA and FCA approved the merger of the two groups to form Stellantis;
- on January 12, 2021, in accordance with the commitments made by PSA and FCA, the shares then held by PSA lost their double voting rights and three Board members representing PSA on the Faurecia Board of Directors resigned as of that date; and
- on March 8, 2021, the shareholders of Stellantis, in an Extraordinary General Meeting, approved the distribution of a maximum of 54,297,006 ordinary shares of Faurecia (representing 39.3% of Faurecia's share capital). This distribution became effective on March 22, 2021.

The distribution increased Faurecia's free float, significantly improving its profile on the capital markets and enabling it to assert its strategy as an independent company. The independence of the Group's Board of Directors was also strengthened in the context of this transaction. After completion of the distribution, there will be no more "related party transactions" between the Stellantis group and the Faurecia group, since the relationship between both groups will become a simple client/supplier relationship [1].

3.1.2.4. Governance structure and shareholder dialog

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 Board of Directors then noted, on the reappointment of the Chairman of the Board of Directors with effect from June 26, 2020, that in the context of the distribution of Faurecia shares by PSA/Stellantis to its shareholders, the best way to ensure the efficiency, balance, stability and visibility of governance during this key period for the Company was to maintain the current governance and collaboration between the Chairman of the Board and the Chief Executive Officer. The separation of duties remains in effect on the date of this Universal Registration Document.

Chairman of the Board of Directors

Michel de Rosen has been Chairman of the Board of Directors since May 30, 2017. His corporate office as Chairman of the Board of Directors, which expired after the General Meeting of June 26, 2020, was renewed for a period of four years.

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 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,

(1) *As part of the PSA's acquisition of Opel, PSA issued share warrants to the General Motors group. Thus Stellantis, which took over PSA's undertakings in respect of the merger with FCA, must retain approximately 0.8% of the Company's share capital in order to be able to deliver Faurecia's shares in the event that General Motors exercises its share warrants.*

  - conduct, with the assistance of the Governance, Nominations and Sustainability 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 relations 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 2021, 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:

- reviewing developments in governance-related issues in order to take into account legislative and regulatory changes;
- managing the internal assessment of the Board of Directors with respect to the 2020 period and developing the procedure put in place for the external evaluation of the Board of Directors with respect to the 2021 period;
- shareholder dialog (see below in the subsection dedicated to this topic);
- committee work and reviews and attendance at certain committee meetings;
- meetings and chairing meetings of the ad hoc Committee in charge of monitoring strategic projects;
- recruitment process for new Board members and, in general, reflections on the evolution of the Board of Directors and its composition, particularly with regard to the Group's strategic operations (distribution of Faurecia shares by Stellantis and acquisition of HELLA) and the consequences for governance;
- monitoring of the Group's operations/strategic issues with the Chief Executive Officer, in particular on (i) the acquisition of HELLA and (ii) the implementation of the Group's CSR approach. The Chairman of the Board of Directors is fully involved in sustainable development issues and, in particular, during the 2021 period, led CSR presentations to the largest shareholder funds and contributed to regulatory discussions with French administrations, in particular on sustainable European taxonomy.

ROLE OF 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 the Company establishes 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.

The internal rules of the Board of Directors provide for limitations on the powers of the Chief Executive Officer. 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.

SHAREHOLDER DIALOG

The Group attaches particular importance to shareholder dialog, and has set up a specific structure based on three main areas, to respond to the questions, concerns and queries of shareholders (both institutional investors and individual shareholders), asset managers and voting advisory agencies.

- Dialog on financial performance and strategy: the Chief Financial Officer and his teams, under the responsibility of the Chief Executive Officer, issue communications on the performance of the past quarter or half at the end of each quarter, followed by telephone meetings or a meeting with analysts and investors. In addition to these regular events, throughout the year Faurecia encourages meetings between its Executive Management and financial market participants, at conferences and meetings ("financial roadshows") in France and abroad, in the form of individual or Group meetings. Finally, the Group organizes each year an investors day (Capital Markets Days) to present the Group's medium-term strategic vision, with the possibility to focus more specifically this day on specific topics. For more information on Faurecia's relations with the financial community, please refer to Chapter 5 "Capital stock and shareholding structure", Section 5.5. "Relationship with the financial community".

- Dialog on non-financial performance: the Sustainable Development and Carbon Neutrality teams meet and exchange views with investors or non-financial rating agencies on the Group's CSR approach, based on the Group's six convictions, and on specific action plans for the planet, the Group's businesses and employees. The implementation of the Group's approach, combined with dialog with non-financial rating agencies, made it possible to improve the Group's non-financial rating by Sustainalytics and Vigeo during the 2021 period. These CSR subjects may also be dealt with during governance roadshows, in the presence of the Chairman of the Board of Directors (see below).
- Dialog on governance: the Chairman has discussions with the main institutional investors on governance issues. This dialog was particularly strengthened in 2021 in view of the Group's major changes (distribution of Faurecia shares held by PSA/Stellantis and acquisition of control over HELLA). In addition to these discussions, the Secretary of the Board of Directors and the legal teams hold meetings with the main institutional investors and the main voting advisory agencies prior to General Meetings, primarily to explain the resolutions that will be proposed to the General Meeting (these are known as "governance roadshows"). These meetings, in which the Chairman of the Board of Directors frequently participates, are distinct from the financial roadshows and also provide an opportunity to discuss governance, compensation, CSR and strategy. In 2021, discussions mainly focused on (i) changes in the Group's governance (departure of the Board members representing PSA as part of the distribution of Faurecia shares held by PSA/Stellantis; co-option of Jean-Bernard Lévy), (ii) the compensation of the Chief Executive Officer (mainly on (a) the implementation of the one-off plan Executive Super Performance Initiative in the form of performance shares intended to strengthen the loyalty of the Executive Committee at a time when the stability of this team is crucial and (b) the inclusion of CSR in the compensation system) and (iii) CSR issues, in particular with the presentation of the Group's CSR convictions, with particular attention paid to the plan to achieve carbon neutrality and the actions undertaken to achieve it.

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 of diversity can also be found across the Board in terms of gender balance, range of nationalities and culture.

The Board of Directors, with the assistance of the Governance, Nominations and Sustainability 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 in particular:

- 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, with a ratio at least in line with the applicable law (at least 40%);
- employee representation on the Board of Directors, with a number of Board members representing employees at least in accordance with the applicable legal provisions;
- 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, activities, 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 respect of the bylaws' provisions in terms of age limit.

In order to evaluate the skills and profiles required for the membership of the Board of Directors, the Governance, Nominations and Sustainability 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	Experience in an industrial company	International experience	Automotive technologies	Governance/management of large companies	Specific knowledge of a geographic market	Banking/finance	Data based technologies/digital	Leadership and crisis management	CSR	Risk management	Energy/electrification
Daniel BERNARDINO	✓	✓		✓		✓			✓			
Judy CURRAN	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓
Odile DESFORGES	✓	✓	✓	✓	✓		✓		✓		✓	
Penelope HERSCHER		✓	✓		✓	✓		✓	✓	✓	✓	
Patrick KOLLER	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓
Valérie LANDON			✓			✓	✓				✓	
Jean-Bernard LÉVY		✓	✓		✓		✓		✓	✓	✓	✓
Yan MEI			✓		✓	✓			✓		✓	
Denis MERCIER		✓	✓					✓	✓	✓	✓	
Peter MERTENS	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓
Robert PEUGEOT[1]	✓	✓	✓	✓	✓		✓		✓		✓	✓
Emmanuel PIOCHE	✓	✓		✓					✓			
Michel de ROSEN		✓	✓		✓	✓	✓		✓		✓	

(1) Robert PEUGEOT has been an individual Board member since May 29, 2007. The term of his corporate office ended on May 31, 2021. Since this date, he has been a permanent representative of PEUGEOT 1810.

Experience in Faurecia's core businesses
Experience in an industrial company
International experience
Automotive technologies
Governance/management of large companies
Specific knowledge of a geographic market
Banking/finance
Data based technologies/digital
Leadership and crisis management
CSR
Risk management
Energy/electrification

Independence

As of December 31, 2021, the Board of Directors had eight independent Board members, representing 80% of its members. This percentage is calculated excluding the directors representing employees, who are not taken into account for this calculation in accordance with the recommendations of the AFEP-MEDEF Code.

At the date of this Universal Registration Document, this percentage is increased to 81.8% as a result of the co-option of Judy Curran as an independent Board member.

This percentage is greater than the one set by the AFEP-MEDEF Code.

For more information on the independence analysis, 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, 2021, the Board of Directors had four women members, representing 40% of its membership. This percentage is calculated excluding the Board members representing employees, who are not taken into account for this calculation in accordance with the applicable legal provisions.

At the date of this Universal Registration Document, this percentage is increased to 45.5% as a result of the co-option of Judy Curran as an independent Board member.

This percentage is higher than that the one set by Article L. 22-10-3 of the French Commercial Code (40%).

Employee representation

At December 31, 2021, the Board of Directors has two Board members representing employees, in accordance with Article L. 225-27-1 of the French Commercial Code.

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

At December 31, 2021, the Board of Directors has six different nationalities (German, American (United States), British, Chinese, French and Portuguese).

Most of the Board members have an international career and international responsibilities.

Four directors reside abroad.

Age and length of service

As of December 31, 2021, Board members were aged between 51 and 71, with an average age of 63 years. At that date, two Board members and the permanent representative of one Board member were over 70 years old. The average length of service on the Board of Directors is three years and six months[1], ranging from seven months and five years and seven months.

These data have changed very slightly, as of the date of this Universal Registration Document, taking into account the reference date used for the calculation (February 2022 versus December 2021 in the above assumption) and the co-option of Judy Curran as an independent Board member. Therefore, Board members are between 51 and 72 years of age, with an average age of 63 years. At that date, three Board members were older than 70. The average length of service on the Board of Directors is three years and five months ranging from one month and a half to five years and ten months.

The composition of the Board of Directors complies with the statutory rules applicable to age limits.

Changes in the composition of the Board of Directors

In the context of the acquisition of control over HELLA (see Chapter 6 "Information about HELLA", Section 6.1 "Description of the HELLA acquisition" for a detailed description of the acquisition), Faurecia has made a commitment to represent the HELLA Family Pool within the Company's Board of Directors. In accordance with the acquisition documents, the Family Pool will be represented on Faurecia's Board of Directors, demonstrating the family's strong commitment to the new combined Group. This commitment to support the representation of the HELLA Family Pool will continue as long as it holds at least 5% of the Company's capital stock. In this context, the Governance, Nominations and Sustainability Committee and the Board of Directors examined the application of Jürgen Behrend submitted by the HELLA Family Pool. After reviewing this application, the Board of Directors, on the proposal of the Governance, Nominations and Sustainability Committee, decided, in its meeting on December 10, 2021, to propose to the General Meeting of June 8, 2022 the appointment of Jürgen Behrend as a non-independent Board member representing the HELLA Family Pool. The presence of the largest shareholder in the Combined Group means that the Board of Directors counts among its members, in addition to Robert Peugeot, who represents the Peugeot family, the representative of a family whose industrial history, more specifically in the automotive industry, is recognized. Jürgen Behrend's experience in the automotive sector and in the governance of a listed company will strengthen the skills of the Board of Directors in these areas.

In addition to this proposed appointment, the Board of Directors decided, on the recommendation of the Governance, Nominations and Sustainability Committee, to strengthen its diversity and independence to co-opt Judy Curran (with a long experience and expertise in the automotive industry) as an independent Board member, to replace Linda Hasenfratz, who resigned. The ratification of Judy Curran's co-option as an independent Board member will be proposed to the General Meeting of June 8, 2022.

(1) This calculation takes into account the seniority of Peugeot 1810, represented by its permanent representative Robert Peugeot since May 31, 2021 (and not the seniority of Robert Peugeot on the Board of Directors in his function as a Board member of the Company from May, 29, 2007 until May 31, 2021).

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, Nominations and Sustainability 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 less than five years ago) holds the corporate office of Board member (**Criterion 2**);
- not be a material client, supplier, corporate banker, investment banker, consultant of (i) the Company or its group with a significant importance; 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 compensation 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, Nominations and Sustainability 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**).

<u>Annual independence review</u>

At its meeting of February 18, 2022, and on the recommendation of the Governance, Nominations and Sustainability Committee, the Board of Directors reviewed the status of each of the Board members in office both on December 31, 2021 with regard to the criteria set out above.

It is specified that the criterion of business relationship 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:

- *<u>Quantitative analysis</u>*

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 2021 fiscal year, the amounts paid were determined under ordinary and normal conditions and did not represented significant amounts for these groups/companies.

These quantitative elements are therefore not such as to justify any suspicion as to the independence of the Board members.

- *<u>Qualitative analysis</u>*

In the context of this analysis, the Board of Directors 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, and shareholding structure).

This analysis shows that none of the Board members likely to be considered as independent has any significant business relationship with the Group.

<u>Independence review when appointing a new Board member</u>

The Board of Directors, on the recommendation of the Governance, Nominations and Sustainability Committee, assessed on February 18, 2022, the independence of Judy Curran in connection with her co-option. Independence was analyzed using the same methodology as described above and used by the Company in its annual independence review of its members.

The Group maintains very limited business relationships with entities in which Judy Curran has executive positions or corporate offices. In this respect, the Board of Directors considered that these business relationships were not significant both from a quantitative and qualitative standpoint (it being noted (i) that the Group expenses with these entities were very limited and irrelevant compared to the Group total expenses, (ii) that there is no economic dependency of the Group with respect to any of these entities, and (iii) that the relationships between the Group and these entities predated the appointment of Judy Curran).

Conclusion and summary

The Board of Directors, on the recommendation of the Governance, Nominations and Sustainability Committee, considered that eight of the Board members in office on February 18, 2022 are independent: Michel de Rosen, Odile Desforges, Penelope Herscher, Valérie Landon, Jean-Bernard Lévy, Yan Mei, Denis Mercier, Peter Mertens and Judy Curran, i.e. a rate of 82% (excluding Board members representing employees in accordance with the AFEP-MEDEF Code), which is higher than the percentage set by the AFEP-MEDEF.

It is specified that:

- none of the above-mentioned independent Board members have any significant business relationship with the Group;
- if a conflict of interest were to arise, the rules for managing such conflicts provided for in the internal rules would apply (for details of these rules, see Section 3.1.3.1. "Organization of the Board of Directors", paragraph "Board members' obligations" below).

The results of the independence review of the Board members in office as of February 18, 2022 are set out in the summary table below:

Criteria	Judy CURRAN	Odile DESFORGES	Penelope HERSCHER	Patrick KOLLER	Valérie LANDON	Jean-Bernard LÉVY	Yan MEI	Denis MERCIER	Peter MERTENS	PEUGEOT 1810, with Robert PEUGEOT as permanent representative	Michel de ROSEN	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	✔	✔	✔	✔	✔	✔	✔	✔	✔	✘ (2)	✔	-	-
Criterion 7: status of executive and non-executive corporate officer	-	-	-	-	-	-	-	-	-	-	✔	-	-
Criterion 8: major shareholder status	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	-	-
Independence of the Board member	**Yes**	**Yes**	**Yes**	**No**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**No**	**Yes**	**-**	**-**

✔ *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.*

(2) *For the assesment of this criteria, the seniority of Robert PEUGEOT, permanent representative of PEUGEOT 1810, who was a Board Member of Faurecia in his own name for 14 years, was taken into account.*

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 February 19, 2021.

Internal rules of the Board of Directors:

- determine the mission of the Board and that of its committees;
- describe the role of the Chairman, the Chief Executive Officer and the Secretary of the Board;
- detail the rules and procedures for the Board's operation and the rights and duties of its 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.

The Board members representing the employees also benefit from a training system adapted to the exercise of their corporate office. Following the renewal of their corporate office in accordance with the terms and conditions provided for in the bylaws with effect from November 1, 2021 for a period of four years, they will benefit from training totaling at least 40 hours per year, the precise content of which will be agreed with the Chairman of the Board of Directors.

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 (at least once a quarter), to discuss the agenda items listed by the Chairman. The Board of Directors meets at least once per year without the Chief Executive Officer in attendance to assess the performance of the said officer and discuss governance issues (executive session). In practice, executive sessions are held at the beginning of each regular Board meeting with all Board members (including the Board members representing the employees), with the exception of the Chief Executive Officer (also a Board member).

Sufficient time must be devoted during each Board meeting to usefully and thoroughly discuss the agenda items.

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 law, a Board member may specifically designate another Board member to represent him/her at Board meetings.

The internal rules also state that attendance at Board meetings is also possible via videoconferencing 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 foregoing provisions relating to representation by means of videoconferencing or telecommunication are not applicable for the adoption of decisions relating to the preparation of the annual parent company financial statement 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 videoconferencing 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 videoconferencing 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 as related-party 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 case of conflict of interest, the Board member concerned will not receive documentation relating to the Board meeting(s) 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. In addition, European Regulation 2157/2001 on European Companies stipulates that even after the termination of their duties, Board members are required not to disclose any information they have about the Company, the disclosure of which could be prejudicial to the Company's interests, except in cases where such disclosure is required or permitted by the provisions of national law.

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.

Finally, these obligations relate to the holding of a minimum number of Company shares (this obligation does not apply to Board members representing employees), their holding method and compliance with the rules applicable to securities transactions and shareholding (see Section 3.5. "Shareholding by corporate officers and transactions in the Company's securities" of 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 the date of this Universal Registration Document, the Board of Directors has three permanent Specialized Committees:

- the Audit Committee;
- the Governance, Nominations and Sustainability Committee;
- the Compensation Committee.

In accordance with best governance practices, in 2021, the Board of Directors also set up an ad hoc Committee in charge of monitoring strategic operations, including the proposed acquisition of HELLA.

Information on the composition, missions and activity of the permanent Specialized Committees and of the ad hoc Committee are detailed in Section 3.1.4. "Specialized Committees of the Board of Directors".

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 13 times during the period ended December 31, 2021, including seven times on an "extraordinary" basis, notably in connection with the proposed acquisition of HELLA. The average length of meetings of the Board of Directors was three hours and 15 minutes. Attendance at these meetings, by Board members and overall, is indicated in the table below.

Moreover, four executive sessions were held in 2021.

The Audit Committee met six times and the Governance, Nominations and Sustainability Committee and the Compensation Committee met five times in 2021, i.e. a total of 16 meetings. The Committee meetings lasted between two hours and four hours.

Finally, the ad hoc Committee, the specialized Committee in charge of monitoring strategic M&A projects, met six times and its meetings lasted around two hours.

The intervals and frequency of the meetings of the Board of Directors and Specialized (permanent and temporary) Committees allow for the submitted topics to be thoroughly discussed and examined.

The table below indicates, for each Board member, attendance during the 2021 period at meetings of the Board of Directors and of any Specialized Committees of which they are a member.

	Attendance at Board meetings	Attendance at meetings of the Audit Committee	Attendance at meetings of the Governance, Nominations and Sustainability Committee	Attendance at meetings of the Compensation Committee	Attendance at meetings of the ad hoc Committee
Michel de ROSEN	100%	n/a	100%	n/a	100%
Daniel BERNARDINO	100%	n/a	n/a	100%	n/a%
Odile DESFORGES	100%	100%	n/a	n/a	100%
Linda HASENFRATZ [(1)]	86 [(4)]%	n/a	n/a	100%	67 [(4)]%
Penelope HERSCHER	92%	n/a	100%	n/a	n/a
Patrick KOLLER	100%	n/a	n/a	n/a	n/a
Valérie LANDON	100%	100%	n/a	n/a	n/a
Jean-Bernard LÉVY	92%	n/a	100%	n/a	100%
Yan MEI	92%	n/a	n/a	n/a	n/a
Denis MERCIER [(2)]	100%	n/a	100%	100%	n/a
Peter MERTENS	92%	n/a	n/a	100%	n/a
PEUGEOT 1810 / Robert PEUGEOT [(3)]	100%	75%	n/a	100%	100%
Emmanuel PIOCHE	100%	100%	n/a	n/a	n/a
TOTAL	**96 [(4)]%**	**94[(4)]%**	**100%**	**100%**	**94 [(4)]%**

n/a : not applicable.

(1) Meetings occurring after the effective date of the resignation of Linda HASENFRATZ on July 22, 2021 are not taken into account for the calculation of her attendance.

(2) Denis MERCIER was a member of the Governance, Nominations and Sustainability Committee until July 24, 2021 and then Chairman of the Compensation Committee since that date. Attendance is calculated based on the number of meetings held while he was a member of the Committee in question.

(3) Robert PEUGEOT was a Board member until May 31, 2021. Since then, he has been the permanent representative of PEUGEOT 1810, appointed as a Board member by the General Meeting of May 31, 2021. For the purposes of the attendance calculations as presented in this table, Robert PEUGEOT and PEUGEOT 1810 are treated as a single Board member. In addition, Robert PEUGEOT was a member of the Compensation Committee until April 16, 2021 and then a member of the Audit Committee since that date and a permanent representative of PEUGEOT 1810, member of the Audit Committee, since May 31, 2021. Attendance is calculated based on the number of meetings held while he was a member of the Committee in question.

(4) Percentage rounded to the nearest integer.

3.1.3.3. Roles and responsibilities of the Board of Directors and report on its business

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. It is consulted on all Company and Group strategic decisions at the Chairman's initiative.

The main missions of the Board described in the internal rules, as well as the main points of its 2021 business report, are described in the table below. This report is marked, on the one hand, by strategic structuring transactions with the distribution of Faurecia shares by PSA/Stellantis and the acquisition of control over HELLA, and on the other hand, by the continuation of the health crisis linked to Covid-19 as well as the consequences of the semiconductor crisis.

Topics	Missions	2021 Activity report
General/ 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 plan.	■ Regular monitoring of the management of the consequences of the Covid-19 health crisis and the semiconductor crisis. ■ Regular review of the Group's CSR strategy and approach, including (i) updating the roadmap outlining the Group's CSR objectives and its implementation, with a particular focus on the Group's CO_2 neutrality project and diversity and (ii) the Group's external CSR communication with the sustainable development guide. ■ Reviews of commercial and strategic priorities, with a day dedicated to the Group's long-term strategy. ■ Update on the PSA/FCA merger, on the distribution of Faurecia shares (including (i) changes in the shareholder structure and governance as well as (ii) the management of the Faurecia flow back). ■ Detailed study of the proposed acquisition of HELLA, regular reviews of strategic issues related to the acquisition of control over HELLA (monitoring of the offer process, structuring of the Faurecia offer, contractual documentation, financing), authorization of this acquisition, monitoring of the completion of the transaction and examination of the financing arrangements. ■ Update on M&A projects (including acquisition of CLD/sale of the AST division).
Financial statements and relations with Statutory Auditors	■ Settlement of annual parent company financial statements 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 is 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.	■ Review of the 2020 annual (parent company and consolidated) and 2021 interim (consolidated) financial statements. ■ Examination and proposals on the dividend, proposal for payment with respect to the fiscal year ended December 31, 2020. ■ Approval or review (where applicable) of press releases on (i) the results for 2020 and the annual guidance for 2021, (ii) the results for the first half of 2021, (iii) the revenue for the first and third quarters and (iv) the adjustments of the guidance for the second half of 2021 (a) following the major revision by IHS Markit of the global automotive production forecast for the second half of 2021 then (b) to take into account three main impacts (new downward revision of automotive production in Europe, difficulty in flexibilizing and offsetting costs related to production shutdowns/restarts and exceptional costs related to difficulties in launching a program in the United States).
Budget and planning	■ Approval of the annual budget. ■ Periodic review of the Group's business and of budget execution. ■ Approval of management planning items and related reports.	■ Review of items (particularly financial) for Capital Markets Day, with the 2025 trajectory as well as the financial ambitions for 2025. ■ Review of the strategic plan and approval of the 2022 budget. ■ Delegations of authority granted to the Chief Executive Officer to establish the provisional management documents. ■ Regular review of the Company's figures and results, in the context of the ongoing health crisis related to Covid-19, with a review of the impact of the semiconductor crisis and operational issues thereon. ■ Review of forecasted results, annual guidance for 2021 and the 2021 guidance adjusted (a) following the major revision by IHS Markit of the global automotive production forecast for the second half of 2021 then (b) to take into account three main impacts (new downward revision of automotive production in Europe, difficulty in flexibilizing and compensating for costs related to production shutdowns/restarts and exceptional costs related to difficulties in launching a program in the United States).

Topics	Missions	2021 Activity report
Financial position, financing and security issues	■ Quarterly review of the Group's financial and cash position as well as off balance sheet commitments. ■ 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. ■ 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.	■ Updates on financing and cash flow. ■ Authorization for the issuance of green bonds in the amount of €400 million to finance/refinance eligible green projects. ■ Review of the timing and terms of financing/refinancing of the acquisition of 79.5% of HELLA. In this context, authorization to issue bonds (Sustainability-linked bonds) in the amount of €1.2 billion to finance part of the acquisition price of HELLA and the capital increase intended to remunerate, in part, the shares acquired from the HELLA Family Pool. ■ Authorizations granted in connection with the implementation of the FaurESO employee shareholding plan relating to (i) the implementation of the share buy-back program, (ii) the implementation of delegations of authority for the purpose of increasing the share capital for the benefit of eligible employees and (iii) the cancellation of repurchased shares (intended to neutralize the dilution resulting from the completion of the capital increases). ■ Renewal of the authorization given to the Chief Executive Officer to grant sureties, endorsements, and guarantees. ■ Authorization of guarantees as part of financial transaction. ■ Review of the performance of the Faurecia share price.
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.	■ Review of risks and opportunities; approval of the risk chapter of the Universal Registration Document. ■ Review of the risk management process.
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.	■ Review of the achievement of the performance criteria for the annual variable compensation in respect of 2020 for the Chief Executive Officer (no adjustment of the criteria or the level of objectives - failure to meet financial criteria due to the health crisis related to Covid-19). ■ Review of changes in the compensation policy for the Chief Executive Officer in respect of 2021. ■ Approval of compensation policies for corporate officers and implementation (including target setting for the variable compensation of the Chief Executive Officer). ■ Ex-post 2020. ■ Approval of the one-off plan Executive Super Performance Initiative intended to strengthen the loyalty of the Executive Committee at a time when the stability of this team is crucial and performance share plan No. 13, recognition of the non-achievement of the performance conditions of plan No. 10 taking into account the impact of the health crisis related to Covid-19. ■ Update on defined benefit pension plans and in particular on PAPP 2 and Tranche C2 (including review of the achievement of performance conditions - not achieved in the context of the health crisis related to Covid-19). ■ Review of the Board members' compensation on the basis of benchmarking survey.

Topics	Missions	2021 Activity report
Governance	■ Review of the 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 and proposals to appoint or reappoint Board members, appointment or reappointment of the Chairman and Chief Executive 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. ■ 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.	■ Examination of the results of the internal assessment of the functioning of the Board and its committees in respect of 2020 and preparation of the external evaluation for the 2021 period. ■ Assessment of the Board members' independence status. ■ Updates on the process for renewing the terms of office of Board members representing employees. ■ Proposed renewal/co-option/appointment of Board members. ■ Examination of the representation of the HELLA Family Pool within the Company's Board of Directors. ■ Update on the composition of committees. ■ Establishment of an ad hoc Committee dedicated to strategic M&A operations; adoption of a charter on the implementation of such committees. ■ Review of diversity within the Group and the actions implemented in this area. ■ Annual review of the succession plans (including information on the succession of the Group's main executive officers). ■ Approval of the 2020 Universal Registration Document and management reports. ■ Update on the implementation of the procedure for the classification of current agreements.
General Meeting	■ Convening the 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.	■ Review of arrangements for holding General Meetings in the context of the Covid-19 health crisis (voting procedures, handling of questions before and during the meeting, delegation to the Chief Executive Officer to finalise the arrangements for the meeting and to answer written questions). ■ Convening the Combined General Meeting of May 31, 2021, agreeing the agenda and resolutions submitted to shareholders for approval and the explanatory notes.
Other points		■ Review of the performance of the liquidity contract and renewal thereof. ■ Update on the implementation of the Faur'ESO employee shareholding plan.

3.1.4. **Specialized Committees of the Board of Directors**

The Board of Directors has decided to set up three Specialized (permanent) Committees: the Audit Committee, the Governance, Nominations and Sustainability Committee and the Compensation Committee.

Each 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).

The Committees study and prepare some of the Board's deliberations. They issue proposals, opinions and recommendations within their field of competence. The committees have an advisory role only and act under the authority of the Board of Directors, to which they report whenever necessary and for which they cannot serve as a substitute.

The composition of the Committees is decided by the Board, and it can change the composition at any time. 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.

Each Committee is chaired by a Board member appointed to the Committee by the Board of Directors, it being specified that only independent Board members may chair the Compensation Committee and the Governance, Nominations and Sustainability Committee. It is specified that the appointment or reappointment of the Chairman of the Audit Committee, proposed by the Governance, Nominations and Sustainability Committee, is subject to special review by the Board.

The Committees meet when convened by the Chairman/woman (and/or by the Secretary of the Committee).

The Committees may also call on external experts, as necessary, ensuring that they have the necessary skills and independence.

In 2021, the Board of Directors decided to establish an ad hoc Committee (temporary) in charge of monitoring strategic operations (external growth, M&A, etc.). This Committee, which has monitored the HELLA acquisition process, has not met since the announcement of the transaction on August 14, 2021.

The composition and key figures of the Committees as of December 31, 2021 (unless otherwise indicated), are as follows:

Audit Committee

Four members

66.7% are independent (1)

Odile DESFORGES (C)
Valérie LANDON
Robert PEUGEOT, permanent representative of PEUGEOT 1810, Board member
Emmanuel PIOCHE (2)

Key figures

Six meetings

Attendance rate of 94%

Governance, Nominations and Sustainability Committee

Three members

100% independent
Jean-Bernard LÉVY (C)
Penelope HERSCHER
Michel de ROSEN

Key figures

Five meetings

Attendance rate of 100%

Compensation Committee

Three members

100% independent (1)
Denis MERCIER (C)
Daniel BERNARDINO (2)
Peter MERTENS

Key figures

Five meetings

Attendance rate of 100%

Ad hoc committee

(Composition at the last meeting on August 14, 2021)

Four members

75% independent
Michel de ROSEN (C)
Odile DESFORGES
Jean-Bernard LÉVY
Robert PEUGEOT, permanent representative of PEUGEOT 1810, Board member

Key figures

Six meetings

Attendance rate of 94%

(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.

(2) Board member representing employees.

(C) Chairman/Chairwoman.

3.1.4.1. Audit Committee

3.1.4.1.1. COMPOSITION OF THE AUDIT COMMITTEE

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 Board members with cross-directorships (within the meaning of Article 15.1 of the AFEP-MEDEF Code).

At December 31, 2021, the Audit Committee was composed of the following four members:

- Odile Desforges, independent Board member, Chairwoman;
- Valérie Landon, independent Board member;
- Robert Peugeot, as permanent representative of Peugeot 1810, Board member;
- Emmanuel Pioche, Board member representing employees.

The changes that occurred in the composition of the Audit Committee during the 2021 period are presented in the table in Section 3.1.2.3. "Changes in the composition of the Board of Directors and Specialized Committees".

All the Board members appointed by the General Meeting who are members of the Audit Committee have expertise in financial and accounting matters, as can be seen from the biographical information provided in Section 3.1.2.2. "Board members' expertise, positions and corporate offices as of the date of this Universal Registration Document".

The composition of the Committee, as described above, complies with the two-thirds threshold of independence recommended by the AFEP-MEDEF Code as reflected in the Committee's internal rules [1].

(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.

3.1.4.1.2. MISSIONS AND ACTIVITY REPORT OF THE AUDIT COMMITTEE IN 2021

In 2021, the Audit Committee met six times with an average attendance rate of 95% (see Section 3.1.3.2. "Number of meetings of the Board of Directors and Specialized Committees and attendance rate" which shows the attendance rate of each member of the Audit Committee at meetings of this Committee). The Statutory Auditors were present and, where applicable, heard at five of these meetings.

The missions of the Committee, as well as the main points of its activity report in 2021, strongly marked by financing the acquisition of HELLA, the continuation of the health crisis linked to Covid-19 and the consequences of the semiconductor crisis are described in the table below:

Topics	Missions	2021 Activity report
Audit of financial statements	■ The Committee is responsible for reviewing the annual parent company 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 the 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.	■ Review of the 2020 annual (parent company and consolidated) and 2021 interim (consolidated) financial statements. ■ Examination of the dividend, proposed payment for the period ended on December 31, 2020. ■ Review of the Group's position (financial, commercial, etc.), revenues and results, in the context of the ongoing health crisis related to Covid-19 as well as the consequences of the semiconductor crisis. ■ Review of press releases on (i) the results for 2020 and the annual guidance for 2021, (ii) the results for the first half of 2021 (iii) the revenue for the first and third quarters and (iv) the adjustments of the guidance for the second half of 2021 (a) following the major revision by IHS Markit of the global automotive production forecast for the second half of 2021 then (b) to take into account three main impacts (new downward revision of automotive production in Europe, difficulty in flexibilizing and offsetting costs related to production shutdowns/restarts and exceptional costs related to difficulties in launching a program in the United States).

Topics	Missions	2021 Activity report
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 highest and not the lowest bidder is selected. ■ The Committee ensures that Statutory Auditors meet the independence criteria, in particular those defined in the French Commercial Code 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 Commercial Code 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 respect of audits directly related to their assignment as 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 2020 fiscal year . ■ Statutory Auditors' presentation of the work carried out in 2021 and their work on closing the fiscal year. ■ Information on other services provided by the Statutory Auditors in 2020 and 2021.

Topics	Missions	2021 Activity report
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.	■ Review of the Internal Audit operations. ■ Review of the Internal Control operations. ■ Review of the compliance program and Faurecia's action plan on the fight against corruption. ■ Review of specific risks on a regular basis and review of Faurecia's risk management process. ■ Review of the risk chapters and Non-Financial Performance Declaration of the 2020 Universal Registration Document.
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.	■ Review of the 2022 budget. ■ Review of the forecast results, the annual guidance for 2021 and the adjusted guidance for 2021 following the major review by IHS Markit of the global automotive production forecast for the second half of 2021.
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.	■ Review of the performance of the Faurecia share price. ■ Review of the Group's financial and cash position, in the context of the ongoing health crisis related to Covid-19, with review of the impact of the semiconductor crisis and operational issues. ■ Review of regular financing (green bonds in the amount of €400 million to finance/refinance eligible green projects) and exceptional financing related to the acquisition of HELLA (timing and terms of financing/refinancing of the acquisition, including review of the bond issue (Sustainability-linked bonds) in the amount of €1.2 billion and implementation of the delegation of authority intended to compensate the contribution of shares held by the HELLA Family Pool). ■ Review of the financial terms of the FaurESO employee shareholding plan (share buy-backs and capital increases for eligible employees; cancellation of shares bought back). ■ Examination of guarantee requests within financial transactions. ■ Examination of the draft financial authorizations in view of the General Meeting of May 31, 2021.
Others		■ Review of the performance of the liquidity contract and proposal for its renewal. ■ Update on the management and control of non-consolidated Group entities.

3.1.4.2. Governance, Nominations and Sustainability Committee

3.1.4.2.1. CHAIRMAN OF THE GOVERNANCE, NOMINATIONS AND SUSTAINABILITY COMMITTEE

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.

At December 31, 2021, the Governance, Nominations and Sustainability Committee was composed of the following three members:

- Jean-Bernard Lévy, independent Board member, Chairman;
- Penelope Herscher, independent Board member;
- Michel de Rosen, independent Board member.

The changes that occurred in the composition of the Governance, Nominations and Sustainability Committee during the 2021 period are presented in the table in Section 3.1.2.3. "Changes in the composition of the Board of Directors and Specialized Committees".

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. ROLES AND RESPONSIBILITIES OF THE COMMITTEE IN 2021 AND REPORT ON ITS ACTIVITY

In 2021, the 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 specialized Committees and attendance rate" which shows the attendance rate of each member of the Committee at its meetings).

The table below describes the tasks assigned to the Committee, as well as the main points of its 2021 activity report:

Topics	Missions	2021 Activity report
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 functioning 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.	■ Examination of the results of the internal assessment of the functioning of the Board and its committees in respect of 2020 and preparation of the external assessment for 2021. ■ Assessment of the Board members' independence status. ■ Examination of the terms of office of Board members with regard to potential conflicts of interest that may arise following the acquisition of HELLA. ■ Review of a charter governing the creation and missions of an ad hoc Committee for the monitoring of strategic operations.

Topics	Missions	2021 Activity report
Selection, nomination, and succession of executive and non-executive corporate officers and Board members/ Selection and succession of members of the Executive Committee	■ Making recommendations to the Board of Directors regarding the appointment and reappointment of executive and non-executive corporate officers. Please note that for the latter, the Committee will take into account the following factors: the independence of the Board members, the need for the Board to have the skills and experience necessary to carry out its responsibilities, international diversity so as to reflect the Group's worldwide presence and gender balance on the Board of Directors. *In practice, the Committee begins by identifying the profile(s) sought with regard to the skills required on the Board of Directors and the Specialized Committees and the diversity policy.* *The process continues with the identification of candidates, carried out internally and/or with the help of an external service provider in most cases. The Committee then makes a list of preferred candidates. Following the interviews, which are carried out both by the external service provider (if applicable) and by the Chairman of the Governance, Nominations and Sustainability Committee during which several updates are made to the Committee, a proposal is submitted to the Board of Directors. After discussion, the Board may decide to co-opt the identified candidate and/or to submit its initial appointment (or the ratification of its co-option) to the General Meeting.* *The process described above may be adapted in the event of the appointment of a Board member if the profile is proposed by an investor. Within this framework, after verifying that the profile of the proposed candidate complies with the diversity policy, the Committee makes a recommendation to the Board, which will decide to co-opt the identified candidate and/or to submit the appointment (or the ratification of its co-option) to the General Meeting.* *Finally, the process of selecting and nominating Board members representing the employees is carried out in accordance with the provisions of the bylaws.* ■ Preparing a succession plan for the executive and non-executive corporate officers and Board members to advise the Board on succession proposals in the event of unforeseen vacancies. ■ Carrying out an annual review of the selection and succession plans for members of the Executive Committee.	■ Proposed renewal/co-option/appointment of directors. ■ Updates on the process for renewing the terms of office of Board members representing employees. ■ Examination of the representation of HELLA Family Pool within the Company's Board of Directors. ■ Review of the composition of Committees and proposed changes. ■ Examination of the evolution of the Executive Committee. ■ Annual review of the succession plan, prepared in conjunction with the Company's Management (more specifically the Chief Executive Officer and the Director of Human Resources for the part devoted to the succession of the executive corporate officer), and report to the Board of Directors. During this process, the Committee reviews the list of talented individuals identified within the Group by name who could potentially succeed executive corporate officers and 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	■ Examining the Company's ethics and compliance policy with respect to best governance practices.	■ Review of the Group's ethics and compliance policy.
Social and environmental 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 non-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 Non-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.	■ Regular review of the Group's CSR strategy and approach, including (i) updating the roadmap outlining the Group's CSR objectives and its implementation, with a particular focus on the Group's CSR strategy, CO_2 neutrality project and the deployment of the diversity program as well as (ii) the Group's external CSR communication with the sustainable development guide. ■ Review of the chapter on the Non-Financial Performance Declaration of the 2020 Universal Registration Document.
Others		■ Review of the governance Section in the corporate governance chapter of the 2020 Universal Registration Document. ■ Examination of the draft resolutions relating to governance with a view to the General Meeting of May 31, 2021. ■ Update on the organizational arrangements for the General Meeting of May 31, 2021 in the context of the health crisis related to Covid-19 (examination of voting procedures, process of managing issues before and at the meeting and the technical solutions available, delegations to be granted to the Chief Executive Officer). ■ Review of the schedule of closed periods for the 2022 period.

3.1.4.3. Compensation Committee

3.1.4.3.1. COMPOSITION OF THE COMPENSATION COMMITTEE

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.

At December 31, 2021, the Compensation Committee was composed of the following three members:

- Denis Mercier, independent Board member, Chairman;
- Daniel Bernardino, Board member representing employees;
- Peter Mertens, independent Board member.

The changes that occurred in the composition of the Compensation Committee during the 2021 fiscal year are presented in the table in Section 3.1.2.3. "Changes in the composition of the Board of Directors and Specialized Committees".

As the Committee is comprised of two independent Board members, including the Chairman, and a Board member representing employees, its composition is compliant with the AFEP-MEDEF Code. In accordance with the AFEP-MEDEF Code, the Board member representing employees is not taken into account when calculating the percentage of independence within Committees.

3.1.4.3.2. MISSIONS AND ACTIVITY REPORT OF THE COMPENSATION COMMITTEE IN 2021

In 2021, the Compensation 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 specialized Committees and attendance rate" which shows the attendance rate of each member of the Compensation Committee at meetings of that Committee).

The table below describes the tasks assigned to the Committee, as well as the main points of its 2021 activity report:

Topics	Missions	2021 Activity report
Compensation of executive and non-executive corporate officers	■ Formulating, on an annual basis, recommendations 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 corporate officers' 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 related-party agreements procedure strictly comply with applicable regulations.	■ Review of the achievement of the performance criteria for the annual variable compensation in 2020 due to the Chief Executive Officer (no adjustment of the criteria or the level of objectives - failure to meet financial criteria due to the health crisis related to Covid-19). ■ Reviews of changes in the compensation policy of the Chief Executive Officer for 2021, with the implementation of a one-off performance share plan (Executive Super Performance Initiative) intended to strengthen the loyalty of the Executive Committee at a time when the stability of this team is crucial. ■ Review of the compensation policy for the Chairman of the Board of Directors and implementation of compensation policies for executive corporate officers. ■ Initial review of the achievement of the objectives of the 2021 criteria attached to the variable compensation of the Chief Executive Officer, and initial review of the criteria and objectives of this compensation for 2022. ■ Examination of the planned change in the structure of the annual variable compensation for 2022, with the addition of an ESG criterion relating to the production of CO_2. ■ Review of defined benefit pension plans (in particular Tranche C2) and of the achievement of performance conditions (not achieved in the context of the health crisis related to Covid-19). ■ Review of the compensation of the Chairman of the Board of Directors (compensation policy for 2021, implemented for 2021 and vote ex post 2020).
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.	■ Review of the compensation of Board members (compensation policy for 2021 and implementation for 2021). ■ Review of the expected compensation and the overall compensation paid to Board members for the 2021 period. ■ Examination of the level of directors' compensation based on a comparative study.
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 Directors 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.	■ Review and implementation (i) of the one-off plan Executive Super Performance Initiative in the form of performance shares and (ii) of performance share plan No. 13. ■ Review of performance share plan No. 10 (failure to meet performance conditions given the impact of the health crisis related to Covid-19).
Performance and compensation of the Faurecia group's main senior executives (other than executive corporate officers)	■ Being annually informed of the performance and of the compensation of the members of the Executive Committee. ■ Reviewing, on a regular basis, the evolution of the compensation policy applicable to the Faurecia group's main senior executives (Executive Committee and Group Leadership Committee).	■ Review of the compensation of the Group's main executives.
Others		■ Review of the draft resolutions related to compensation in preparation for the General Meeting of May 31, 2021. ■ Review of the compensation section of the corporate governance chapter of the 2020 Universal Registration Document. ■ Update on the Faur'ESO employee shareholding plan.

3.1.4.4. Ad hoc Committee

3.1.4.4.1. COMPOSITION OF THE AD HOC COMMITTEE

When setting up an ad hoc Committee in charge of monitoring strategic operations, the Board of Directors attaches particular importance to the independence, diversity and complementarity of the profiles required to sit on this temporary body.

As of August 14, 2021 (date of the last meeting of the ad hoc Committee), the composition of the ad hoc Committee was as follows:

- Michel de Rosen, independent Board member, Chairman;
- Odile Desforges, independent Board member;
- Jean-Bernard Lévy, independent Board member; and
- Robert Peugeot, as permanent representative of Peugeot 1810, Board member.

This ad hoc Committee has three independent Board members. The complementarity of the profiles of the members of the ad hoc Committee and their recognized experience in the management of major strategic operations enabled the Committee to fully fulfill its mission of advising the Board of Directors.

3.1.4.4.2. MISSIONS AND ACTIVITY REPORT OF THE AD HOC COMMITTEE IN 2021

In 2021, the ad hoc Committee met six times, with an average attendance rate of 94% (see Section 3.1.3.2. "Number of meetings of the Board of Directors and Specialized Committees and attendance rate" which shows the attendance rate of each member of the Committee at the meetings).

The table below describes the tasks assigned to the Committee, as well as the main points of its 2021 activity report:

Topics	Missions	2021 Activity report
Strategic transactions	■ Examine and make recommendations to the Board of Directors on the acquisition of HELLA.	■ Examination of the acquisition of HELLA, the strategic interest of the transaction and the consequences on the Group's shareholding, governance and financial situation.

3.1.4.4.3. ESTABLISHMENT OF A CHARTER RELATING TO THE ESTABLISHMENT OF AN AD HOC COMMITTEE

In accordance with best governance practices, the Board of Directors has put in place ad hoc Committees to examine specific projects. The Board of Directors noted, during its meeting on July 23, 2021, that over the past 18 months an ad hoc Committee had been set up (i) as part of the distribution of Company shares held by PSA/Stellantis, then (ii) to monitor the Group's strategic transactions.

The Board of Directors decided to draw up general rules for the establishment, composition, functioning and missions of such an ad hoc Committee. The Board of Directors, on the recommendation of the Governance, Nominations and Sustainability Committee, therefore decided at its meeting of July 23, 2021, to define a charter intented to provide a general framework for ad hoc Committees whose main rules are described below.

Strategic transactions that may lead to the creation of an ad hoc Committee include any acquisition, combination, partnership or disposal, in any form whatsoever, which, because of its size, its importance for the Group, its activities or any other characteristic, has or will have a significant impact on the Company, its sales, its assets, its organization or its strategy.

The ad hoc Committee is thus set up on a case-by-case basis, at the initiative of the Chairman of the Board of Directors or the Governance, Nominations and Sustainability Committee, subject to the approval (or ratification where applicable) of the Board of Directors.

The composition of the ad hoc Committee evolves according to the strategic transaction it monitors. The ad hoc Committee is composed of a maximum of four Board members appointed by the Board of Directors on the recommendation of the Governance, Nominations and Sustainability Committee. The members of the ad hoc Committee are chosen in consideration of their skills and the most appropriate expertise to monitor the planned strategic transaction.

The main missions of the ad hoc Committee are the following:

- prepare and propose resolutions on the strategic transactions that it monitors to the Board of Directors;
- review and make recommendations to the Board of Directors on proposed transactions, and more particularly on the most important documents, whether preliminary or not, such as any offer, firm or not, related to a strategic transaction; and
- monitor the business process in the name of and on behalf of the Board of Directors at the request of the latter.

The ad hoc Committee may delegate certain decisions to the Chief Executive Officer in connection with a particular project.

Like permanent Specialized Committees, the ad hoc Committee acts under the authority of the Board of Directors to which it reports whenever necessary and for which they cannot serve as a substitute.

The operating procedures of the ad hoc Committee are similar to those of other specialized Committees.

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 each year a formalized assessment of its composition, organization and functioning of the Board of Directors and its Specialized Committees. Every three years, this assessment is carried out with the assistance of an external firm.

As the last external evaluation was carried out for the 2018 period, the evaluation of the Board of Directors for the 2021 period was carried out by a specialized external firm that assesses most French listed companies. Each Board member received a questionnaire to complete and then individual interviews were conducted in order to explore certain topics in depth. The assessment also focused on the individual assessment of the actual contribution of each Board member to the work of the Board, each director having had the opportunity to express themselves in particular on the contribution of the members of the Board to its meetings. The Chairman of the Board of Directors provided individual feedback to each Board member.

The firm that conducted the appraisal presented its findings to the Governance, Nominations and Sustainability Committee in order to be able to discuss and respond directly to the directors' questions and a summary was presented to the Board of Directors on February 18, 2022.

The main elements emerging from the external evaluation are as follows:

Results:

It results from this assessment that Board members are, generally speaking, satisfied with the organization and operation of the Board of Directors and its committees, thanks to a governance structure tailored to the Company's needs, to the quality of the relationships 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.

Despite the Covid pandemic that continued to affect the organization of the Board of Directors, Board members have been very involved, and the Board of Directors continued to operate very efficiently.

Board members expressed their complete trust and supported unanimously the Management, especially in 2021, a year marked by the distribution of Faurecia's shares by PSA/Stellantis and the acquisition of HELLA.

The main findings of this exercise were as follows:

- the main improvement measures identified by the Board of Directors during its last assessment were implemented in 2021, including:
  - the improvement of the legibility of the documentation (including more executive summaries) and the increase of time dedicated to strategic matters (in particular with a seminar dedicated to these matters as well as various meetings in relation with the distribution of Faurecia's shares by PSA/Stellantis and the acquisition of HELLA);
  - the increase of exchanges with key executive managers; and
  - the recent (and upcoming) evolution of the composition of the Board of Directors in order to enhance the diversity and complementarity of Board members skills (in particular with the cooptation of Jean-Bernard Lévy and Judy Curran as Board members respectively in February 2021 and in February 2022 and the proposed appointment of Dr. Jürgen Behrend – from the HELLA group – as Board member); it being specified that the size of the Board of Directors is deemed appropriate to deal with challenges and opportunities of the Group.
- The areas for improvement identified and to be continued are notably the following:
  - In terms of follow-up of the decisions of the Board of Directors, it is suggested to structure and systematize the assessment (ex post) of the impact of key past decisions of the Board od Directors in order to extract lessons and best practices for the future;
  - in terms of integration of new Board members, the induction programs for these new members should be strengthened and informal meetings should be organized when health conditions will allow it;
  - as regards the organization of the work of the Board of Directors, efforts must be continued with respect to (i) the systematization of executive summaries in the relevant documentation, (ii) the reduction of the number of items on the agenda of meetings/seminars dedicated to strategy in order to promote in-depth discussions on strategic issues (in particular as regards the impact of new technologies on the activities of the group), and, more generally, (iii) the review of certain matters during the Board of Directors meetings (in particular, regarding the competition environment of the Group as well as certain matters such as HR and review of the risks assessments and controls).

3.2. Operational Management of the Group

In addition to General Management, the information about which is mentioned in the Section 3.1.2.4 "Governance structure and shareholder dialog", the Group has an Executive Committee and is also supported by the Group Leadership Committee. The diversity policy within the governing bodies is described in Chapter 4 "Extra-financial performance", Section 4.4.2 "Diversity & Inclusion" of this Universal Registration Document.

As mentioned in Section 4.4.2 of this Universal Registration Document, Faurecia has set itself the goal of boosting the recruitment and internal promotion of women in order to increase the presence of women among engineers and executives and in the Group top management with targets at 24% in 2025 and at 30% in 2030 of women in the Group Leadership Committee ("Top 300" of the Group's leaders). As at 31 December 2021, the Group Leadership Committee was comprised of 21% of women (compared to 16% in 2020) evidencing a strong feminization dynamic in the top management. The feminization of the Group Leadership Committee, in particular by the 2030 horizon, allows to build the necessary "reservoir", in order to accelerate the gender balance in the Executive Committee (given that the majority of Executive Committee members comes from Group Leadership Committee).

In this context, Faurecia has notably implemented ambitious actions and initiatives described in Section 4.4.2 of this Universal Registration Document, in particular, in terms of hiring, training and promotion of female talents. In 2022, the Group will continue its efforts in terms of promotion of female talents, notably by implementing a new program referred to as "RISE" in favor of circa 40 identified female talents (who may exercise eventually top leaders positions, including Executive Committee member). This six-months program consists in various training sessions and in a sponsorship by members of the Executive Committee.

In addition, it is to be noted that recent performance share plans for the Group Leadership Committee include an internal condition relating to the gender balance, therefore supporting actions in favor of the top management feminization.

Finally, the Board of Directors carries out, on an annual basis, a review of the succession plan of the Executive Committee (with a special attention to the percentage of women in the succession plan) and a specific review of the Group diversity policy.

3.2.1. Executive Committee

The Faurecia group's Executive Management is provided, under the responsibility of the Chief Executive Officer, by an Executive Committee which meets at least once a month to review the Group's results and deliberate on general Group issues, or as often as the interests of the Company require.

The composition of the Executive Committee as of March 31, 2022, is as follows:

Composition of the Executive Committee

Patrick KOLLER,
Chief Executive Officer

Yves ANDRES
Executive Vice-Chairman, Faurecia Clean Mobility

Yann BRILLAT-SAVARIN
Executive Vice-Chairman, Strategy

Victoria CHANIAL
Executive Vice-Chairman, Communication

Nolwenn DELAUNAY
Executive Vice-Chairman, Group General Counsel and Board Secretary

Olivier DURAND
Executive Vice-Chairman, Faurecia Clarion Electronics

Nik ENDRUD
Executive Vice-Chairman, North America region

Michel FAVRE
Executive Vice-Chairman, Group Chief Financial Officer

Jean-Paul MICHEL
Executive Vice-Chairman, Faurecia Interiors

Thorsten MUSCHAL
Executive Vice-Chairman, Sales and Program Management

Christophe SCHMITT
Executive Vice-Chairman, Group Operations and North America

Jean-Pierre SOUNILLAC
Executive Vice-Chairman, Human Resources

Eelco SPOELDER
Executive Vice-Chairman, Faurecia Seating

François TARDIF
Executive Vice-Chairman, Faurecia China

he table below presents key figures on the composition of the Executive Committee as of February 24, 2022:

57% French members	14% females	52 years average age
11 years average Group seniority	6 business and region EVPS	7 support functions EVPS

On February 25, 2022, Faurecia announced new appointments in the Executive Committee to be effective in the coming months:

- effective April 1st, 2022, Olivier LEFEBVRE is appointed Clean Mobility Executive Vice-President. He will succeed Yves ANDRES, who is joining the Management Board of HELLA to take over the Lighting Business Group. Olivier LEFEBVRE is currently Senior Vice-President in charge of the Seat Structure and Systems division within the Seating Business Group;
- effective June 1st, 2022, Christopher MOKWA is appointed Digital Transformation Executive Vice-President. Christopher MOKWA is currently in charge of the Corporate Strategy, M&A activity and Chief Digital Officer within HELLA;
- effective July 1st, 2022, Olivier DURAND is appointed Executive Vice-President, Group Chief Financial Officer. He will succeed Michel FAVRE, who is appointed HELLA Chief Executive Officer by the Shareholder Committee of HELLA, effective July 1st, 2022. Olivier DURAND will continue to supervise the Clarion Electronics activity.

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, 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.

Faurecia's Group Leadership Committee consists of all of the aforementioned management teams along with the Executive Committee and the senior headquarters managers of the manufacturing and quality staff and from the Human Resources, Finance and Legal departments.

As of December 31, 2021, Faurecia's Group Leadership Committee had 291 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 the 2020 and 2021 fiscal years

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 payable to the Chairman of the Board of Directors

3.3.1.1.1. REMINDER OF THE PRINCIPLES OF THE 2021 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, 2021, which was 99.98% approved at the Company's General Meeting held on May 31, 2021 pursuant to the 14th resolution, is set out in Section 3.3.4.1. of the Company's 2020 Universal Registration Document, "Compensation policy for corporate officers," and more specifically in Section 3.3.4.1.2. "Compensation policy for the Chairman of the Board of Directors."

It should be noted that, in a summarized form, as in previous years, the 2021 compensation policy for the Chairman of the Board of Directors provided for fixed compensation, benefits in kind and social protection schemes.

The Chairman of the Board of Directors' compensation, for 2020 and 2021 fiscal years, as described below, complies with the compensation policy approved by the shareholders. It 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 incorporates these principles and fulfils these objectives.

3.3.1.1.2. COMPENSATION PAID DURING THE 2021 PERIOD OR GRANTED FOR THE SAME FISCAL YEAR

3.3.1.1.2.1. Fixed annual compensation

On February 19, 2021, 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.

The fixed annual compensation of the Chairman of the Board of Directors, net of benefits in kind related to the provision of an assistant for his/her activities other than those relating to the chairmanship of Faurecia, amounted to €265,200 (excluding benefits in kind and social protection described thereafter). It was paid in full in 2021.

3.3.1.1.2.2. Benefits in kind and social protection

In addition to the provision of a personal assistant for activities other than those related to the chairmanship of Faurecia for an amount valued at €34,800, which is included in the above-mentioned €300,000 ceiling, the Chairman of the Board of Directors was provided with a company car. This benefit is valued at €5,393.

The total amount of benefits in kind is valued at €40,193.

It is finally specified that the Company paid €4,677 in consideration of the supplementary health/life/disability pension scheme.

3.3.1.1.2.3. Other components of compensation

With the exception of the components described above, the Chairman of the Board of Directors did not receive any other compensation (including compensation for his duties as Board member), including by a company comprised in the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code.

3.3.1.1.3. COMPENSATION PAID DURING THE 2020 AND 2021 PERIODS OR GRANTED FOR THE SAME FISCAL YEARS

The tables below present the compensation and benefits paid during the 2020 and 2021 fiscal years or granted for these periods to the Chairman of the Board of Directors.

It is stipulated that, since the Chairman of the Board of Directors receives only fixed compensation as well as benefits in kind and has social protection schemes, to the exclusion of any other compensation, tables No. 4 to No. 7 provided for by the AFEP-MEDEF Code and AMF recommendation No. 2021-02 are not applicable. The same applies to table No. 10 provided for by the AFEP-MEDEF Code.

SUMMARY OF COMPENSATION AND OPTIONS AND SHARES GRANTED TO MICHEL DE ROSEN

Table No. 1 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

(in €)	2020 period	2021 period
Compensation granted for the period (see table 2)	296,228	310,070
Value of stock options granted during the period	-	-
Value of performance shares granted during the period	-	-
Value of other long-term compensation plans	-	-
TOTAL	**296,228**	**310,070**

SUMMARY OF COMPENSATION PAYABLE TO MICHEL DE ROSEN

Table No. 2 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

	2020 period		2021 period	
(gross in €)	Amount granted	Amount paid	Amount granted	Amount paid
Fixed compensation	251,940 (1)	251,940 (1)	265,200	265,200
Annual variable compensation	-	-	-	-
Multi-annual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Compensation awarded to Board members		-	-	-
Benefits in kind(2)	44,288	44,288	44,870	44,870
TOTAL	**296,228**	**296,228**	**310,070**	**310,070**

(1) *This amount takes into account the 20% reduction in the monthly payments for the annual fixed compensation paid during the entire second quarter of 2020, in accordance with the Chairman of the Board of Directors' commitments in consideration of the Covid-19 health crisis.*
(2) *This figure also includes social protection schemes (€4,506 in respect of the 2020 period and €4,677 in respect of the 2021 period).*

Table No. 11 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

	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: 2024 GM		No		No		No		No

3.3.1.2. Compensation of the Chief Executive Officer

3.3.1.2.1. REMINDER OF THE PRINCIPLES OF THE 2021 COMPENSATION POLICY

The compensation policy setting the structure as well as the principles and criteria established to determine the compensation and benefits of any kind granted to the Chief Executive Officer for the period ended on December 31, 2021, which was 77.05% approved by the Company's General Meeting of May 31, 2021 in the 15th resolution, appears in the Company's 2020 Universal Registration Document, in Section 3.3.4.1. "Compensation policy for corporate officers", and more specifically in Section 3.3.4.1.3. "Compensation policy for the Chief Executive Officer."

The compensation policy for the Chief Executive Officer for 2021 therefore provided for the following:

- a fixed annual compensation;
- a variable annual compensation, subject to performance conditions and representing up to a maximum of 180% of the fixed annual compensation;
- a long term compensation in the form of free share allocations subject to presence and performance conditions ;
- termination payment;
- an indemnity in return of a non-compete commitment;
- a notice period and a non-poaching/non-solicitation commitment;
- additional defined contributions and benefits pension schemes;
- benefits in kind and social protection.

The Chief Executive Officer's compensation for 2020 and 2021 fiscal years, as described below, is compliant with the compensation policy approved by the shareholders. It reflects the Company's will to elaborate a compensation system which is legible, competitive and that predominantly includes clear and precise performance criteria relating to the implementation of the strategy, the fulfillment of which is beneficial to all stakeholders. The compensation of the Chief Executive Officer, which incorporates these principles including within each amount of compensation, meets these objectives.

3.3.1.2.2. COMPENSATION PAID DURING THE 2021 PERIOD OR GRANTED FOR THE SAME PERIOD

Compensation of the Chief Executive Officer in 2021

Fixed annual compensation

Policy

- €1,000,000

Implementation: €1,000,000

Short term annual variable compensation

Policy

- 0-180% of the fixed annual compensation
- Subject to the achievement of:
  - Quantifiable criteria (operating income and net *cash flow*) - from 0% to 150% of the fixed annual compensation
  - Qualitative criterion (incl. CSR) – from 0% to 30% of the fixed annual compensation

Implementation: €300,000

including:

- **Quantitative: €0**
- **Qualitative: €300,000**

Long-term variable compensation

Policy

Allocation in relation with Performance shares plan n°13

- 250% of the fixed annual compensation (performance shares)
- Subject to the achievement of internal conditions (net income [after tax] + gender diversity) and external (EPS growth vs. benchmark)
- Implementation: 242%(1) of the fixed annual compensation

Allocation in relation with the one-off Executive Super Performance Initiative plan

- 300% of the fixed annual compensation, capped at €2 million (performance shares)
- Subject to the achievement of one external condition (Relative TSR) assessed annually and over 5 years
- Implementation: 102%(1) of the fixed annual compensation

Other components (under the policy)

- Severance payment (24 months)*
- 12-month non-compete covenant in case of resignation, with a 6-month indemnity*
- 6-month prior notice in case of resignation*
- 12-month non-solicitation/ non-poaching covenant*
- Defined benefits pension plans (no rights acquired in 2021)
- Benefits in kind and social protection (€22,331 paid)

SHORT-TERM → LONG-TERM

** No payments in 2021*

(1) Percentage calculated on the basis of the valuation of the shares (allocated to Patrick Koller under plan n°13 / ESPI) according to the method used for the consolidated financial statements (IFRS 2 expense).

The 2021 fiscal year was a very special year for Faurecia, characterised by major and transformative changes with on one hand (i) the distribution of shares held by its historical majority shareholder, PSA/Stellantis and, on the other hand, (ii) the acquisition of a controlling holding stake in HELLA initiated on August 14, 2021 and completed on January 31, 2022. The economic context remained extremely tense in 2021, in the automotive sector, and more particularly for equipment manufacturers, due to the semiconductor shortage. This situation weighed heavily on volumes, with several downward revisions to worldwide automotive production forecasts by IHS Markit during the second half, highlighting the lack of visibility for industry players. Worldwide automotive production in 2021 set at 72.7 million light-duty vehicles remained close to the historically low level of 2020, impacted by the Covid-19 health crisis, a level it had not experienced since 2010. The semiconductor shortage, on its side, has disrupted the entire production chain, forcing automakers to shut down and restart production on many occasions, making it more difficult for the Group to flexibilize costs, particularly with regard to "Just-in-Time" deliveries. These events, in addition to the difficulties encountered on one program launch phase in the United States, led to a very significant decline in sales, operating income and the Group's net cash flow.

These difficulties have heavily impacted the Chief Executive Officer's compensation in 2021, of which a significant part depends on the Group's performance, particularly in terms of the short and long-term variable aspects. Beyond the Chief Executive Officer, a lot of beneficiaries of variable compensation within the Group, whether short-term or long-term suffer similar consequences.

Despite these circumstances, the Board of Directors did not make any derogations or changes to the compensation policy for the Chief Executive Officer for 2021. However, given the significant effects of the Covid-19 crisis on the automotive sector (in particular semiconductors), and on the Group, upon the recommendation of the Compensation Committee, the Board of Directors decided at its October 22, 2020 meeting, without changing the performance conditions and their respective weights, to adjust the numerical targets of the internal conditions of Plan No. 11 (Cf. Universal Registration Document 2020, in the section entitled "Compensation paid in fiscal year 2020 or awarded in respect of the same fiscal year").

The Chief Executive Officer's compensation therefore reflects the impact of the crisis as for all stakeholders and the Group's employees.

3.3.1.2.2.1. Fixed annual compensation

On the recommendation of the Compensation Committee, the Board of Directors on February 14, 2020, decided, subject to the approval of the 2020 compensation policy by the Company's General Meeting, to increase, as of July 1, 2020, the fixed annual compensation of the Chief Executive Officer from €900,000 to €1,000,000, based on a comparative study of a group of comparable industrial companies, representing an increase of approximately 11%. This increase, whose entry into force had been delayed, at the request of the Chief Executive Officer, in the extremely difficult context of the Covid-19 health crisis, entered into force in 2021.

As a result, the fixed annual compensation of the Chief Executive Officer amounted to €1,000,000 for the 2021 period. This amount was paid in full in 2021.

3.3.1.2.2.2. Annual variable compensation

On the recommendation of the Compensation Committee, the Board of Directors has set the procedures for determining the variable compensation of the Chief Executive Officer for 2021, in accordance with the 2021 compensation policy.

The table below summarizes the results of the analysis carried out by the Board of Directors, on February 18, 2022, on the recommendation of the Compensation Committee, and assesses the levels of achievement of the quantifiable and qualitative criteria targets set in respect of the annual variable compensation for the period ended December 31, 2021:

Relative weight of each performance criterion	Minimum (1)	Target objective (1)	Maximum (1)	Achievement level	Amount in cash *(€)*	Assessment
Quantifiable (distribution of criteria on a 100% basis): from 0% to 150% of fixed annual compensation						
Operating income (40%)	0%	100%	150%	0% (not achieved	0	Impact of the health crisis and the shortage of semiconductors, making the achievement of the objectives of the criteria set with reference to the budget unattainable for the second consecutive year (see explanations below)
Net cash flow (60%)	0%	100%	150%	0% (not achieved)	0	
TOTAL QUANTIFIABLE	-	-	-	**0%**	**0**	
Qualitatives (distribution of criteria on a 100% basis) : 0% to 30% of fixed annual compensation						
Transition to a change in the Company's shareholder base as part of the PSA/Stellantis distribution (30%).	0%	100%	150%	150%	90,000	Criteria met at most (see explanations below)
Strategy execution (70%)	0%	100%	150%	150%	210,000	
TOTAL QUALITATIVE	-	-	-	**150%**	**300,000**	
TOTAL	**-**	**-**	**-**	**-**	**300,000**	**-**

(1) The quantified amount of the objectives of the quantifiable criteria are not made public for confidentiality reasons.

Detailed explanations regarding the assessment of quantifiable and qualitative criteria:

- Quantifiable criteria: according to the difficulties linked to the economic and health context, as developed in this section's introduction, the targets set with reference to the 2021 budget have become unattainable. As a result, no variable compensation will be payable in 2021 under the quantifiable criteria. The failure to achieve the quantifiable criteria highlights the extremely demanding nature of the targets set for the Chief Executive Officer.
- Qualitative criteria: based on the targets set and the results obtained, the two qualitative criteria were fully met. The elements taken into account are detailed below.
  - Criterion related to the transition towards a change in shareholding base, regarding PSA/Stellantis' distribution: the Board of Directors analyzed:
    - the shareholding structure post-distribution by focusing on (cornerstone and long-term) shareholders with a stake of more than 1% of the capital stock, which shows a stable shareholding base between 25% and 30% (including Exor, Peugeot 1810, Bpifrance and Dongfeng);
    - the positive reception by investors and financial markets of this event, and the way it was managed, which is reflected in (i) a higher stock market price than its peers in the two months following the distribution, (ii) a strong internationalization of the shareholder base (notably from the United Kingdom and the United States), (iii) an increased liquidity of the Faurecia share and (iv) a positive opinion among brokers.
  - Criterion related to the execution of the strategy : the Board of Directors noted that:
    - despite the difficult context, with a shortage of semiconductors disrupting the production chain and weighing on volumes, 2021 was a good year, marked by resilience, in terms of orders;
    - the amount of orders from the Clarion Electronics' activity continued to grow in 2021 and reached its highest level since the integration of this business within the Group; the hydrogen business (Symbio included) recorded a high level of orders, underlining a strong customer interest in this technology developed by the Group, as well as the conclusion of 10 pre-development contracts;
    - 2021 was marked by the negotiation and realisation of the HELLA acquisition. This transformative and strategic transaction for the Group is fully in line with its strategic priorities and the automotive megatrends and, as a consequence, is an essential element of the execution of its strategy. This acquisition broadens the Group portfolio, strengthens the Group leadership position in its different business activities and creates the conditions for furture and profitable growth. This acquisition makes the Combined Group a global player and seventh largest "Tier 1" supplier, designing and manufacturing solutions for sustainable, safe and advanced mobility;
    - regarding the implementation of two of the Group's main CSR initiatives, the development of the carbon neutrality and diversity project in line with the Group's sustainable development convictions (Group commitments in terms of sustainable development based on six convictions for a more responsible world) and the resulting roadmap were continued:
      - the CO_2 neutrality project has entered its construction phase, according to the SBTi commitments: at the end of 2021, an energy audit had been carried out on 140 plants and discussions are ongoing for the signing of contracts to equip around 150 plants with solar panels in 2022. Energy savings have already reached 8% compared to 2019 (MWh/MEUR of sales). Four major “green” financial transactions were carried out (bond issue, Schuldschein and syndication), with a performance bonus directly and solely linked to the commitment to achieve the CO_2 trajectory;
      - regarding the deployment of the diversity project, despite the difficulties encountered by the automotive sector, (i) the representation of women in the executive category (Managers & Professionals) continues to increase (27 % in 2021 compared to 25.1 % in 2020, with an increase in the proportion of women hired to 36.1 % (compared to 33.1% in 2020), in line with the 2025 targets, (ii) the implementation of the recruitment program for women with high potential as well as internal promotion within the Top 300 allowed women to continue to progress in this category (21 % compared to 16 % in 2020), with results in line with the 2025 targets, (iii) training on women's leadership was relaunched and (iv) special attention was paid to communication on promoting diversity, both internally and externally.

After having reviewed the achievement of the objectives for the annual variable compensation criteria for the 2021 fiscal year, the Board of Directors at a meeting held on February 18, 2022 acknowledged that the total amount of annual variable compensation for 2021 amounted to €300,000, compared to €270,000 for the 2020 period (and €1,302,480 for 2019). This is the second consecutive year for which the short-term variable compensation of the Chief Executive Officer has been significantly affected, as a result of (i) the difficulties encountered by the automotive sector, and more specifically the suppliers, including the Group, and (ii) the very demanding nature of the targets set by the Board of Directors. Given the limited amount of annual variable compensation for 2021 resulting from the difficult economic environment, the relative proportion of annual fixed and variable compensation for the 2021 period is the following: 77% for annual fixed compensation and 23% for annual variable compensation.

In accordance with the provisions of Article L. 22-10-34 of the French Commercial Code, the variable compensation for the period ended December 31, 2021 shall be paid only once the shareholders, in a meeting to be held on June 8, 2022, have approved the components of compensation paid during the course of the 2021 fiscal year or awarded in respect of this period to Patrick Koller, Chief Executive Officer.

It is also acknowledged that the payment of Patrick Koller's annual variable compensation for the 2020 fiscal year, which amounted to €270,000 was, in accordance with the law, subject to a favorable vote at the General Meeting of May 31, 2021 on the components of compensation paid or awarded in respect of the 2020 fiscal year (12th resolution). Since the vote in favor of this resolution was 91.47%, the payment of Patrick Koller's annual variable compensation for the 2020 fiscal year was made after this General Meeting.

3.3.1.2.2.3. Performance shares

Introductory information: Plan delivered in 2021/Plan whose performance was assessed in 2021/Plan whose performance conditions are set with reference to the 2021 fiscal year.

Plan No. 9 granted in 2017 - Delivery of performance shares in 2021

The Board of Directors, at a meeting held on July 20, 2017, on recommendation from the Management Committee (previous name of the Committee in charge of compensation), resolved to grant a maximum of 816,300 performance shares, including 39,400 to Patrick Koller. In addition to a condition of presence, this grant is subject to (i) an external condition of net earnings per share assessed between the 2016 fiscal year and the 2019 fiscal year, weighting 40%, and (ii) an internal condition related to the Group net income (after tax) as of December 31, 2019, weighting 60%.

The final vesting conditions for these shares, as exposed in the summary table below, are set out in Chapter 5 "Capital and shareholding", Section 5.2.2 "Potential capital stock" of the 2021 Universal Registration Document. In accordance with the terms of Plan No. 9, 418,876 shares were delivered to the beneficiaries concerned, including 26,974 shares to the Chief Executive Officer (out of a maximum number of 39,400).

Plan No. 10 awarded in 2018 - Assessment of performance at December 31, 2020 in 2021

The Board of Directors, at a meeting held on July 19, 2018, on recommendation from the Management Committee (previous name of the Committee in charge of compensation), resolved to grant a maximum of 543,760 performance shares, including 27,000 to Patrick Koller. In addition to a condition of presence, this grant is subject to (i) an external condition of net earnings per share assessed between the 2017 fiscal year and the 2020 fiscal year, weighting 40%, and (ii) an internal condition related to the Group net income (after tax) as of December 31, 2020, weighting 60%.

The final vesting conditions for these shares, as exposed in the summary table below, are set out in Chapter 5 "Capital and shareholding", Section 5.2.2 "Potential capital stock" of the 2021 Universal Registration Document. These reveal the non-achievement of the quantitative targets of the internal and external conditions assessed on December 31, 2020. As a result, no performance shares will be delivered under plan No. 10.

Plan No. 11 awarded in 2019 - Assessment of performance at December 31, 2021 in 2022

The Board of Directors, at a meeting held on October 9, 2019, on a recommendation from the Compensation Committee, resolved to grant a maximum of 1,147,260 performance shares, including 56,220 to Patrick Koller. In addition to a condition of presence, this grant is subject to (i) an external condition of net earnings per share assessed between the 2018 fiscal year and the 2021 fiscal year, weighting 30%, (ii) an internal condition related to the Group net income (after tax) as of December 31, 2021, weighting 60% and (iii) a CSR internal condition related to gender diversity within the "managers and professionals" category (Group's executives), weighting 10%.

At its meeting of February 18, 2022, the Board of Directors noted, on the recommendation of the Compensation Committee (i) the non-achievement of the quantified objectives of the internal condition related to the Group's net income (after tax) assessed at December 31, 2021 (weighting of 60%) and (ii) the achievement of 115% of the internal CSR condition linked to gender balance within the "managers and professionals" category at December 31, 2021.

The completion of the external condition related to the net earnings per share of Plan No. 11 will be assessed by the Board of Directors at its meeting reviewing the sales revenue of the first quarter of 2022.

The final vesting conditions for these shares exposed above, and as exposed in the summary table below, are set out in Chapter 5 "Capital and shareholding", Section 5.2.2 "Potential capital stock" of the 2021 Universal Registration Document.

The table below summarizes, for the three plans described above, the maximum number of shares to be allocated to the Chief Executive Officer, the rate of achievement of the performance conditions, the rate of allocation (vesting) and the number of shares delivered (or to be delivered) to the Chief Executive Officer:

	Plan No 9	Plan No 10	Plan No 11
Maximum number of shares initially allocated	39,400	27,000	56,220
Rate of achievement of the performance conditions	Internal condition of net income : 62% External condition : 130%	Internal condition of net income : 0% External condition : 0%	Internal condition of net income : 0 % Internal condition of diversity: 115 % External condition : assessed by the Board of Directors at its Q1 2022 sales meeting
Rate of allocation (vesting)	89%	0%	
Number of shares delivered (or to be delivered) to the Chief Executive Officer	26,974	0	-

Plans awarded in 2021

Plan No. 13 awarded in 2021

At a meeting held on October 25, 2021, the Board of Directors, on a recommendation from the Compensation Committee, resolved, on the basis of the 22nd resolution of the General Meeting of May 31, 2021, to grant a maximum of 96,150 performance shares (i.e. 0.07% of the capital stock as at December 31, 2021) to Patrick Koller.

Valuation of the grant, according to the standards used for the consolidated financial statements, amounts to €2,417,752, i.e. 242% of the reference fixed compensation.

The internal and external conditions of plan No. 13 and the targets are presented in the table below:

Relative weight of each performance criterion	Minimum (1)	Target objective (1)	Maximum (1)	Assessment
Internal condition: Group net income after tax (excluding exceptional tax credits) for the period ended on December 31, 2023, before taking into account capital gains on asset disposals and changes in scope, such as decided by the Board of Directors ("**Net income 2023**"), assessed against the same income anticipated for the same period by the Group's strategic plan ("**SP Net Income**"). Weighting: 60%	Net Income 2023 = 90% of the SP Net Income target	Net Income 2023 = SP Net Income target	Net income for 2023 ≥ 110% of the SP Net Income target	For all conditions: ■ between the thresholds, linear progression ■ assessment of performance at the beginning of the 2024 period
Internal condition: Gender balance (% of women) in the Group's "managers and professionals" category at December 31, 2023 compared to the targets set by the Board of Directors. Weighting: 10%	-1 point	100% of the target	≥ +2 points	
External condition: Level of growth in Faurecia's net earnings per share between the 2020 and 2023 period ("**Faurecia EPS**"), assessed against the weighted growth of a reference group comprised of 12 comparable international automotive suppliers (2) ("**Benchmark EPS**"). Weighting: 30%	Hypothesis 1: Benchmark EPS ≤ -20% (therefore negative) Faurecia EPS = 125% Benchmark EPS Hypothesis 2: -20% < Benchmark EPS < +20% Faurecia EPS = Benchmark EPS -5% Hypothesis 3: Benchmark EPS ≥ +20% Faurecia EPS = 75% Benchmark EPS	Hypothesis 1: Benchmark EPS ≤ -20% (therefore negative)/ Hypothesis 2: -20% < Benchmark EPS < +20%/ Hypothesis 3: Reference EPS ≥ +20% Faurecia EPS = Reference EPS	Hypothesis 1: Benchmark EPS ≤ -20% (therefore negative) Faurecia EPS ≥ 75% Benchmark EPS Hypothesis 2: -20% < Benchmark EPS < +20% Faurecia EPS ≥ Benchmark EPS +5% Hypothesis 3: Benchmark EPS ≥ +20% Faurecia EPS ≥ 125% Benchmark EPS	

(1) The numerical targets of the internal conditions (and more specifically those of the internal condition linked to net income) are not made public for confidentiality reasons.

(2) The reference group consists of the following European and North American automotive suppliers: Adient, Aptiv (formerly Delphi), Autoliv, Autoneum, Borg Warner, Continental, Lear, Magna, Plastic Omnium and Schaeffler, Tenneco, Valeo.

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.

In accordance with the AFEP-MEDEF Code, Patrick Koller has made a formal commitment not to use any risk hedging transactions on the performance shares granted to him.

One-off plan - Executive Super Performance Initiative (ESPI) awarded in 2021

At a meeting held on July 23, 2021, the Board of Directors, on a recommendation from the Compensation Committee, resolved, on the basis of the 23rd resolution of the General Meeting of June 26, 2020, to grant a maximum of 71,941 performance shares to Patrick Koller, i.e. 0.05% of the capital stock as at December 31, 2021. This allocation, which forms part of initiatives to strengthen the retention of the Executive Committee at a time when the stability of this team is crucial, was carried out in accordance with the terms of application of the ESPI performance conditions described in the report of the Board of Directors to the General Meeting, as adjusted following discussions with shareholders and proxies advisors prior to the 2021 General Meeting.

The valuation of the allocation according to the method used for the consolidated financial statements is €1,023,720, in accordance with the ceiling set for the Chief Executive Officer (300% of the reference fixed compensation, capped at €2 million).

The terms of the ESPI are presented in the table below:

Relative weight of each performance criterion	Min.	Target	Assessment
Annual Relative TSR [1] Weighting: 50% [3]	≥ 50th percentile: allocation of 50% of the tranche for year N	≥ 75th percentile: allocation of 100% of the tranche for year N	Between the minimum and the target, linear progression Appraisal of annual performance, for five years
Relative average five-year TSR Weighting: 50%	≥ 50th percentile: allocation of 50% of the tranche	≥ 75th percentile: allocation of 100% of the tranche	Between the minimum and the target, linear progression Performance assessment at the end of the five-year vesting period and taking into account all of the Relative Annual TSRs for the period.

(1) The value used to calculate the TSR is the average share price over the year (12 months) preceding the valuation.

(2) The reference group was composed of the following European and North American automotive suppliers: Adient, Aptiv (formerly Delphi), Autoliv, Autoneum, Borg Warner, Continental, Lear, Magna, Plastic Omnium, HELLA, Tenneco, Valeo. This group has been adjusted to take into account the acquisition of control over HELLA. As for plan No. 13, HELLA has been replaced by Schaeffler following a decision made by the Board of Directors during its February 18, 2022 meeting.

(3) For members of the Executive Committee, 100% of the allocation is subject to the Annual Relative TSR.

The vesting period is five years, with no lock-up period. The beneficiaries will be required to be present for the full vesting period, except in usual derogation cases (death, invalidity), it being noted that retirement can only be recognized as a derogation at the discretion of the Board of Directors after three years of vesting at least. In this case, the rights will be prorated.

The Chief Executive Officer must retain, in registered form and until the end of his duties, 30% of the shares definitively vested under this allocation, it being specified that this obligation of percentage threshold per plan will cease to apply when the Chief Executive Officer will hold a number of shares corresponding to three years of gross base compensation, taking into account all plans already vested [1].

In accordance with the AFEP-MEDEF Code, Patrick Koller has made a formal commitment not to use any risk hedging transactions on the performance shares granted to him.

The final vesting conditions for these shares are set out in Chapter 5 “Capital and shareholding”, Section 5.2.2 “Potential capital stock” of the 2021 Universal Registration Document.

(1) There is a similar requirement for members of the Executive Committee (besides the Chief Executive Officer), it being specified that the holding percentage is fixed at 20% of the vested shares and that this requirement ceases to apply when the number of shares held corresponds to one year's gross base compensation.

3.3.1.2.2.4. Pension schemes

The Chief Executive Officer benefits from the same pension scheme as the one provided for the other members of the Group's Executive Committee with a French contract. This plan includes a supplementary defined contributions pension scheme and a supplementary defined benefits pension scheme. This supplementary defined benefits pension scheme is subject to performance conditions.

The main features of these schemes for the Chief Executive Officer are described in the summary table below, being reminded that following the freezing of past potential rights under defined benefits pension schemes governed by Article L. 137-11 of the French Social Security Code, complying with Law No. 2019-486 of May 22, 2019 and Order No. 2019-687 of July 3, 2019 transposing the directive on pension rights' portability, Faurecia implemented two vested rights supplementary pension schemes for rights relating to periods of employment after January 1st, 2020 that complies with the new legal requirements set out in Article L. 137-11-2 of the French Social Security Code.

	Defined contribution pension scheme	**Defined benefit plan (frozen – all tranche C executives)**	**Specific supplementary pension scheme (frozen – members of the Executive Committee France)**	**Specific supplementary Defined benefit plan of vesting rights subject to performance conditions (members of the Executive Committee France)**	**Defined benefit plan of vesting rights and under performance conditions (all tranche C executives)**
Applicable law	Article 83 of the French General Tax Code	Articles 39 of the French General Tax Code and L. 137-11 of the French Social Security Code	Articles 39 of the French General Tax Code and L. 137-11 of the French Social Security Code	Article L. 137-11-2 of the French Social Security Code	L. 137-11-2 of the French Social Security Code
Authorization of the benefits	BoD of July 25, 2016 GM of May 30, 2017	BoD of July 25, 2016 GM of May 30, 2017	BoD of July 25, 2016 GM of May 30, 2017	BoD of April 17, 2020 General Meeting of June 26, 2020 (as part of the ex-ante vote on the compensation policy for the Chief Executive Officer) - In the process of being implemented with retroactive effect as of January 1, 2020.	BoD of February 19, 2021 GM of May 31, 2021
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 as a corporate officer and a five years' seniority in the Group at the time of retirement ■ Ending a career within the Group	■ Having an employment contract (active or suspended) or a position as a corporate officer in France ■ Three-year's seniority within Faurecia's Executive Committee as from January 1, 2015 ■ Ending a career within the Group	■ Being a member of Faurecia's Executive Committee ■ Having an employment contract (active or suspended) or a position as a corporate officer in France ■ Three years seniority within Faurecia's Executive Committee	■ Have an employment contract (in progress or suspended) or a corporate mandate ■ Have a gross annual remuneration of more than 4 times the PASS. ■ Minimum contribution period of two years for the definitive acquisition of rights
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 2021: €7,815.84)	Average over the three years preceding the liquidation of the rights of compensation in tranche C, which, in 2021, corresponds to €164,544	Average over the three years preceding the liquidation of the rights of the total compensation (basic and variable) excluding exceptional items	Gross salary within the meaning of Article L. 242-1 of the French Social Security Code (basic and variable, excluding exceptional items) received during the year of Executive Committee membership	Portion of gross annual compensation (gross annual base compensation, gross annual variable compensation, benefits in kind and hardship allowance paid to the beneficiary during the year in question) between 4 and 8 times the PASS
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 (1)	Depending on Faurecia's performance, from 1% to 3% of total compensation (base + variable), excluding special compensation (2)	From 0% to 3% of the annual reference compensation depending on the achievement of performance conditions (3)	For beneficiaries whose compensation exceeds 8 times the PASS and for corporate officers, the vesting percentage is between 0% and 0.50% depending on the achievement of performance conditions[6] . This percentage may be as high as 0.75% for beneficiaries of this plan who are also potential beneficiaries of the former "Article 39" plan and whose rights have been frozen (7)

	Defined contribution pension scheme	Defined benefit plan (frozen – all tranche C executives)	Specific supplementary pension scheme (frozen – members of the Executive Committee France)	Specific supplementary Defined benefit plan of vesting rights subject to performance conditions (members of the Executive Committee France)	Defined benefit plan of vesting rights and under performance conditions (all tranche C executives)
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%	■ Yearly ceiling rights : 3% ■ Vesting rights ceiling : 30 points ■ The amount of retirement pensions paid by the Group is capped at eight annual social security ceilings ■ The sum of the rights vested under the supplementary plans provided by the Group must be less than 25% of the average annual reference compensation received over the last three calendar years ■ The annual amount of retirement pensions paid under the Group's mandatory plans and specific plans must be less than 45% of the average annual gross reference compensation received during the three calendar years preceding the date of termination of employment or the departure from the Executive Committee	■ Yearly ceiling rights : 3% ■ Vesting rights ceiling : 30 points ■ Ceiling of 70% of the average annual gross remuneration received during the three calendar years preceding retirement for beneficiaries of the Article L. 137-11 regime of the Social Security Code
Funding of rights	Outsourced	Outsourced	Outsourced	Outsourced	Outsourced
Estimated amount of the pension for the Chief Executive Officer at the end of the period	€4,008 per year	€22,750 per year [(4)]	€194,915 per year [(5)]	€0	€0
Associated tax and payroll expenses	Not applicable	Tax on annuity	Tax on contribution	Contribution of 29.7%	Contribution of 29.7%

(1) For the Chief Executive Officer, if the annual variable compensation targets are achieved: (i) up to 80% or more, a 1% increase in potential rights (limited to tranche C of the compensation) will be vested for the period in question and (ii) less than 80%, the increase in rights will be reduced in proportion to the achievement of the objectives (e.g. a target achieved at 30% will result in an increase of 0.30% of potential rights).

*(2) For the Chief Executive Officer and members of the Executive Committee (France), the level of annual pension is 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 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 lower than 95% of the budgeted operating income.*

*(3) For the Chief Executive Officer and the members of the Executive Committee (France), the level of annual pension is calculated according to the following formula: ∑ Xi * R where R = annual reference compensation and Xi = annual entitlement granted on the basis of an annual annuity for each year of service in the plan, i being equal to the sum of the rights granted on the basis of the following criteria:*

Based on Faurecia's operating income:

- *2.7% if the operating income is 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 lower than 75% of the budgeted operating income.*

Based on the level of achievement of annual variable compensation (FVC) targets:

- *0.3% if the level of targets achievement is higher than 100%,*
- *0.2% if the level of targets achievement amounts to between 95% and 100%,*
- *0.1% if the level of targets achievement amounts to between 75% and 95%,*
- *0% if the level of targets achievement is lower than 75%.*

Defined contribution pension scheme	Defined benefit plan (frozen – all tranche C executives)	Specific supplementary pension scheme (frozen – members of the Executive Committee France)	Specific supplementary Defined benefit plan of vesting rights subject to performance conditions (members of the Executive Committee France)	Defined benefit plan of vesting rights and under performance conditions (all tranche C executives)

If the level of achievement of one of the conditions is lower than 75%, no right can be granted for the given year. As a result of the impact of the Covid-19 health crisis, none of the conditions were met. As a consequence, no additional rights were vested in respect of the period ended December 31, 2020.

(4) Seniority starting from December 18, 2006.

(5) Seniority starting from January 1, 2015.

(6) Based on the level of achievement of annual variable compensation (FVC) targets:
- *0.50% if the level of targets achievement is strictly higher than 100%,*
- *0.30% if the level of targets achievement amounts to between 95% (strictly higher than 95%) and 100%,*
- *0.10% if the level of targets achievement amounts to between 75% and 95%,*
- *0% if the level of targets achievement is lower than 75%.*

(7) Based on the level of achievement of annual variable compensation (FVC) targets:
- *0.75% if the level of targets achievement is strictly higher than 100%,*
- *0.55% if the level of targets achievement amounts to between 95% (strictly higher than 95%) and 100%,*
- *0.35 % if the level of targets achievement amounts to between 75% and 95%,*
- *0% if the level of targets achievement is lower than 75%.*

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

Patrick Koller benefits from a severance payment of up to 24 months of compensation which was authorized by the Board of Directors on July 25, 2016 pursuant to the procedure of Article L. 225-42-1 of the French Commercial Code (now repealed) and approved by the General Meeting of May 30, 2017 in respect of its fifth resolution. It should be noted that this was adjusted during the review of the Chief Executive Officer's package by the Board of Directors on February 14, 2020 solely in order to align the calculation methods for the reference compensation with those of the non-competition clause, and approved in accordance with the law by the General Meeting of June 26, 2020 as part of the vote on the compensation policy for the Chief Executive Officer for 2020 (16th resolution). The conditions of this compensation have remained unchanged since that date.

The terms and conditions of the severance payment granted to the Chief Executive Officer are described in the compensation policy for the Chief Executive Officer for 2021 and 2022, which appear respectively in Sections 3.3.4.1.3 "Compensation policy for the Chief Executive Officer" of the 2020 Universal Registration Document and this Universal Registration Document.

This payment was not triggered during the 2021 fiscal year.

3.3.1.2.2.6. Non-competition indemnity

Since the decision of the Board of Directors of February 14, 2020, Patrick Koller is subject to a non-compete commitment for a period of 12 months applicable in the event of his resignation, it being specified that the compensation due in return for this commitment became effective following the approval, in accordance with the law, by the General Meeting of the Board of Directors of June 26, 2020 of the 2020 compensation policy for the Chief Executive Officer in respect of the 16th resolution. The conditions of this non-competition commitment remained unchanged in 2021.

The terms of the non-compete commitment, and the related compensation, from which the Chief Executive Officer is entitled, are described in the compensation policy for the Chief Executive Officer for 2021 and 2022 which appear respectively in Sections 3.3.4.1.3 "Compensation policy for the Chief Executive Officer" of the 2020 Universal Registration Document and this Universal Registration Document.

This payment was not triggered during the 2021 period.

3.3.1.2.2.7. Notice and non-solicitation

Patrick Koller is subject to six months' notice in the event of his resignation and has a non-solicitation commitment of 12 months. These provisions were decided by the Board of Directors on February 14, 2020 and became effective following the approval, by the General Meeting of June 26, 2020, of the 2020 compensation policy for the Chief Executive Officer in respect of the 16th resolution. The terms of the notice period and the non-solicitation commitment remained unchanged in 2021.

The terms of the notice period and the non-solicitation commitment are described in the compensation policy for the Chief Executive Officer for 2021 and for 2022 which appear respectively in Sections 3.3.4.1.3 "Compensation policy for the Chief Executive Officer" of the 2020 Universal Registration Document and this Universal Registration Document.

These measures were not implemented during fiscal year 2021.

3.3.1.2.2.8. Benefits in kind and social protection

Patrick Koller has been provided with a company car. The total amount of benefits in kind is €15,637.

It is also specified that the Company paid, in respect of the supplementary medical/life/disability insurance plan, €6,964.

3.3.1.2.2.9. Other components of compensation

With the exception of the items described above, Patrick Koller did not receive any other compensation or benefits (including for his duties as a Company Board member).

It is hereby stipulated, as required, that he received no compensation from any company within the consolidation scope as per Article L. 233-16 of the French Commercial Code.

3.3.1.2.2.10. Taking into account the vote of the last General Meeting

Faurecia has an active engagement policy with its investors and proxy advisory firms during the financial roadshows to discuss governance as well as developments in governance and compensation-related best practices. A number of meetings were held during the first quarter of 2021, and up to the General Meeting, on compensation topics (see Section 3.1.2.4 "Governance structure and shareholder dialog" of this Universal Registration Document). During these discussions, special attention was paid by some of these interlocutors to one-off compensation intended to ensure the loyalty of the Executive Committee (including the Chief Executive Officer) in the context of the distribution of the Company's shares held by Stellantis (i.e. Executive Super Performance Initiative – ESPI).

The Board of Directors took into account their remarks (regarding notably the assessment of the performance criterion over the vesting period) and, consequently, made some adjustments to the CEO's plan (see Section 3.3.1.2.2.3 "Performance shares", paragraph "Plans granted in 2021").

It is also specified that the ESPI scheme, designed as a one-off grant, will not be renewed in 2022 in accordance with the terms of the 2021 compensation policy.

The General Meeting of May 31, 2021, in its resolution tenth, approved at 97.6 % the information as provided for in Article L. 22-10-9 of the French Commercial Code relating to the compensation elements paid or allocated to the corporate officers in respect of the fiscal year ended December 31, 2020.

3.3.1.2.2.11. Compliance of compensation paid with the compensation policy

The elements of compensation awarded or paid to the Chief Exective Officer are in accordance with the provisions adopted by the Board of Directors, upon recommendation of the Compensation Committee, consulting the Company's compensation policy as voted by the General Meeting of Shareholders held on May 31, 2021 (15th resolution adopted with 77% of the votes).

The Company has not deviated from the procedure for implementing the compensation policy as approved by the shareholders in the aforementionned General Meeting.

The compensation paid contributes to the long-term performance of the Company insofar as the criteria for variable compensation are consistent with the long-term stategy of the Group.

3.3.1.2.3. COMPENSATION PAID DURING THE 2020 AND 2021 PERIODS OR GRANTED FOR THE SAME PERIODS

The tables below sets out the compensation and benefits paid during fiscal years 2020 and 2021 or awarded in respect of these fiscal years to Patrick Koller, the Chief Executive Officer.

To the extent that all stock subscription options ceased to be in force, tables No. 4, No. 5 and No. 8 on options awarded or exercised during the fiscal year as defined by the AFEP-MEDEF Code and AMF recommendation No. 2021-02 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 in cash.

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. 2021-02) are set out in Chapter 5 "Capital stock and shareholding structure," Section 5.2.2. "Potential capital stock."

SUMMARY OF COMPENSATION AND OPTIONS AND SHARES GRANTED TO PATRICK KOLLER

Table No. 1 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

(in €)	2020 period	2021 period
Compensation granted for the period (see table 2)	1,147,315	1,322,331
Value of stock options granted during the period	-	-
Value of performance shares granted during the period (set out in table 6)	1,619,713	3,441,472
Value of other long-term compensation plans	-	-
TOTAL	**2,767,028**	**4,763,803**

SUMMARY OF PATRICK KOLLER'S COMPENSATION

Table No. 2 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

	2020 period		2021 period	
(gross in €)	Amount granted	Amount paid	Amount granted	Amount paid
Fixed compensation	855,000(1)	855,000(1)	1,000,000	1,000,000
Annual variable compensation	270,000	1,302,480(2)	300,000(3)	270,000(4)
Multi-annual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Compensation as Board member	-	-	-	-
Benefits in kind	22,315(5)	22,315	22,331(5)	22,331
TOTAL	**1,147,315**	**2,179,795**	**1,322,331**	**1,292,331**

(1) This amount takes into account the 20% reduction off the monthly payments for the fixed annual compensation made during the entire second quarter 2020, in accordance with the commitments taken by the Chief Executive Officer in consideration of the Covid-19 health crisis.

(2) Amount paid in 2020 in respect of the 2019 period.

(3) Amount granted in respect of the period 2021, which will be paid subject to a favorable ex post voting by the Chief Executive Officer at the General Meeting of June 8, 2022.

(4) Amount paid in 2020 in respect of the 2019 period further to the approval of the 13th resolution in relation to ex post voting by the Chief Executive Officer at the General Meeting of June 26, 2020.

(5) Provision of a company car. This figure also includes social protection schemes (€6,964 in respect of the 2020 period and €6,964 in respect of the 2021 period).

PERFORMANCE SHARES GRANTED TO PATRICK KOLLER DURING THE FISCAL YEAR

Table No. 6 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

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 €)*	Vesting date	Availability date	Performance conditions (1)
ESPI plan of July 23, 2021	71,941	1,023,720	07/23/2026	07/23/2026	Relative Annual TSR, with a level of achievement recorded each year, over a period of five years, giving rise to a maximum annual partial vesting of 20% of the year in question's tranche. The total amount of the definitive allocation in respect of the Relative Annual TSR will be equal to the sum of the five years of partial vesting of the Relative Annual TSR (weighting of 50%), the level of achievement being calculated at the end of the reference period of five years and taking into account all the Relative Annual TSRs for the period (weighting of 50%)
Plan No. 13 of October 25, 2021	96,150	2,417,752	10/25/2025	10/25/2025	Internal condition, linked to the Group net income after tax (weighting of 60%) Internal condition linked to gender diversity (% of women) within the Group's "Managers and Professionals" category (weighting of 10%) External condition linked to weighted growth in net earnings per Faurecia share (weighting of 30%)
TOTAL	**168,091**	**3,441,472**		-	-

(1) Details on the performance conditions as well as the targets set can be found in Section 3.3.1.2.2.3 "Performance shares."

PERFORMANCE SHARES THAT BECAME AVAILABLE DURING THE FINANCIAL YEAR FOR PATRICK KOLLER

Table No. 7 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

Number and date of plan	Number of shares that became available during the period (1)	Vesting conditions
Plan No. 9 of July 20, 2017	26,974	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	**26,974**	

(1) The initial grant related to a maximum of 39,400 shares. The rate of achievement of the performance conditions is as follows: the internal performance condition relating to the Group's net income (before tax) was met at 62% and the external performance condition was fully achieved with a vesting at 130%, i.e. an overall performance rate of 89%.

The total number of performance shares outstanding as of December 31, 2021 which may vest to Patrick Koller (minus the number of shares already vested) represents a total of 285,451 shares, i.e. 0.2% of Faurecia's capital as of that date.

Table No. 11 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

	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)]	Yes [(3)]

(1) The key aspects of the supplementary pension scheme are described in Section 3.3.1.2.2.4 "Pension schemes" of this Universal Registration Document.

(2) The terms and conditions of the severance payment are described in Section 3.3.4.1.3 "Compensation policy for the Chief Executive Officer" of this Universal Registration Document.

(3) The terms of the non-compete payment are described in Section 3.3.4.1.3 "Compensation policy for the Chief Executive Officer" of this Universal Registration Document.

3.3.1.3. Information on compensation for executive and non-executive corporate officers and evolutions during the last five periods

This paragraph relates specifically to 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. It also deals with the annual evolution of compensation for executive and non-executive corporate officers and Group employees in France, as well as Group performances' evolution. Information is presented, for the 2017-2021 period, in accordance with the AFEP guidelines on compensation multiples updated in February 2021. It is also the case for the table on data.

The Group's governance structure has been composed of a Chairman of the Board of Directors and a Chief Executive Officer.

The corporate office of Chairman of the Board of Directors was held by Yann Delabrière from July 1, 2016 to May 30, 2017, and since then by Michel de Rosen. The corporate office of Chief Executive Officer has been held by Patrick Koller since July 1, 2016.

As for the employees' scope to be taken into account, Faurecia SE, as the holding company of Faurecia group, and having only six employees for a total France headcount of 9,348 employees, as of December 31, 2021 it has been decided to take into consideration a more representative scope for the Group's business in France, and to take into account all French legal entities integrated into the Group from January 1st to December 31 [(1)], according to AFEP-MEDEF Code (§ 26-2) and Afep guidelines on compensation multiples, updated in February 2021.

On average, over the five years studied, the scope represents nearly 95% of French employees. Furthermore, it is specified that the Group's French headcount represents just 10% of the Group's total headcount and includes nearly 65% of non-executive employees.

The compensations taken into account in calculations are those of Faurecia French employees who were present throughout the entire year in question. The compensation for part-time employees has been 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 periods 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 2020 and 2021, part-time allowances were also taken into account. Only additional pension schemes that represent a posterior benefit to the contract and corporate offices were not taken into account.

The evolution of the CEO's compensation in 2021 is linked on the one hand to the 80% decrease in the amount of his variable compensation, on the other hand to the full effect of the measures postponed from 2020 to 2021 due to the health crisis (increase of his fixed compensation as well as of the ceiling of the long-term variable compensation) and finally the benefit of an exceptional non-recurring 5-year performance share plan (ESPI) applicable to all members of the Executive Committee, implemented as part of initiatives to strengthen the loyalty of the Executive Committee at a when the stability of this team is crucial.

In addition, the performance criterion used to assess Group performance is the operating income. This criterion is established on a consolidated basis.

(1) The following companies have been included in the calculation scope as from 2021: Faurecia Clarion Electronics Europe (formerly Parrot), which joined the Group in 2018 (with 357 employees), Clarion Europe, which joined the Group in 2019 (with 56 employees), the three French SAS companies (SAS Automotive France, SAS Logistics France and Cockpit Automotive Systems Rennes), which joined the Group in 2020 (with 225 employees) and ULLIT, which joined the Group in 2020 (with 35 employees). The companies FAI (634 employees), FIM (93 employees) and FISQ (117 employees), which left the Group on 31 October 2021, were not included in the calculation scope in 2021.

(2) It should be noted that the value of the performance shares at grant is not necessarily representative of the value at delivery.

Table of ratios for I. 6° and 7° of Article L. 22-10-9 of the French Commercial Code

(Table in accordance with AFEP guidelines on compensation multiples updated on February 2021)

Compensation paid during the period under review includes variable compensation due for the previous year	**2017 period**	**2018 period**	**2019 period**	**2020 period**	**2021 period**
Evolution (in %) of Chairman of the Board's [2] compensation [1]	-0.7%	-0.1%	0.0%	-4.3%	4.7%
Change (in %) in the compensation of the Chief Executive Officer [3]	7.7%	8.9%	8.6%	4.7%	24.7%
INFORMATION ON THE SCOPE OF THE LISTED COMPANY					
Change (in %) of employees' average compensation	*The scope of the listed company is not relevant since it only comprises six employees. It was deemed more representative to include all of the Group's French legal entities in the enlarged scope, with the exception of companies that joined or left the Group during the five years in question. On average, over the five years studied, the scope represents nearly 95% of French employees.*				
Employee's average compensation ratio					
Change in ratio (in %) versus previous period					
Employees' median compensation ratio					
Change in ratio (in %) versus previous period					
ADDITIONAL INFORMATION ON A BROADER SCOPE (FRENCH LEGAL ENTITIES)					
Change (in %) of employees' average compensation in French legal entities	3.8%	4.4%	3.1%	0.2%	6.1%
Chairman of the Board of Directors					
Employee's average compensation ratio	6.3	6.0	5.8	5.6	5.5
Change in ratio (in %) versus previous period	-4.4%	-4.3%	-3.0%	-4.0%	-1.4%
Employees' median compensation ratio	8.5	8.2	7.9	7.5	7.7
Change in ratio (in %) versus previous period	-4.8%	-3.2%	-4.2%	-4.9%	0.03%
Chief Executive Officer (CEO)					
Employee's average compensation ratio	63.7	66.5	70.0	72.4	85 [4]
Change in ratio (in %) versus previous period	3.7%	4.4%	5.3%	4.5%	17.4% [4]
Employees' median compensation ratio	86.1	90.9	94.6	97.9	120.0 [4]
Change in ratio (in %) versus previous period	6.1%	5.3%	7.3%	4.6%	22.6% [4]
GROUP PERFORMANCES					
Operating income (in millions of euros) [5]					
Change (in %) versus previous fiscal year	19.3%	10%	0.7%	-68.3%	106.2%

(1) Total compensation paid or granted for the period.

(2) Yann DELABRIÈRE from July 1, 2016 to May 30, 2017 then Michel de ROSEN since June 1, 2017.

(3) Patrick KOLLER since July 1, 2016.

(4) Due to the exceptional nature of the single ESPI plan and to facilitate comparison with previous years, it is specified that the ratios and evolutions would have been 67.2 ; -7.2% ; 94.0 ;and -4.0% respectively if the valuation of the ESPI had not been taken into account in the compensation of the Chief Executive Officer.

(5) Operating margin - annual values (2017: €1,157.6 million; 2018: €1,273.9 million; 2019: €1,283.3 million; 2020: €418 million; 2021: €862 million). Despite a decrease in the worldwide automotive production in 2018 and 2019, Faurecia group operating income 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. In 2020, despite a marked improvement in the second half of the year, the Group's operating margin was strongly impacted by the health crisis. In 2021, despite lower than expected global production, the continuing health crisis and difficulties in sourcing electronic components, the Group has outperformed the market thanks to all the action plans put in place.

3.3.1.4. Tables summarizing the elements of compensation paid or awarded for the period just ended to executive and non-executive corporate officers

The tables below present a summary of the compensation and benefits paid during the 2021 period or awarded in respect of this same period to the executive and non-executive corporate officers.

3.3.1.4.1. SUMMARY OF THE COMPONENTS OF THE COMPENSATION PAID TO THE CHAIRMAN OF THE BOARD OF DIRECTORS DURING THE 2021 PERIOD OR GRANTED FOR THE SAME PERIOD

Components of compensation	Amounts granted in respect of the period just ended or accounting valuation	Amounts paid during the period just ended	Presentation
Fixed compensation	€265,200	€265,200	The principles for determining the compensation of Michel de ROSEN as Chairman of the Board of Directors, as well as the methods for implementing it (the "**2021 Compensation**"), are respectively described (i) in the compensation policy for the Chairman of the Board of Directors set out in Sections 3.3.4.1.2 "Compensation policy for the Chairman of the Board of Directors" of the 2020 Universal Registration Document and of this Universal Registration Document (the "**2021 and 2022 Compensation Policies**") and (ii) in Section 3.3.1.1.2.1. "Fixed annual compensation" of this Universal Registration Document. The amount of the 2021 fixed annual compensation was fixed at €300,000 (cap integrating the benefit in kind linked to the provision of a personal assistant).
Annual variable compensation	Not applicable	Not applicable	No annual variable compensation.
Multi-annual variable compensation	Not applicable	Not applicable	No multi-annual variable compensation.
Exceptional compensation	Not applicable	Not applicable	No exceptional compensation.
Stock options, performance shares or any other long-term benefit	Not applicable	Not applicable	No stock subscription or purchase options grant, performance shares, or any other long-term benefits.
Compensation as Board member	Not applicable	Not applicable	No compensation awarded as Board member.
All benefits (including social protection)	€44,870 (including accounting valuation of €40,193)	€44,870 (including accounting valuation of €40,193)	The 2021 Compensation is respectively described in (i) the 2021 and 2022 Compensation Policies and (ii) Section 3.3.1.1.2.2 "Benefits in kind and social protection" of this Universal Registration Document.
Termination payment	Not applicable	Not applicable	No termination payment.
Non-competition indemnity	Not applicable	Not applicable	No non-competition indemnity.
Supplementary pension schemes	Not applicable	Not applicable	No supplementary pension scheme benefit.

3.3.1.4.2. SUMMARY OF THE COMPONENTS OF THE COMPENSATION OF THE CHIEF EXECUTIVE OFFICER PAID DURING THE 2021 PERIOD OR AWARDED FOR THE SAME PERIOD (1)

Components of compensation	Amounts granted in respect of the period just ended or accounting valuation	Amounts paid during the period just ended	Presentation
Fixed compensation	€1,000,000	€1,000,000	The principles for determining the compensation of Patrick KOLLER as Chief Executive Officer, as well as its implementation methods (the "**2021 Compensation**") are respectively described (i) in the compensation policy for the Chief Executive Officer in Sections 3.3.4.1.3 "Compensation policy for the Chief Executive Officer" of the 2020 Universal Registration Document (the **"2021 Compensation Policy"**) and this Universal Registration Document (the "**2021 and 2022 Compensation Policies**") and (ii) in Section 3.3.1.2.2.1. "Fixed annual compensation" of this Universal Registration Document.
Annual variable compensation	€300,000 (amount to be paid in 2021 subject to a favorable vote by the General Meeting)	€270,000 (compensation for the 2020 period, paid in 2021 following a favorable vote (91.47%) by the General Meeting of May 31, 2021 on the components of the compensation paid or awarded for the 2020 period (12th resolution)).	The 2021 Compensation is respectively described in (i) the 2021 Compensation Policies and (ii) Section 3.3.1.2.2.2 "Annual variable compensation" of this Universal Registration Document. At a meeting held on February 18, 2022, 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 the period ended on December 31, 2020 as follows: ■ Quantifiable criteria (operating margin and net cash flow): 0%, which gives the right to €0 (out of a maximum of €1,500,000 corresponding to 150% of the fixed annual compensation); ■ Qualitative criteria (transition towards a change in the Company's shareholder base as part of the PSA/Stellantis distribution and strategy execution): 150%, which gives the right to €300,000 (maximum amount corresponding to 30% of the fixed annual compensation); ■ Total amount: €300,000 (compared to €270,000 for the 2020 period and €1,302,480 for the 2019 period). In accordance with the provisions of Article L. 22-10-34 of the French Commercial Code, the variable compensation for the period ended December 31, 2021 shall be paid only once the shareholders have approved the components of compensation paid during the course of the 2021 period or awarded in respect of the same period to Patrick KOLLER, Chief Executive Officer.
Multi-annual variable compensation	Not applicable	Not applicable	No multi-annual variable compensation
Exceptional compensation	Not applicable	Not applicable	No exceptional compensation

(1) *As the prior notice and the non solicitation covenant do not give rise to specific compensation, they are not mentioned in this table. For information, these mechanisms have not been implemented in 2021.*

<table>
<tr><th>Components of compensation</th><th>Amounts granted in respect of the period just ended or accounting valuation</th><th>Amounts paid during the period just ended</th><th>Presentation</th></tr>
<tr><td>Stock options, performance shares or any other long-term benefit</td><td>Options = not applicable
Performance shares = €3,441,472 (valuation according to the method used for the consolidated financial statements), of which €2,417,752 for the plan No. 13 and €1,023,720 for the one-off ESPI plan</td><td>Options = not applicable
Performance shares = not applicable</td><td>No stock subscription or purchase options grant.
The Compensation for 2021 is respectively described (i) in the 2021 and 2022 Compensation Policies and (ii) in Section 3.3.1.2.2.3 "Performance Shares" of this Universal Registration Document.
Introductory information: Plan delivered in 2021 / Plan for which the performance assessment took place in 2021 / Plan for which the performance conditions are set by reference to the 2021 fiscal year:
■ <u>Plan No. 9 awarded in 2017 - delivery of shares</u>: 26,974 shares became available (out of a maximum number of 39,400 shares) and were delivered during the year.
■ <u>Plan No. 10 awarded in 2018 (assessment of the performance conditions at December 31, 2020)</u>: No share will be delivered under this plan. Internal and external performance conditions, assessed at December 31, 2020, were not met.
■ <u>Plan No. 11 awarded in 2019 (assessment of performance conditions at December 31, 2021)</u>:
■ the internal condition linked to the Group's net income (after tax) (weighting of 60%) was not achieved due in particular to the impact of the semiconductor crisis;
■ the internal condition related to gender balance within the category of "managers and professionals" was met up the Group's managers and to 115% (weighting of 10%);
■ the external condition linked to the earnings per share (weighting 30%) will be analyzed by the Board of Directors at its first quarter 2022 sales meeting.
Plans awarded in 2021
■ <u>Plan No. 13:</u> the Board meeting held on October 25, 2021, on the basis of the authorization from the General Meeting of May 31, 2021 (22nd resolution), resolved to grant 96,150 shares to Patrick KOLLER subject to performance conditions (it being stipulated that, in the event of the achievement of the targets set, the number of shares to be delivered will be 73,960). These 96,150 shares correspond to 0.07% of the Company's capital stock as of December 31, 2021.
■ <u>One-off ESPI plan:</u> allocation by the Board of Directors on July 23, 2021, based on the authorization of the General Meeting of June 26, 2020 (23rd resolution), of 71,941 shares to Patrick KOLLER subject to specific performance conditions linked to the Total Shareholder Return. These 71,941 shares correspond to 0.05% of the Company's capital stock as of December 31, 2021.</td></tr>
<tr><td></td><td>Other long-term benefits = not applicable</td><td>Other long-term benefits = not applicable</td><td>No other long-term benefits grant</td></tr>
<tr><td>Compensation as Board member</td><td>Not applicable</td><td>Not applicable</td><td>No compensation awarded as Board member</td></tr>
<tr><td>All benefits (including social protection)</td><td>€22,331
(including accounting valuation of €15,367)</td><td>€22,331
(including accounting valuation of €15,367)</td><td>The 2021 Compensation is described (i) in the 2021 and 2022 Compensation Policies and (ii) in Section 3.3.1.2.2.8 "Benefits in kind and social protection" of this Universal Registration Document.</td></tr>
</table>

Components of compensation	Amounts granted in respect of the period just ended or accounting valuation	Amounts paid during the period just ended	Presentation
Termination payment	Not applicable	No payments during the period	The 2021 Compensation is described (i) in the 2021 and 2022 Compensation Policies and (ii) in Section 3.3.1.2.2.5 "Termination payment" of this Universal Registration Document. Patrick KOLLER benefits from a termination payment since July 25, 2016. 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. 225-42-1 of the French Commercial Code (now repealed), was approved by the General Meeting of May 30, 2017 (fifth resolution). It was then adjusted by the Board of Directors on February 14, 2020 solely in order to align the calculation methods for the reference compensation with that of the non-compete clause, and approved in accordance with the law by the General Meeting of June 26, 2020 in the context of the 2020 vote on the compensation policy for the Chief Executive Officer (16th resolution). It has not been modified since that date.
Non-competition indemnity	Not applicable	No payments during the period	The 2021 Compensation is respectively described (i) in the 2021 and 2022 Compensation Policies and (ii) in Section 3.3.1.2.2.6 "Non-competition indemnity" of this Universal Registration Document. Patrick KOLLER has been bound by a non-compete covenant since February 14, 2020 and benefits from a related indemnity since June 26, 2020. The decision was taken by the Board of Directors on February 14, 2020 and approved in accordance with the law by the General Meeting of June 26, 2020 as part of the 2020 vote on the Chief Executive Officer's compensation policy (16th resolution). The terms of this commitment remained unchanged in 2021.
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) Frozen supplementary pension schemes: Defined benefits pension scheme and specific pension scheme (Article 39 of the French General Tax Code).	Not applicable	No payments during the period	The 2021 Compensation is respectively described (i) in the 2021 and 2022 Compensation Policies and (ii) in Section 3.3.1.2.2.4 "Pension schemes" of this Universal Registration Document. ■ Defined contribution plan: the amount of the pension is €4,008. ■ Frozen defined benefits pension scheme: in accordance with the provisions of the order of July 3, 2019, the potential rights acquired by Patrick KOLLER under the defined benefits pension scheme (Tranche C) which he had continued to benefit from after his appointment as Chief Executive Officer on July 1, 2016 were frozen (as a percentage) in the existing plan at December 31, 2019. The amount of the pension at December 31, 2021 was €22,750. The same applies to the additional defined benefits pension scheme (PAPP). The amount of the pension under this additional plan was, at December 31, 2021, €194,915. These plans were authorized by a decision of the Board of Directors of July 25, 2016, and approved by the General Meeting of May 30, 2017 (fifth ordinary resolution). ■ New defined benefit plans: the Chief Executive Officer benefits from a defined-benefit pension plan (Tranche C2) and an additional defined-benefit pension plan (PAPP2). The vesting of rights under these two plans is subject to the achievement of two performance conditions. However, in view of the semiconductor crisis, the performance criteria targets were not met and, as a result, no rights will vest for the year ended December 31, 2021. Therefore, the annuity to be awarded in respect of this pension scheme is nil.

3.3.2. Board members' compensation for the 2020 and 2021 fiscal years

The principles for determining the compensation of Board members are described in the compensation policy for Board members in Sections 3.3.4.1.1 "Compensation policy for Board members" of the 2020 Universal Registration Document and this Universal Registration Document.

It is recalled, in summary, that the Board members receive as compensation for their activity a sum composed of:

- a fixed part;
- a predominantly variable part linked to the effective attendance;
- for Board members not residing in France, one additional allowance to take into account geographical remoteness for any physical participation in a Board meeting.

In addition, the Chairman of the Board of Directors and the Chief Executive Officer of Faurecia do not receive compensation for their office as Board members.

In terms of ceiling and quantified distribution rules, the General Meeting of June 26, 2020 (10th resolution) set the maximum amount of compensation that may be paid to the Board members at €900,000 and the Board of Directors decided, at its meeting of February 19, 2021, to maintain the compensation scale applicable since April 13, 2016, then adjusted thereafter, the last time at the meeting of February 15, 2018. This scale is 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) Prorated portion for members of the Board (or a committee) who joined or left the Board (or a committee) 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.

In accordance with the rules described above, the table shows the gross amounts paid during/awarded in respect of fiscal periods 2020 and 2021 to the Board members (non-executive corporate officers).

The elements of compensation of the Board members are in accordance with the provisions adopted by the Board of Directors upon the recommendation of the Compensation Committee, constituting the compensation policy for the Company's corporate officers as voted by the Shareholders' Meeting held on May 31, 2021 (13th resolution adopted by 99.95 % of the votes).

Table No. 3 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

Board members (non-executive corporate officers) *(gross amounts in €)*	2020 period [1]		2021 period [1]	
	Amount granted	**Amount paid [2]**	**Amount granted**	**Amount paid [3]**
Daniel BERNARDINO	83,000	73,500	79,500	83,000
% fixed part	*39%*	-	*28%*	-
% variable part	*61%*	-	*72%*	-
Odile DESFORGES	90,000	62,000	112,000	90,000
% fixed part	*41%*	-	*33%*	-
% variable part	*59%*	-	*67%*	-
Linda HASENFRATZ	77,000	77,500	56,962	77,000
% fixed part	*35%*	-	*36%*	-
% variable part	*65%*	-	*64%*	-
Penelope HERSCHER	82,500	73,500	79,500	82,500
% fixed part	*39%*	-	*28%*	-
% variable part	*61%*	-	*72%*	-
Valérie LANDON	82,000	71,000	76,000	82,000
% fixed part	*39%*	-	*29%*	-
% variable part	*61%*	-	*71%*	-
Olivia LARMARAUD	-	-	-	-
% fixed part	-	-	-	-
% variable part	-	-	-	-
Jean-Bernard LÉVY	-	-	86,500	-
% fixed part	-	-	*34%*	-
% variable part	-	-	*66%*	-
Yan MEI	42,000	35,575	48,000	42,000
% fixed part	*29%*	-	*25%*	-
% variable part	*71%*	-	*75%*	-
Denis MERCIER	61,500	37,075	77,500	61,500
% fixed part	*36%*	-	*31%*	-
% variable part	*64%*	-	*69%*	-
Peter MERTENS	62,000	16,930	73,500	62,000
% fixed part	*35%*	-	*30%*	-
% variable part	*65%*	-	*70%*	-
Grégoire OLIVIER	-	-	-	-
% fixed part	-	-	-	-
% variable part	-	-	-	-
Robert PEUGEOT/PEUGEOT 1810 [4]	59,000	47,500	99,167	59,000
% fixed part	*37%*	-	*33%*	-
% variable part	*63%*	-	*67%*	-
Emmanuel PIOCHE	64,000	53,000	76,000	64,000
% fixed part	*34%*	-	*29%*	-
% variable part	*66%*	-	*71%*	-
Philippe de ROVIRA	-	-	-	-
% fixed part	-	-	-	-
% variable part	-	-	-	-
TOTAL	**703,000**	**614,870**	**864,628**	**703,000**
% fixed part	***37%***	**-**	***31%***	**-**
% variable part	***63%***	**-**	***69%***	**-**

(1) The amount of variable part includes, for Board members not residing in France, the additional allowance intended to take into account geographic distance for any physical attendance at a meeting of the Board of Directors.
(2) Amount paid for the 2019 period.
(3) Amount paid for the 2020 period.
(4) Robert PEUGEOT was an individual Board member until May 31, 2021, then became, from that date, permanent representative of PEUGEOT 1810, Board member. On demand of PEUGEOT 1810, the compensation for the functions of Board member due to PEUGEOT 1810 was paid to Robert PEUGEOT.

The evolution of the compensation of Board members for 2021 results mainly from the increased number of meetings of the Board and its committees (notably the Ad Hoc Committee) organized in 2021 notably in light of the HELLA acquisition and the difficult economic environment (semi-conductor crisis).

The relative proportion between the fixed and variable portion of compensation allocated to corporate officers in respect of the 2021 period is as follows: 31% for the fixed portion and 69% for the variable portion.

Board members (non-executive corporate officers) received no other compensation from the Company or any company within the consolidation scope as per Article L. 233-16 of the French Commercial Code.

Finally, it is stipulated that as the Board of Directors is composed in accordance with the provisions of the first paragraph of Article L. 225-18-1 of the French Commercial Code, the payment of the compensation allocated to the Board members has not been suspended.

3.3.3. Compensation of the Group's operational management for the 2021 fiscal year

3.3.3.1. Executive Committee

The total amount of compensation paid during the 2021 fiscal year to the Executive Committee members in office as of December 31, 2021 (including the Chief Executive Officer), amounts to €11,782,727.

The compensation of the Executive Committee members, excluding the Chief Executive Officer, includes a variable bonus. Performing on target can result in a bonus worth 63% of the base salary. Should targets be exceeded, this percentage can rise to 119.7% of the base salary.

Since 2020, an additive formula has replaced the multiplication formula previously applied to members of the Executive Committee. From now on, at target level, the variable system is composed of a part based on financial performance criteria, accounting for 80%, and a part based on individual performance criteria, accounting for 20%. The financial performance criteria (80%) relate to the operating income and cash flow assessed (i) at direct scope of responsibility for 80%, and (ii) at Group level for 20%. For the functional departments, these criteria are assessed in full at Group level.

If the employment contract of an Executive Committee member (excluding the Chief Executive Officer) is terminated by the employer, he or she may receive contractual termination payment of up to 12 months' compensation, in addition to legal and collective bargaining agreement indemnities, depending on the position held. 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 granted by the Board of Directors. As of December 31, 2021, plans No. 11, No. 12 and No. 13 are being vested. They were granted by decision of the Board of Directors of October 9, 2019, October 22, 2020 and October 25, 2021. 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 (the provisions applicable to the Chief Executive Officer are described in Section 3.3.1.2.2.3 "Performance shares" of this Registration Document).

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.

The financial performance criteria (80%) relate to the operating income and cash flow margin (i) at direct scope of responsibility for 80% and (ii) at scope of responsibility immediately above for 20%. For the functional departments, these criteria are assessed in full at Group level.

Since 2020, an additive formula has replaced the multiplication formula previously applied to members reporting directly to a member of the Executive Committee. From now on, at target level, the variable system is composed of a part based on financial performance criteria, accounting for 80%, and a part based on individual performance criteria, accounting for 20%.

Members of the Group Leadership Committee 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 3.3.3.1 "Executive Committee" above).[1]

(1) Some of them also benefit from plans Nos. 10b and 11b.

3.3.4. Compensation policy for corporate officers and implementation for 2022

3.3.4.1. Compensation policy for corporate officers

The compensation policy described below is established in accordance with the provisions of Article L. 22-10-8 of the French Commercial Code.

The compensation policy for corporate officers is set by the Board of Directors upon 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 terms. 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 which achievement benefits to all stakeholders. These elements should allow the Company to attract, retain and keep 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. At the date of this Universal Registration Document, the Compensation Committee is composed entirely of independent Board members (excluding the Board member representing employees). 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 that the conflict of interest management rules provided by applicable laws in force and those provided by the internal rules of the Board of Directors are respected.

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 that of the Executive Committee members and of the Group Leadership Committee members. The objectives set allow to support changes in the compensation component (diversity, etc.).

Finally, the Board of Directors pays close attention to the transparency of information relating to the structure and description of the rules provided 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.

Board members representing employees are appointed, in accordance with the terms and conditions provided for in the bylaws, for a period of four years or, in the event of a replacement during their term of office, for the remaining term of office of the other Board member representing employees. They may resign at any time from their position as Board member or as an employee holding a permanent employment contract (subject, in the latter case, to giving notice), which entails the end of their term of office as Board member. The duties of the Board member representing the employees also end (i) in the event of termination of the employment contract (other than resignation) under the conditions provided for by applicable legal or contractual provisions and in compliance with applicable procedures, subject, where applicable, to a notice period meeting these conditions and (ii) in the event of dismissal decided by the president of the judicial court at the request of the majority of the 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.

The Board members receive as compensation for their activities 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(s) 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 compensation under their employment contract within the Faurecia group.

In accordance with best governance practices, executive and non-executive corporate officers do not receive compensation for their duties of Board member of Faurecia.

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 a notice 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.

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 and social protection).

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 the 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 the personal assistant provided to the Chairman dedicated to his activities other than those related to his chairmanship of Faurecia.

Other components of compensation

The Chairman of the Board of Directors receives the following benefits in kind: (i) a personal assistant for his activities other than those relating to the chairmanship of Faurecia and (ii) a company car.

He also benefits from the medical/life/disability insurance scheme established within the Company.

3.3.4.1.3. COMPENSATION POLICY FOR THE CHIEF EXECUTIVE OFFICER

2022 Chief Executive Officer Compensation Policy

Fixed annual compensation

Determined by using European Benchmark

€1,100,000*

Short-term annual variable compensation

0-180% of fixed annual compensation

Quantifiable criteria (75% at target)*

From 0% to 142.5%** of the fixed compensation

Net-debt-to-EBITDA ratio and synergies in relation to HELLA acquisition (60% at target) + ESG Carbon Neutrality (15% at target)

Qualitative criteria (25% at target)*

From 0% to 37.5%*** of the fixed compensation

One or several criteria covering strategic, business development and managerial objectives

Long-term variable compensation

0-250% of fixed annual compensation

Performance shares subject to presence and performance conditions

- Internal condition related to after-tax net income (60%)
- Internal condition related to gender diversity (10%)
- External condition related to growth in net EPS vs benchmark (30%)

Other components

- Severance indemnity (24 months)
- 12-month non-compete covenant in case of resignation, with a 6-month indemnity
- 6-month notice period in case of resignation
- 12-month non-solicitation covenant
- Pension plans
- Benefits in kind and social protection
- Compensation for his duties in the Shareholder Committee of HELLA

SHORT-TERM LONG-TERM

** Subject to approval by our 2022 AGM.*
*** Quantifiable criteria represent 75% of the fixed annual compensation at target and up to 142.5% at maximum, as performance overachievement is capped at 190% of the target value of the quantifiable criteria.*
**** Qualitative criteria represent 25% of the fixed annual compensation at target and up to 37.5% at maximum, as performance overachievement is capped at 150% of the target value of the qualitative criteria.*

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, 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 in the long term and enable an alignment of his interests with the interests of the Company and its shareholders. In this respect, the Board regularly reviews the characteristics of the compensation policy of the Chief Executive Officer and the components of his compensation to ensure these objectives are achieved.

In previous reviews, the Board of Directors, on the recommendation of the Compensation Committee, decided to make stable and long-term adjustments, barring very significant and duly justified exceptional events, to the structure of the Chief Executive Officer's compensation policy. These adjustments were made to better protect the interests of the Company, while pursuing the objective of retaining the Chief Executive Officer.

In the context of the completion of the acquisition of control over HELLA, a transformative acquisition, being a very significant one-off event and unparalleled in the history of the Group, the Board of Directors asked the Compensation Committee to review the Chief Executive Officer's compensation policy in order to (i) ensure its suitability to the Group's new scope and (ii) take into account appropriety the CSR challenges, in particular those relating to carbon neutrality, srategic priority of the newly expanded Group.

Following the work carried out by the Compensation Committee, the Board of Directors during its meeting held on February 18, 2022 decided to review the compensation policy for the Chief Executive Officer in light of the new elements analysed. The compensation policy described below, which is in line with the previous compensation policy, incorporates two changes intended to reflect the new dimension of the Group and, in a context of revolution in the automotive industry, to strengthen, in the compensation of the Chief Executive Officer, the consideration of the Group's strategic priority in terms of the environment. These changes relate to the fixed annual compensation and the structure of the variable annual compensation.

This compensation policy enables the Company to provide an incentive and competitive policy for its Chief Executive Officer and a protective one for the Company, but also based on stable general principles.

Fixed annual compensation

The fixed compensation for the Chief Executive Officer aims at compensating 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 wished to review the fixed compensation of the Chief Executive Officer in the context of the Group's transformation following the acquisition of control over HELLA (circa. 79.5%) initiated on August 14, 2021 and completed on January 31, 2022. This combination marks an unprecedented step in Faurecia's ambition to accelerate its strategic transformation by investing in high-growth segments and establishing leading positions there. With this transformative acquisition, which provides access to a cutting-edge technological portfolio that meets all the major industry trends, the Group has changed in size and dimension, whether in financial, technological or human terms, while strengthening its presence on the strategic axes of its offer based on the Cockpit of the Future and Sustainable Mobility. The Group (HELLA included), which has become the seventh largest supplier to the automotive industry in the world;

- achieves a global turnover 40% higher than the Group without HELLA;
- has six Business Groups, compared to four before the acquisition, with the adoption of new activities.

This significant change in scope, the addition of new business activities and the integration of HELLA within the Group, which began as soon as the transaction was completed, are accompanied by a broadening of the scope of responsibilities of the Chief Executive Officer, who now heads a Group of 150 000 employees (compared to 114 000 employees before completion of the acquisition).

As a consequence and to take into account the change in the scope of the Group and the significative increase of the Chief Executive Officer's responsabilities resulting from this new scope, the Board of Directors, upon recommendation of the Compensation Committee, decided to increase in 2022 the fixed compensation of the Chief Executive Officer from 1,000,000 euros to 1,100,000 euros representing a 10% increase.

This decision was also based on a European comparative study prepared by external consultants on the basis of a peer group of comparable industrial companies in terms of sales and capitalization, this peer group having been modified to take into account the new dimension of the Group following the HELLA acquisition. The fixed compensation amount set by the Board of Directors is in line with the median 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 the valuation of 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 the compensation policy objectives. These criteria are regularly reviewed and may be modified from time to time in order to continue to fully meet the objectives of the compensation policy.

In this context, a review was carried out on the nature of the quantifiable criteria of the variable annual compensation, which until then had been based solely on financial elements. Given the strategic importance of contributing to the reduction of greenhouse gas emissions, the Board of Directors decided that the variable annual compensation of the Chief Executive Officer will include a quantifiable environmental criterion relating to carbon neutrality, whose objectives would be in line with the Group's trajectory in this area. This criterion is relating to a CO_2 emission reduction (measured in terms of "tCO_2e" for "scopes 1&2" per million euros of product sales on the Group perimeter (excluding HELLA)). The Board of Directors considered that the integration of this new criterion in the CEO's annual variable compensation, rather than in the long-term compensation in the form of performance shares, will allow for an annual monitoring of the progress made, which is necessary to achieve this ambitious long-term objective. This criterion was also added to the annual variable compensation of all eligible Group employees, i.e. 4,800 employees, in order to mobilise all the Group's resources towards the achievement of the objectives set.

In addition, in the context of the review carried out on the nature of the quantifiable criteria, the Board of Directors has also decided to amend the financial quantifiable critera in order to take into account new strategic challenges of the Group following the HELLA acquisition. Indeed, the Board of Directors decided (i) to replace the financial criteria relating to the operating income and the net cash flow by a new financial criterion relating to the net-debt-to-EBITDA ratio and (ii) to add a new financial criterion relating to synergies of HELLA integration. These new financial quantifiable criteria align the annual variable compensation of the Chief Executive Officer on the Group's deleveraging trajectory post-acquisition of HELLA and on synergies relating to HELLA integration, hence allowing an annual monitoring of the progress made on these strategic subjects.

(1) The European comparative study comprises 16 European publicly traded industrial companies (excluding Faurecia) with comparable sales revenues or market capitalization and that manufacture and/or supply components in the automotive, railway, defense, aerospace, raw materials & chemicals, tires, elevators and steel industries. Pursuant to the study, the revenues and the market capitalization of the Combined Group (Faurecia-HELLA) respresented respectively 102% and 95% of the median of the peer group companies.

The Chief Executive Officer's variable compensation may range from 0% to 180% of his fixed annual compensation depending on the achievement of the following quantifiable and qualitative criteria for the 2022 financial year:

Performance criteria	Percentage of the annual fixed compensation at target	Percentage of the annual fixed compensation at maximum
Quantifiable criteria	**75%**	**142.5%(1)**
■ Financial quantifiable criteria including:	60%	114%
■ Net-debt-to-EBITDA ratio	50%	95%
■ Synergies relating to HELLA integration	10%	19%
■ Quantifiable environmental criteria relating to carbon neutrality	15%	28.5%
Qualitative criteria	**25%**	**37.5%(2)**
TOTAL	**100%**	**180%**

(1) Quantifiable criteria represent 75% of the fixed annual compensation at target and up to 142.5% at maximum, as performance overachievement is capped at 190% of the target value of the quantifiable criteria.
(2) Qualitative criteria represent 25% of the fixed annual compensation at target and up to 37.5% at maximum, as performance overachievement is capped at 150% of the target value of the qualitative criteria.

1. Among quantifiable criteria for 2022 financial year:
   - The financial quantifiable criteria relate to the net-debt-to-EBITDA ratio and to the synergies relating to HELLA integration. The objectives are set by the Board of Directors in relation to the budget of the Group, the Group's deleveraging trajectory post-acquisition of HELLA and the integration plan of HELLA (being specified that the numerical objectives may be updated by the Board of Directors to take into account the combined Group budget when it becomes available or to take into account a major event affecting the markets and/or the Group's business sector);
   - The environmental quantifiable criterion relating to carbon neutrality is set by the Board of Directors in relation to the 2025 Group's commitment trajectory (excluding HELLA) and consistent with the intermediate step of 2023, as specified in the "sustainability-linked financing framework" published on the Group's website.

   The expected levels of achievement of these criteria are determined by the Board of Directors but are not made public for confidentiality reasons. Exceptionally, the expected levels of achievement of the environmental criterion relating to carbon neutrality for the year N will be communicated a posteriori in N+1, at the same time as the actual achievement rate.

   The achievement of the objectives of the criteria is assessed annually by the Board of Directors, after review by the Compensation Committee, (i) on the basis of the consolidated financial statements approved by the Board of Directors and synergies achieved in the context of HELLA integration for the financial criteria, and (ii) on the basis of a calculation made by a leading international audit firm, based on data collected by the Group, and verified by an independent third party, for the environmental criteria relating to carbon neutrality.
2. The Board of Directors sets every year one or several qualitative criteria, which number generally range from one to four. They cover strategic, business development and managerial objectives and/or objectives in line with the Group's values. A weighting is assigned to each, and they are related, where possible, to quantifiable indicators.

   Qualitative criteria 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.

Long-term compensation in the form of performance shares

Share-based compensation, which is based on both internal and external performance conditions, enables to strengthen the Chief Executive Officer's loyalty and to 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 Executive Committee and of the Group Leadership Committee).

The Company's performance share granting policy is based on long-term, simple and transparent principles. Therefore:

- 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; (1)
- the vesting period applicable to the plans is four years as from their granting 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.

(1) Presence condition with the usual exceptions.

- the number of shares attributable under each plan is determined using an external benchmark. In any event, the final grant is dependent on the achievement of performance and attendance conditions.

The performance conditions are as follows:

- 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 assessed by comparing the net income of the third period after the grant date of the performance shares against the objectives set by the Board of Directors in light of the strategic plan reviewed and approved by the Board of Directors;
- 10% fulfillment of an internal performance condition related to the gender diversity within the Group's "Managers and Professionals" category. This internal condition is assessed by comparing the effective percentage of women in the Managers and Professionals category in the third period after the grant date of the performance shares to the target percentage set by the Board of Directors;
- 30% fulfillment of an external performance condition, i.e., growth of the Company's net earnings per share assessed between the last period before the grant date of the performance shares and the third period ended after the grant date of the performance shares. This condition is assessed against the weighted growth of a reference group made up of 12 comparable international automotive suppliers over the same period.

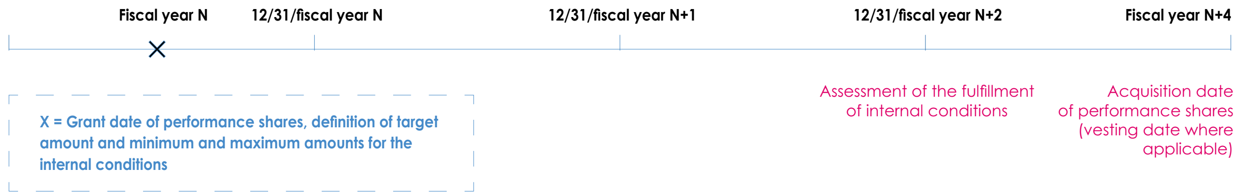
The reference group is comprised of the following European and North American automotive suppliers: Adient (Ireland/United States), Aptiv (formerly Delphi) (United States), Autoliv (Sweden), Autoneum (Switzerland), Borg Warner (United States), Continental (Germany), Lear (United States), Magna (Canada), Plastic Omnium (France), Schaeffler (Germany), 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.

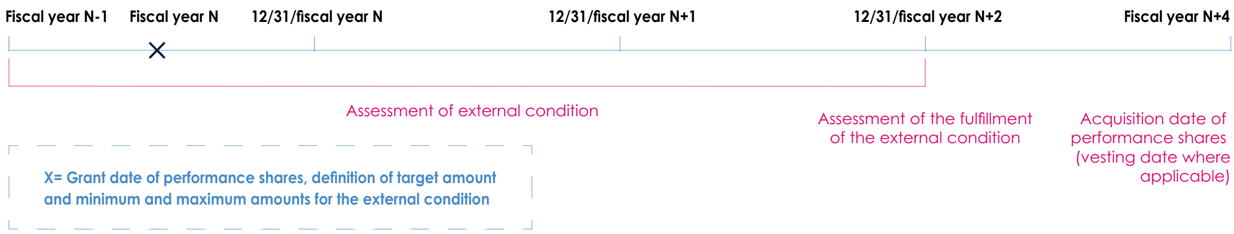
The achievement of these conditions is assessed by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of (i) the consolidated financial statements approved by the Board of Directors (and after necessary adjustments) concerning the internal performance condition related to the Group's net income, (ii) the Faurecia group's Human Resources reporting concerning the internal performance condition related to gender diversity and (iii) a calculation performed by an external company specialized in compensation on the basis of the 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 can represent no more than 250% of the fixed annual compensation of the Chief Executive Officer at the grant date.

The Company's long-term compensation practices are reexamined on a regular basis to ensure their compliance with best market practices.

The Chief Executive Officer makes a formal commitment not to hedge risks on performance shares granted to him.

Pension schemes

The Chief Executive Officer benefits from the same pension scheme as the one provided for the other members of the Group's Executive Committee with a French contract.

This plan includes a supplementary defined contributions pension scheme, which benefits to all Group's executives in France, and a supplementary defined benefits pension scheme. This defined benefit supplementary pension plan is subject to performance conditions.

Supplementary defined contributions pension scheme

The Chief Executive Officer is a beneficiary of the defined contribution pension scheme (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

Faurecia has set up a grandfathering pension plan 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 can benefit from this new vested rights supplementary pension scheme governed by Article L. 137-11-2 of the French Social Security Code which presents the following characteristics (PAPP2):

- 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,
  - rights definitively vested after three 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 higher than 100% of the budgeted operating income[1],
  - 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 lower than 75% of the budgeted operating income;
- based on the level of achievement of annual variable compensation (FVC) targets:
  - 0.3% if the level of targets achievement is higher than 100%,
  - 0.2% if the level of targets achievement amounts to between 95% and 100%,
  - 0.1% if the level of targets achievement amounts to between 75% and 95%,
  - 0% if the level of targets achievement is lower than 75%.

  If the level of achievement of one of the conditions is lower than 75%, no right can be granted for the given year.
- Cap on rights acquired under the plan covered by Article L. 137-11-2: 30 points.
- Furthermore, given that the current Chief Executive Officer is the beneficiary of rights provided by other supplementary plans offered 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 eight times the Annual Social Security ceilings (€329,088 in 2021),
  - the sum of rights vested under the new plan and other supplementary plans offered by the Faurecia group (including the PAPP), may not exceed 25% of the average annual reference compensation 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 scheme 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 these ceilings may not, under any 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.

The Chief Executive Officer is also eligible for the defined benefit plan applicable to all employees in tranche C with a cash compensation equal to or greater than €164,544 (Tranche C), the main characteristics of which are as follows: future rights vest immediately, on the basis of the annual reference salary, it being specified that for the Chief Executive Officer, the annual vesting of rights is subject to the achievement of two performance conditions, similar to those applied to the PAPP2, each counting for 50%. The trigger threshold for each condition will be 75% of the target to vest 50% of the related pension rights. Between 75% and 100% of achievement, the vesting will be linear. If the level of achievement of one of the two conditions is less than 75%, no pension right will be granted for the year in question. The maximum yearly rights will not exceed €1,645 (i.e. 1% of €164,544). In any case, the sum of the vested rights stipulated

(1) The numerical objectives are set by the Board of Directors in relation to the budget of the Group. Please note that the numerical objectives may be updated by the Board of Directors to take into account the budget of the Combined Group once it becomes available.

under Tranche C 2 and PAPP 2 will not exceed 3% of compensation per year in line with French regulation. The financing of the regime will be external, with an insurance company to which yearly contributions will be paid by Faurecia.

Termination payment

The Board of Directors may decide to grant the Chief Executive Officer a termination payment subject to performance conditions.

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 closed-out 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 closed-out 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 periods concerned, which in practice amounts 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 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 may be put in place for the Chief Executive Officer in the following conditions.

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 an 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, within 30 calendar days at the latest, 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 severance payment may not exceed 24 months of his Reference Compensation.

In addition, in the event of the resignation of the Chief Executive Officer, the Board of Directors may decide that the latter must give six months' notice. 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 six-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, social protection and other compensation items

The Chief Executive Officer is eligible for a company car.

It is also stipulated 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.

Following the acquisition of HELLA, the Chief Executive Officer may also receive compensation for his duties in the Shareholder Committee of HELLA.

3.3.4.1.4. 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 compensation policy for the Chief Executive Officer as described above would apply to them. The Board of Directors, on the recommendation of the Compensation Committee, would then, by adapting them to the parties concerned, set the amount of the fixed annual compensation, as well as the other elements of the compensation, in particular the objectives, performance levels, parameters, structure and maximum percentages, in relation to their fixed annual compensation.

It is specified that the Board of Directors, upon proposal from the Compensation Committee, may decide to adjust the variable compensation (annual and long-term) provided under the Chief Executive Officer's compensation policy. Exceptionally, this adjustment may affect, both upward and downward, one or several criteria (including adding or substituting new criteria) and/or their respective weighting and/or objectives of the criteria of the Chief Executive Officer's variable compensation (annual and long-term) so as to make sure this compensation reflects both the Chief Executive Officer's and the Group's 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 an unexpected change in the competition environment, 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 suppression 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. It will necessarily have to maintain the alignment of the interests of shareholders and of the management.

Resolutions submitted to the General Meeting

The resolutions relating to the compensation policy for corporate officers that will be submitted to the General Meeting of June 8, 2022 will be included in the prior notice, which will be published in the *Bulletin des Annonces Légales Obligatoires* and which will also be available on the Company's website.

3.3.4.2. Implementation in 2022

3.3.4.2.1. IMPLEMENTATION OF THE COMPENSATION POLICY OF MICHEL DE ROSEN, CHAIRMAN OF THE BOARD OF DIRECTORS, IN RESPECT OF 2022

On the recommendation of the Compensation Committee, the Board of Directors, at its meeting of February 18, 2022, decided that the Chairman of the Board of Directors would benefit, for 2022, from all the compensation components provided for in the compensation policy for 2022.

Fixed annual compensation

The Chairman of the Board of Directors benefits from a fixed annual compensation under the terms set out in the 2022 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, since 2019, the amount of the benefits in kind corresponding to the time during which the personal assistant is made available to the Chairman for activities other than those relating to his chairmanship of Faurecia.

Benefits in kind and social protection

The Chairman of the Board of Directors receives benefits in kind and social protection schemes according to the terms set out in the 2022 compensation policy.

3.3.4.2.2. IMPLEMENTATION OF THE COMPENSATION POLICY FOR PATRICK KOLLER,CHIEF EXECUTIVE OFFICER, IN RESPECT OF 2022

On the recommendation of the Compensation Committee, the Board of Directors, in its meeting held on February 18, 2022 decided that the Chief Executive Officer would receive, for 2022, the compensation items provided for in the 2022 compensation policy. In this respect, it is to be noted that:

- The Board of Directors proposes to increase in 2022 the fixed annual compensation at €1,100,000 to reflect the significant extension of responsabilites of the Chief Executive Officer following the acquisition of HELLA;
- this proposed adjusted fixed annual compensation is at the median of the peer group companies in the European comparative study referred to in Section 3.3.4.1.3;
- a large part of the Chief Executive Officer compensation package for 2022 is performance based with stringent performance conditions (as well as illustrated by the level of achievements of the performance conditions both on the short-term and long-term compensation over the last two fiscal years) ;
- compared to the peer group companies in the European comparative study referred to in Section 3.3.4.1.3, the total compensation package of the Chief Executive Officer for 2022 (assuming all targets and conditions are met - "at target") would be 14% above the median and 4% below the 75th percentile of the peer group companies; in the context of the current volatile economic environment (particularly, in the automotive industry), the total compensation package of the Chief Executive Officer, while being largely performance based as mentionned above, is therefore competitive.

Fixed annual compensation

The Chief Executive Officer benefits from a fixed annual compensation under the terms set out in the 2021 compensation policy. This fixed annual compensation amounts to €1,000,000 and will be increased in 2022 to €1,100,000 (subject to prior approval of the compensation policy by the shareholders at the General Meeting of June 8, 2022).

Annual variable compensation

The Board of Directors, on the recommendation of the Compensation Committee, has set, in accordance with the terms of the 2022 compensation policy, the ceiling for the annual variable compensation at 180% of the fixed annual compensation of the Chief Executive Officer.

The table below sets out the quantifiable and qualitative criteria for the variable annual compensation for the fiscal year 2022:

Performance criteria
Quantifiable from 0% to 142.5% of the annual fixed compensation
Net-debt-to-EBITDA ratio
Synergies relating to HELLA integration
Environment – carbon neutrality
Qualitative: from 0% to 37.5% of fixed annual compensation
Strategy execution (for 100%) This criterion will be analysed with particular attention paid to the progression of the Group order intake and to the development of the Group hydrogen activity;

Performance shares grant

The Chief Executive Officer will benefit from a performance shares grant according to the terms provided for in the 2022 compensation policy.

Pension schemes

The Chief Executive Officer benefits from defined contribution and defined benefits pension scheme provided for by the 2022 compensation policy.

Non-competition indemnity, prior notice and non-solicitation/non-poaching

The Chief Executive Officer is subject to a non-compete covenant in the event of his resignation with an indemnity, prior notice in case of resignation and a non-solicitation/non-poaching obligation in accordance with the terms set out in the 2022 compensation policy.

Termination payment

The Chief Executive Officer benefits from a termination payment according to the terms outlined in the 2022 compensation policy.

Benefits in kind, social protection and other compensation items

The Chief Executive Officer receives benefits in kind and social protection schemes according to the terms set out in the 2022 compensation policy.

In addition, Patrick Koller was appointed in 2022 as member and Deputy Chairman of the shareholder committee of HELLA and will receive compensation for his office as member and Deputy Chairman of the shareholder committee of HELLA (for further information, please refer to HELLA annual report). Such approach is in line with German corporate standard (notably for listed companies controlled by another listed company).

3.3.4.2.3. IMPLEMENTATION OF THE COMPENSATION POLICY FOR BOARD MEMBERS IN RESPECT OF 2022

The amounts set for each meeting of the Board and, where applicable, of the Committees, which are shown in Section 3.3.2. "Board members' compensation for the 2020 and 2021 fiscal years", were renewed for 2022 by the Board of Directors on February 18, 2022.

It is specified that, in accordance with the 2022 compensation policy, meetings of the ad hoc committee and the Board seminars, will be, as the case may 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 2021 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
25.6.2 Supplementary defined-benefit pension schemes set out 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 whose rights have been frozen as of December 31, 2019, is subject to the obligation that they end their professional career within Faurecia. By way of exception to this principle, it seems justified, in the event of invalidity or termination by the Group from the age of 60, that the right to the frozen 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.
24.4 Conclusion of a non-competition agreement with an executive corporate officer "The Board also provides that the payment of the non-competition indemnity is excluded when the executive exercises their retirement rights. In any event, no indemnity may be paid beyond the age of 65."	The Board of Directors, on the recommendation of the Compensation Committee, carried out an in-depth review of the structure and components of the Chief Executive Officer's compensation in 2020 as part of the development of the compensation policy, and decided in particular to submit the Chief Executive Officer to a non-competition undertaking. This mechanism was approved, as part of the compensation policy for the Chief Executive Officer, by the General Meeting of June 26, 2020 under Resolution No. 16. The non-competition undertaking, which lasts 12 months, will apply in the event of the resignation of the Chief Executive Officer. 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 non-competition agreement does not expressly provide for a restriction on the payment of the indemnity when the person concerned claims his pension rights, as this principle is now provided for by law. In addition, the non-competition agreement does not provide for an age limit for the payment of the non-competition indemnity. The Board of Directors considers that this recommendation of an age limit is not compatible with the objective of protecting the Group's interests, as the implementation of a non-competition undertaking is intended to protect the Group's governance on a permanent basis against a departure of its executive to a competitor. Compensation for such an undertaking is customary and eliminating it beyond the age of 65, when many former executive directors continue to work after that age, does not seem to be in line with the objective of protection sought. The payment of this indemnity is not, however, automatic, as the Board of Directors reserves the right, in light of the circumstances that it will assess and on a discretionary basis, to apply or not apply the non-competition undertaking. If the Board of Directors waives the application of the non-competition undertaking, the non-competition indemnity will not be due to the Chief Executive Officer for the period waived by the Company.
25.3.3 Long -term compensation of executive corporate officers *"The Board must ensure that allocations are made during the same calendar periods, for example after the publication of the financial statements for the previous period and preferably each year."*	The allocation of the scheme called Executive Super Performance Initiative (ESPI) was carried out before the end of July 2021 by the first regular Board meeting held after the approval of the system by the General Meeting, and not in October as for the performance shares plans allocated each year by the Company. This delay in the allocation period is solely related to (i) the one-off and specific nature of the scheme in question (distinct from allocations of annual performance shares plans) and (ii) the technical allocation methods that have been communicated to shareholders (use of Resolution 23 by the General Meeting of June 26, 2020, which expired on July 31, 2021).

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.

At December 31, 2021, the corporate officers held approximately 3.5% of the Company's share capital and voting rights (including 3.41% of the share capital and 3.36% of voting rights held by Peugeot 1810).

Details of the number of shares held by each corporate officer are provided in the summary table in Section 3.1.2.1. "General information on the composition of the Board of Directors" and in the biographies of the Board members appearing in Section 3.1.2.2. "Board members' expertise, positions and corporate offices as of the date of this Universal Registration Document". It is clear from this information that at December 31, 2021, the directors complied with the holding obligations set out in the bylaws and the internal rules.

3.5.2. Transactions in the Company's securities by corporate officers

Code of Conduct

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 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.

Insider Information Committee

The Company has set up an Insider Information Committee whose role is to identify and qualify insider information on a case-by-case basis, and then to decide whether or not to defer the publication of this information with regard to the applicable regulations, the positions and recommendations of the *Autorité des Marchés Financiers* (AMF) and the guidelines of the European Securities and Markets Authority.

Transactions in securities

The transactions performed during the period ended December 31, 2021 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	Number	Transaction type	Date of transaction	Date of receipt of the declaration	Transaction venue	Unit price	Amount of transaction
Jean-Bernard LÉVY	2021DD733991	Shares	500	Acquisitions	February 23, 2021	February 26, 2021	Euronext Paris	€45.6122	€22,806.10
PEUGEOT 1810 (1)	2021DD745798	Shares	536,825	Pledge (2)	May 7, 2021	May 12, 2021	Outside a trading venue	n/a	n/a
Patrick KOLLER (3)	2021DD764677	Shares	26,974	Delivery of performance shares	July 20, 2021	July 22, 2021	Outside a trading venue	n/a	n/a
PEUGEOT 1810	2021DD771600	Shares	372,000	Acquisitions	September 22, 2021	September 22, 2021	Euronext Paris	€38.4435	€12,440,982

(1) Legal entity related to Robert PEUGEOT, individual Board member until May 31, 2021. PEUGEOT 1810 became, as of May 31, 2021, a Board member of the Company and appointed Robert PEUGEOT as permanent representative.

(2) Pledge by PEUGEOT 1810 (formerly called Maillot I) of 536,825 Faurecia shares as collateral for a loan in the amount of €228 million taken out to finance the acquisition of 18,096,564 PEUGEOT S.A shares (which were replaced by 31,524,214 Stellantis shares following the merger between PSA Group and Fiat Chrysler Automobiles) as part of the unwinding of the equity swap contract entered into with an investment services provider and announced on March 9, 2020.

(3) Delivery of shares following the granting of performance shares by Faurecia's Board of Directors on July 20, 2017 (plan No. 9).

3.6. Declarations 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:

- been found guilty of fraud;
- been incriminated by a statutory or regulatory authority (including designated professional bodies), with the exception of Jean-Bernard Lévy under the conditions described hereafter. Following an investigation from the *Autorité des Marchés Financiers* (AMF) in July 2016 concerning EDF's financial information since July 1, 2013, objections have been notified by the Board of the AMF to the Chairman and Chief Executive Officer of EDF on April 5, 2019. Jean-Bernard Lévy has been cleared by a decision, that has become final on this matter, from the Sanctions Commission of the AMF dated July 28, 2020;
- been publicly sanctioned by a statutory or regulatory authority (including designated professional bodies);
- been banned by a tribunal from serving as a member of an administrative, management or supervisory body or from being involved in the management of an issuer;
- been involved in bankruptcy, receivership, liquidation or administration proceedings while they served as a member of an administrative, management or supervisory 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 US 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 of the period during which the investment was made (2019)) and was appointed, in November 2019, as a Board member of this Company. It is noted that this investment was made before Peter Mertens was actually appointed as a Board member of the Company, that the investment conditions are similar for all minority investors (including the Company), that the Company does not have a voting right on the Board of Directors of this start-up and that decisions on this investment are not taken at the level of the Company's Board of Directors. Moreover, in the event of a conflict of interest, the provisions of the internal rules on this subject will apply (for details of these rules, see Section 3.1.3.1. "Organization of the Board of Directors", Paragraph "Board members' obligations").

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 knowledge of the Company and at the date of this Universal Registration Document, there are no restrictions accepted by the members of the Board of Directors and the General Management concerning the sale, within a certain period of time, of the Company's shares held by them, with the exception of (i) the provisions of the bylaws and the internal rules on shareholding (see below Section 3.5.2. "Transactions in the Company's securities by corporate officers" of this Universal Registration Document) and the retention obligation related to the allocation of performance shares to the Chief Executive Officer under which it must retain at least 30% of the shares effectively 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 24, 2020, 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 23, 2021, 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. Related-party agreements

The Statutory Auditor's special report on related-party agreements is included in Section 3.8.4 below. It does not mention any ongoing related-party agreements. In addition, as a reminder, no related-party agreement has been entered into during the last three financial years.

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 (from now on named Governance, Nominations and Sustainability 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 assessment process as well as the rules to be taken into account when examining these agreements. The methods used by the Governance, Nominations and Sustainability 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.

Implementation during the 2021 fiscal year was reviewed by the Governance, Nominations and Sustainability Committee at its meeting of December 9, 2021 and reported to the Board of Directors' meeting on December 10, 2021.

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 linking a Board member with Faurecia or any of its subsidiaries.

3.8.4. **Statutory Auditors' special report on related-party agreements**

To the Annual General Meeting of Faurecia,

In our capacity as Statutory Auditors of Faurecia, we hereby report to you our special report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code, to assess the relevance of these agreements prior to their approval.

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 General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement.

Agreements submitted for approval to the General Meeting

We hereby inform you that we have not been notified of any agreements authorized during the 2021 fiscal year to be submitted to the General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code.

Agreements previously approved by the General Meeting

We hereby inform you that we have not been notified of any agreements previously approved by the General Meeting, whose implementation continued during the year ended 2021.

Courbevoie and Paris-La Défense, February 21, 2022

The Statutory Auditors

MAZARS		ERNST & YOUNG Audit	
Anne- Laure Rousselou	Grégory Derouet	Jean-Roch Varon	Guillaume Brunet-Moret

3.9. Other information

The table summarizing the current delegations of authority granted by the General Meeting in the area of capital increases and showing the use made of these delegations during the period is presented in Chapter 5, Section 5.2.1. "Authorized capital stock" of 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 7, Section 7.1 "Legal information".

Finally, factors likely to affect a public takeover bid or exchange are described in Chapter 7, Section 7.1 "Legal information".

4
Extra-Financial Performance

4.1. Faurecia's Corporate Social Responsibility and Environmental strategy

Faurecia has always worked to inspire the future of mobility. Faurecia's mission, as a global leader in the automotive sector and technology, is to develop innovations that inspire safer, connected, personalized and responsible mobility. Faurecia is convinced that its responsibility is more engaged than ever at a time when major global challenges increase: urbanization, demographic growth, technological change and global warming.

The Group is moving forward with a strong ambition: to develop solutions for Sustainable Mobility and the Cockpit of the Future that open up opportunities for the automotive industry and meet the challenges of future generations.

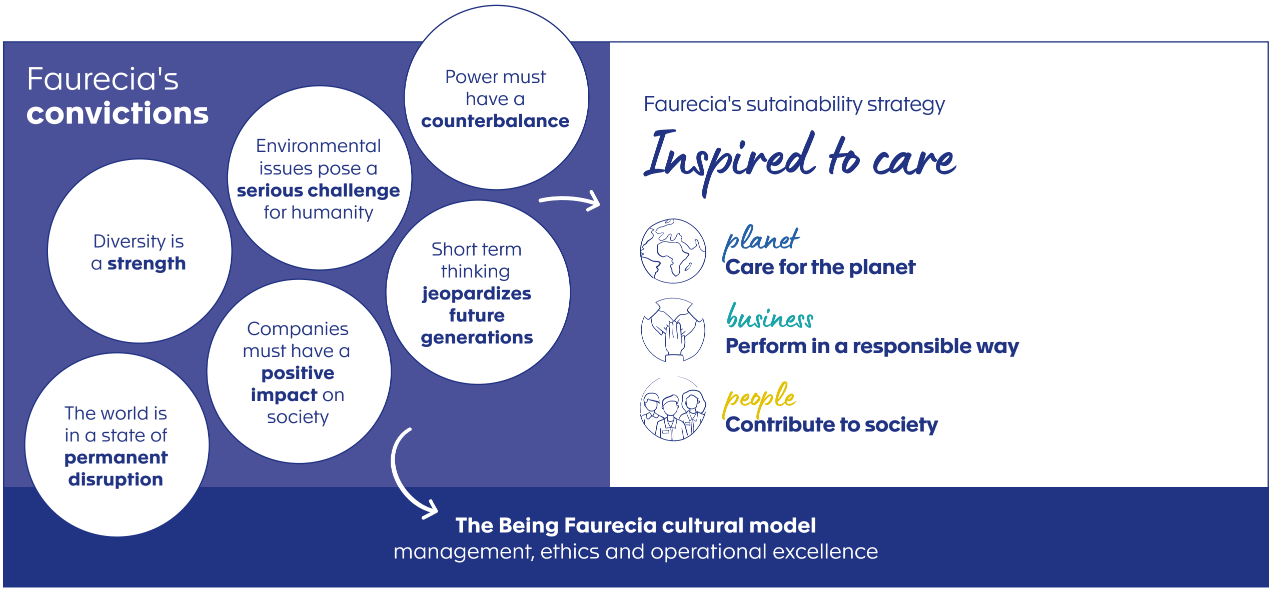
Faurecia has placed corporate social and environmental responsibility (CSR) at the heart of its transformation strategy, which aims to have a positive impact on society and create sustainable value for all of its stakeholders. Faurecia's CSR policy is reflected in the priority stakes of climate, ethics and product safety. It is also a significant area in the Group's relationships with its suppliers and employees. It is based on the Group's convictions and is implemented through a CSR strategy broken down into actions and driven by monitored targets: "Inspired to care". It is based on major international reference frameworks, ongoing dialog with stakeholders and regulatory compliance.

4.1.1. Inspired to care: Faurecia's sustainable transformation strategy

4.1.1.1. Faurecia's convictions

17 PARTNERSHIPS FOR THE GOALS

Developed in 2018, Faurecia's convictions in terms of sustainability form the basis of Faurecia's sustainable development strategy. On a daily basis, CSR convictions are driven by the cultural model "Being Faurecia", which governs the Group's management, ethics and operational excellence.



4.1.1.2. **The roadmap**

Guided by the United Nations Sustainable Development Goals, Faurecia's CSR strategy "**Inspired to care**" is structured around three pillars: Planet, Business, People. It is deployed using the roadmap, created in 2019 and updated in 2021.

The roadmap presents Faurecia's commitments and action plans, targets and associated performance indicators. The commitments and objectives are thus integrated into the action plans internally: the teams manage their projects, and the results are measured against the Group's expectations and commitments vis-à-vis its stakeholders. The new roadmap for 2021 includes new indicators, which were already monitored by Faurecia: water intensity, the minimum EcoVadis score of suppliers in the panel and the proportion of women among managers and professionals hired externally.

Commitments	Flagship projects
planet **Care for the planet**	
Environmental footprint of operations (scopes 1 & 2)	■ Management of the CO_2 neutrality strategy on all sites ■ Deployment and management of the environmental policy through the Faurecia Excellence System ■ ISO 14001 certifications ■ Reduced energy consumption ■ Use of renewable energy
Circular economy of products (scope 3)	■ Management of the CO_2 neutrality strategy throughout the supply chain ■ Life cycle analysis of innovations and the entire portfolio of solutions ■ Creation of a new division to develop and produce innovative and smart sustainable materials ■ Two initiatives to accelerate the development of sustainable solutions: "Interiors for the planet" and "Seats for the planet" ■ Electronic repairs in partnership with automotive industry customers
Investments for sustainable technologies	■ First green bond issue of €400 million with a maturity of 2029 ■ Development of hydrogen technologies for zero-emission mobility ■ Development of low emission and air quality technologies ■ Hydrogen joint venture: Symbio, in a 50/50 partnership with Michelin ■ Large ecosystem of partners for sustainable innovations
business **Perform in a responsible way**	
Business ethics	■ Application of the Code of Ethics ■ Communication on the whistle-blowing procedure for employees and subcontractors ■ Ethics, compliance and anti-corruption training ■ Approach to prevent tax evasion and corruption
Safety	■ Zero defect quality program and Total Customer Satisfaction ■ Deployment and management of workplace safety through the Faurecia Excellence System ■ CARE program to strengthen the culture of safety and ergonomics at work
Responsible supply chain	■ Faurecia's responsible purchasing policy ■ CSR assessment of suppliers in partnership with EcoVadis ■ Management of the CO_2 neutrality strategy throughout the value chain
people **Contribute to society**	
Learning organization	■ Training system for all employees ■ Coaching and mentoring programs for managers and professionals
Diversity & inclusion	■ Diversity and inclusion training, particularly addressing unconscious bias ■ Program for the hiring and promotion of talented women ■ Annual employee satisfaction and engagement survey
Local solidarity actions	■ Faurecia has launched a solidarity commitment platform in the United States, Canada, France and Mexico to promote the solidarity commitment of its employees. ■ The Faurecia Foundation has selected 11 new solidarity projects around the world

Key performance indicators(1)	2019 Year of reference	2020	2021(2)	2025 objective	2030 objective	Section
planet **Care for the planet**						
EFPD CO_2 emissions scopes 1 & 2 (Mt CO_2eq)	0.93	0.80	0.72 ✔	Neutrality		4.2.1. Climate transition strategy
EFPD Energy intensity (MWh/€ million of sales)	117	120	115 ✔	-20%		4.2.2. Climate transition impact
EFPD Waste intensity (tons/€ million of sales)	15	13.5	13.3 ✔	-10%		4.2.4. Environmental impact of operations
EFPD Water intensity (m^3/€ million of sales)	176	190.5	174.9	-10%		
EFPD Percentage of recycled content in new products	30%			40%		4.2.5. Circular economy of products
EFPD CO_2 emissions scope 1, 2, 3 controlled (Mt CO_2eq) (excluding use of sold products)	8.6	7.14	7.47 ✔	-20% (intensity)	-50% (absolute)	4.2.1. Climate transition strategy
EFPD Investments in clean technologies for the period 2021-2025				€1.1 billion (cumulative investments 2021-2025)		4.2.6. Investment for sustainable technologies
business **Perform in a responsible way**						
EFPD Percentage of targeted employees trained on the Code of Ethics	93%	95%	95% ✔	100%		4.3.1. Business ethics
EFPD Accidents per million hours worked with and without lost time (FR1t indicator)	2.05	1.60	1.33 ✔ (3)	<1.2		4.3.2. Safety in the work place
EFPD Percentage of suppliers assessed by EcoVadis	80%	87%	97% ✔	95%		4.3.4. Responsible supply chain
EFPD Minimum EcoVadis score of the suppliers in the panel	30/100	30/100	35/100	55/100		
people **Contribute to society**						
Number of training hours per employee per year	21.6 h	20.6	22.6	25 h		4.4.3. Learning organization
Percentage of women managers and skilled professionals hired externally	30%	33.1%	36.1%	37%		2.4.2. Diversity & inclusion
Percentage of women managers and skilled professionals	24.4%	25.1%	27%	30%		
Percentage of non-Europeans among the top 300 leaders	34%	34%	33%	39%		
Percentage of women among the top 300 leaders	15%	16%	21%	24%		
Engagement index based on the annual employee survey	64%	76%	73% ✔	72%		4.4.1. Headcount and recruitment evolution
Percentage of employees involved in local societal actions	10%	12%	12%	15%		4.4.7 Faurecia Foundation and coporate citizenship

(1) EFPD Key performance indicators related to extra-financial risks, integrated into the Group risk mapping (see Chapter 2) and meeting the Declaration of Extra-Financial Performance.

(2) ✔ Key performance indicators audited by Mazars.

(3) These data do not include SAS Automotive, which was acquired in 2020. The FR1t indicator including SAS was 1.49 in 2021.

4.1.2. Social and environmental responsibility integrated into the Group strategy

4.1.2.1. Integrated extra-financial risks

In 2018, Faurecia carried out a materiality analysis by consulting an internal and multidisciplinary working group from several departments and around twenty external stakeholders. The Group's universe of extra-financial issues was built on those selected by peer companies in the automotive sector, and on the basis of the recommendations of the Sustainability Accounting Standards Board (SASB) and the *Plateforme Française de l'Automobile* (PFA). Each stakeholder then assessed the risks according to a common methodology of occurrence and severity. Updated in 2020, this materiality analysis is updated every two years by the Executive Committee in charge of the sustainable transformation. The next update will take place in 2022.

On the basis of this materiality analysis, Faurecia draws up a list of its extra-financial risks and opportunities to respond to its Extra-Financial Performance Declaration (EFPD). These issues are also included in its sustainable development roadmap, "Inspired to care", with corresponding objectives, indicators and action plans. This roadmap is monitored quarterly by the Executive Committee in charge of the sustainable transformation.

These extra-financial risks are integrated into the Group's risk mapping and management (see Chapter 2 "Risk factors & Risk management" of this Universal Registration Document). They are reviewed annually by the Audit Committee of the Board of Directors and every quarter by the Executive Committee and the Group Risk Committee, including the Sustainable Development Director.

4.1.2.2. Governance and management of the sustainable transformation

GRI 102-18, GRI 102-19, GRI 102-20

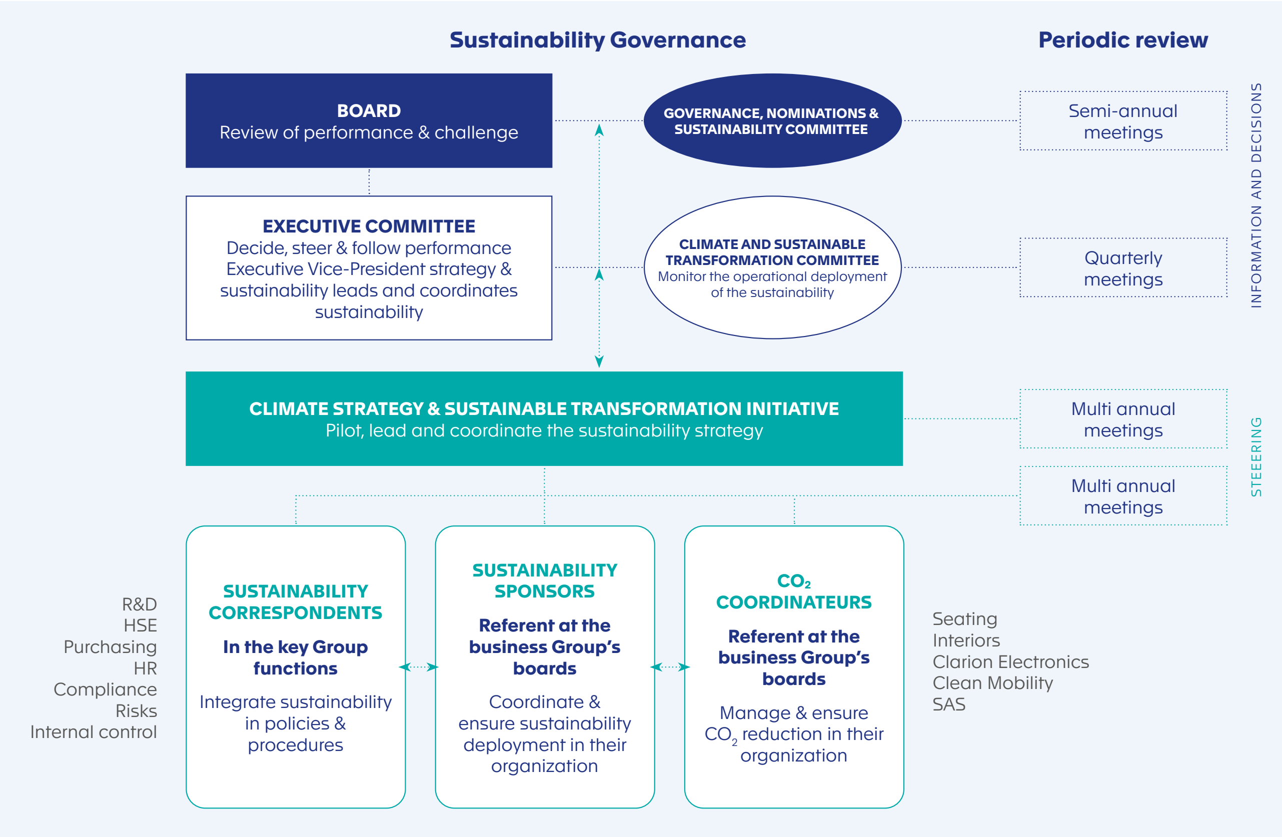
The sustainable transformation strategy is subject to regular strategic and operational monitoring by the Executive Committee and the Board of Directors.

- **The Board of Directors reviews the Group's sustainable transformation performance through:**
  - analysis of extra-financial risks;
  - the review of sustainable transformation performance;
  - discussion on the areas of focus of the sustainable transformation strategy.
- **The Executive Committee defines and guides the sustainable transformation strategy, through:**
  - the definition of the sustainable development roadmap and its associated action plans;
  - discussions on the integration of sustainable development into the Group's strategy;
  - steering sustainable development performance.
- **Within the Executive Committee, the Committee in charge of sustainable transformation monitors the roadmap "Inspired to care".**
- **The Climate Strategy and Sustainable Transformation department manages, coordinates and drives the CSR strategy.**

  The Climate Strategy and Sustainable Transformation department reports on the progress of the roadmap "Inspired to care" to the Executive Vice-President in charge of strategy and sustainable development, a member of the Executive Committee.
- **The operational CSR Committee monitors CSR performance and implements the associated action plans.**

  The Committee is composed of climate coordinators and CSR sponsors at the level of each key Group function and in the Business Groups. They ensure the proper implementation of CSR in the various strategic plans of the functions and Business Groups, the integration of CSR into policies and processes, and the deployment of the approach in all Group entities. They discuss and share annually:
  - the new orientations of the sustainable strategy;
  - the results of the action plans;
  - the mapping of extra-financial risks;
  - the review of the annual extra-financial audit.

Finally, the CSR strategy is shared by all internally and integrated into the strategic plans of the businesses.



4.1.2.3. Variable compensation indexed to sustainable criteria

The variable compensation systems are aligned with the Group's strategic objectives and incorporate sustainability criteria.

Target	Sustainable component in 2021	Sustainable component from 2022
■ Group Chief Executive Officer	■ Criterion: qualitative objective linked to the deployment of the six sustainable development convictions and the implementation of the sustainability roadmap. Weight: 15% of short-term compensation ■ Criterion: achievement of the gender diversity objectives defined by the Group. Weight: 10% of long-term variable compensation	■ Criterion: achievement of the gender diversity objectives defined by the Group. Weight: 10% of long-term variable compensation ■ Criterion: achievement of climate objectives Weight: 15% of short-term compensation
■ Top 300 leaders	■ Criterion: achievement of the gender diversity objectives defined by the Group. Weight: 10% of long-term variable compensation	■ Criterion: achievement of the gender diversity objectives defined by the Group. Weight: 10% of long-term variable compensation ■ Criterion: achievement of climate objectives. Weight: 15% of short-term compensation
■ Managers and professionals eligible for variable compensation (around 4,800 employees)		■ Criterion: achievement of climate objectives. Weight: 15% of short-term compensation

4.1.3. Meet and respond to stakeholders expectations

4.1.3.1. International executives and external expertise

17 PARTNERSHIPS FOR THE GOALS

GRI 102-12, GRI 102-13, GRI 102-46

Faurecia ensures compliance with best environmental, social and societal practices and adheres to recognized international norms and standards. The Group also relies on recognized CSR partners and methodologies to monitor its supply chain and develop its climate strategy, as well as international reporting frameworks to ensure transparency and certifications to guarantee the quality of the processes and its employer brand.

- **Faurecia's CSR strategy is aligned with the United Nations Sustainable Development Goals (SDGs)**

Adopted in 2015 by 193 countries at the United Nations, the 17 Sustainable Development Goals is an action plan for a just transition towards sustainable development by 2030. Faurecia supports the aims of this program and, therefore, in 2019, identified to which of the 17 SDGs it makes a contribution through its CSR actions and its Business Groups activities. The three pillars of its CSR strategy thus contribute to the SDGs:

planet

6. CLEAN WATER AND SANITATION

Efficiency in water use.

7. AFFORDABLE AND CLEAN ENERGY

On-site production and external sourcing of renewable energy.

12. RESPONSIBLE CONSUMPTION AND PRODUCTION

Sustainable management of wastes.

13. CLIMATE ACTION

Reduction of Faurecia's carbon footprint to achieve CO_2 Neutrality by 2030.

business

3. GOOD HEALTH AND WELL-BEING

Reduce safety risks and road injuries via Faurecia's policy for product quality and safety.

8. DECENT WORK AND ECONOMIC GROWTH

Respect for and promotion of international principles relating to human rights and labor law throughout the value chain.

10. REDUCED INEQUALITIES

Fight against discrimination.

11. SUSTAINABLE CITIES AND COMMUNITIES

Air quality innovations particularly suited to urban areas.

12. RESPONSIBLE CONSUMPTION AND PRODUCTION

Eco-design of products and circular economy.

13. CLIMATE ACTION

Development of solutions for zero-emission mobility and air quality.

17. PARTNERSHIP FOR THE GOALS

Partnerships for sustainable innovation with key players in the industrial and technological ecosystem.

people

3. GOOD HEALTH AND WELL-BEING

Implementation of uncompromising workplace safety and risk prevention policies.

Supporting employees and families during the pandemic.

4. QUALITY EDUCATION

Training and skills development for Faurecia's employees, in particular via its internal Faurecia University.

Support for solidarity and local initiatives in favor of education.

5. GENDER EQUALITY

Specific promotion and development of women.

Fight against discrimination and for professional equality.

8. DECENT WORK AND ECONOMIC GROWTH

Active prevention of accidents at work and occupational diseases.

10. REDUCED INEQUALITIES

Development of local societal actions.

17. PARTNERSHIP FOR THE GOALS

Active societal engagement with local communities and NGOs.

The Group's commitments to recognized international standards, principles and frameworks

planet

SBTi ■

Faurecia's emissions reduction targets have been approved by the Science Based Targets initiative under the most ambitious scenario of 1.5°C.

TCFD ■

Since 2019, Faurecia has applied the recommendations of the Task Force on Climate-related Financial Disclosure.

French Business Climate Pledge ■

In 2017, Faurecia was among the major French companies to sign the French Business Climate Pledge to take concrete action to combat climate change.

Global Hydrogen Council and French Hydrogen Council ●

Faurecia is 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.

Movin'on ●

Board member of the Movin'on Lab. Created by Michelin, Movin'on Lab is an innovative and collaborative 'Think and Do Tank' aimed at promoting better life through Sustainable Mobility.

business

EPE ●

Faurecia is a member of EpE, the french association of Enterprises for the Environment, which brings together fifty large French and international companies willing to consider the environment more effectively in their strategic decisions and in their day-to-day management.

ISO 14001 ▲

The Group's analysis and control of local environmental risks is based on ISO 14001 standards. In 2021, 85% of the Group's production sites, with at least 2 years of activity, are ISO 14001 certified.

ISO 9001 & IATF 16949 ▲

In 2021, 100% Faurecia's sites are certified by the international standard for quality management systems in the automotive industry.

people

UN Global Women's Empowerment Principles ■

Faurecia has been a signatory of the WEP principles since 2020, an initiative established by the United Nations Global Compact and UN Women. Faurecia is committed to promoting gender equality and the empowerment of women in the workplace.

Top Employer ▲

"Top Employer" certification in 10 countries.

Happy Index Trainees ▲

Faurecia is "Happy Index Trainees"-certified.Certification recognizing companies taking care of the reception, support and management of their trainees, work-study trainees and VIE.

transversal

SDGs ■

Faurecia strongly supports the United Nations Sustainable Development Goals (SDGs) by integrating them into its materiality analysis. In 2019, Faurecia has identified the main SDGs it is contributing to through its sustainability actions and its operations.

Global Compact ■

Since 2004, Faurecia has been a signatory of the 10 principles of the Global Compact, a United Nations initiative launched in 2000. Faurecia renews its membership each year and is committed to promoting respect for human rights, international labor standards, environmental protection and the fight against corruption.

Global Reporting Initiative (GRI) ◆

Faurecia prepares its Extra-Financial Performance Declaration and reporting in accordance with the GRI standards, Core option.

Sustainability Accounting Standards Board (SASB) ◆

The analysis of the Group's extra-financial challenges was made in comparison with a risk universe for peers within the automotive sector, and based on the recommendations made by the SASB.

EcoVadis ◆

Since 2017, Faurecia has been working with EcoVadis to carry out an in-depth assessment of its suppliers, focusing on their ethical, social, and environmental practice. In 2021, 97% of its direct suppliers were evaluated by EcoVadis. Evaluated as a supplier to its customers, Faurecia ranks Gold by EcoVadis, with a score of 69/100 in 2021.

■ *Commitments* ● *Partnerships* ▲ *Certifications* ◆ *Transparency*

4.1.3.2. Extra-Financial Performance Declaration and duty of care

This chapter on sustainable performance answers:

- the requirements of Order No. 2017-1180 of July 19, 2017 and Decree No. 2017-1265 of August 9, 2017 creating a Extra-Financial Performance Declaration, described in more detail in Articles L. 225-102-1 and R. 225-105 et seq. of the French Commercial Code (see Section 4.7.1);
- the requirements of Law No. 2017-399 of March 27, 2017 on the duty of care (see Section 4.3.4).

4.1.3.3. Ongoing dialog with stakeholders

GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44

Dialog with stakeholders is at the core of Faurecia's commitment and is a key factor of its local presence. It involves the Group's different business lines and functions, which contribute to a proactive and constructive approach. Listening and dialog are therefore key elements in providing relevant and appropriate solutions to all the stakeholders with whom the Group interacts in the course of its activities. In addition, they enable Faurecia to better integrate their expectations and the challenges associated with its global and local strategy.

Faurecia therefore has a structured and proactive dialog policy with all of its stakeholders (see Section 4.6.1).

4.2. Planet: care for the planet

A major player in Sustainable Mobility, Faurecia aims for CO_2 neutrality by 2025 for scope 1 & 2 emissions and a reduction by half of controlled scope 3 emissions (excluding the use of sold products), by focusing on three main levers: "use less", "use better" and "use longer".

Faurecia has begun to neutralize the CO_2 footprint of all its sites thanks to energy savings and the use of low-carbon electricity. At the same time, Faurecia is reducing the footprint of its business activities through low CO_2 transport and redesigned products using sustainable inputs, including recycled materials and biomass.

Committed to the circular economy, Faurecia invests and increases whenever possible the proportion of recycled materials in its products, and allows the refurbishment and extension of the life of its current and future systems.

Finally, Faurecia offers innovative sustainable solutions for Sustainable Mobility and the Cockpit of the Future, thanks to which CO_2 emissions will be avoided. While investing in the future, the Group is committed to helping the automotive industry move towards zero emissions, notably through its ambition to become a leader in hydrogen technology.

4.2.1. Climate transition strategy

13 CLIMATE ACTION

4.2.1.1 Climate trajectory

GRI 103-1, GRI 103-2, GRI 103-3

As part of its Group approach to sustainable development, Faurecia has set itself the goal of achieving CO_2 neutrality for its sites by 2025, reducing CO_2 emissions by 50% related to product design by 2030 and the full life cycle of its products by 2050. By 2030, the Group will thus have reduced its greenhouse gas emissions from scopes 1 & 2 and controlled scope 3 by around 50%.

The Vice-President in charge of climate strategy and sustainable transformation is responsible for ensuring the deployment of this CO_2 trajectory within the Group, in particular by ensuring the consistency of this strategy with other environmental issues.

A CO_2 neutrality strategy validated by SBTi

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Faurecia's commitments to CO_2 neutrality and its greenhouse gas emission reduction trajectories and targets were approved in November 2020 by the Science Based Targets initiative (SBTi). SBTi is a joint initiative of the CDP (Carbon Disclosure Project), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). It defines and promotes best practices in science-based target setting and independently assesses company targets and trajectories.

The targets validated by SBTi thus cover the greenhouse gas emissions from Faurecia's activities worldwide (scopes 1 and 2), which are compatible with the reduction required to limit global warming to 1.5°C. This threshold corresponds to the Paris Agreement target and is the most ambitious of the thresholds proposed by SBTi. Faurecia's scope 3 roadmap by 2030 was also approved by SBTi and deemed to be ambitious and consistent with current best practices. In 2022, Faurecia will submit its uncontrolled scope 3 roadmap to SBTi. Faurecia has committed to the new Net Zero SBTi standard by 2050.

Inspired to care

	2019	2020	2021	2025 target	2030 target
EFPD Scopes 1 and 2 emissions ($MtCO_2eq$)	0.93	0.80	0.72	CO_2 neutral production	
EFPD Controlled scope 1, 2, and 3 CO_2 emissions ($MtCO_2eq$) (excluding use of sold products)	8.6	7.14	7.47	-20% (intensity) for new products	-50% (absolute)

4.2.1.2. Climate transition risk

The climate transition risk is included in the Group's risk matrix (see Section 2.2). In this Chapter, Faurecia presents a summary of the different levels of integration of the climate transition challenge in the Group's strategy and governance according to the 11 Task Force on Climate-related Financial Disclosures (TCFD) framework recommendations, broken down into four reporting categories: governance, strategy, risk management, and indicators and objectives.

CLIMATE TRANSITION RISK GOVERNANCE

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Responsibility for climate-related issues lies at the highest level of Faurecia's organization. Climate governance is organized like other sustainable development topies (see Section 4.1.2.2). Thus, the Board of Directors and the Executive Committee are both responsible for defining, monitoring and reviewing Faurecia's climate strategy and performance. Within the Executive Committee, the Climate Strategy and Sustainable Transformation Committee monitors the operational deployment of the climate strategy.

At the operational level, CO_2 coordinators ensure the deployment of the strategy in the various functions and Business Groups. The CO_2 "pioneer" network brings together around a hundred employees across all Group departments.

In 2021, Faurecia introduced two new climate governance tools:

- from 2022, the achievement of CO_2 targets will be a criterion for the allocation of variable compensation to the 4,800 managers and skilled professionals eligible for such compensation (see Section 4.2.1.2);
- in 2021, Faurecia set an internal price for CO_2 of €75/metric ton to anticipate and guide the development of its new products by integrating the CO_2 impact over their entire life cycle.

CLIMATE TRANSITION RISK STRATEGY

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Risks related to climate change and their impacts for Faurecia

The mapping of the climate risks is fully integrated into the Group's risk mapping, and in this context follows its risk review and revision process (see details in Chapter 2 "Risk factors & Risk management").

Faurecia has identified four climate risk factors (see Section 4.6.2):

- current regulations;
- new regulations and technologies geared towards a low-carbon economy;
- change in consumer behavior;
- increase in extreme weather events;

Climate change opportunities

Climate change is also a source of opportunities, particularly through the development of new products and services. 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 "agnostic" strategy guarantees in particular, for the Clean Mobility Business Group, the growth of its sales according to the financial commitments communicated by the Group.

FAURECIA'S CLIMATE SCENARIOS AND RESILIENCE STRATEGY

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

As part of the CO_2 neutrality project launched at the end of 2019, the Executive Committee was able to assess three forward-looking scenarios (economic, social and environmental – by 2050) related to the impact of climate change. These scenarios enabled the Executive Committee to take into account the internationalization of the costs of the climate transition, and then to integrate them into the Group's risk matrix. Finally, the analysis of these scenarios shed light on the Group's objectives and business strategy, in line with the objectives for 2025 and 2030 of the CO_2 neutrality project.

The scenarios below were selected based on the transition financing process: private sector, governments or global institutions. All scenarios have common assumptions regarding climate and population in 2040 and differ in socio-economic status and the trajectory of global warming towards 2080. Each corresponds to a different climatic trajectory according to the assumptions of the IPCC (+1.5°C/2.5°C in 2080 [RCP 2.6], +2.5°C/3.5°C in 2080 [RCP 4.5/6.0], +3.5°C/4.5°C in 2080 [RCP 8.5]).

The time horizon considered is 2050, halfway between Faurecia's targets for 2025 and 2030 and the climate effects of 2080.

These scenarios were developed in 2020 in partnership with the Toulouse School of Economics, and in collaboration with the *Collège de France*:

Collège de France / Toulouse School of Economics		Global governance	Complex competition	Wild world
Economic world in 2050	Governance	• CO_2 central bank/ Climate World Bank (CWB) • International Environment court	• Private & national/ regional decision-makers take action • Shared initiatives + free riders (governments + companies)	• Pension/health funds drive environmental markets (incl. CO_2) • States decentralize and divest public services
	CO_2	• CO_2 central bank/ Climate World Bank (CWB) • CO_2 price: **€50-100** ("managed" price)	• CO_2 cap & trade for companies + fragmented CO_2 fines, CO_2 border taxes • CO_2 price: **€30-200** (varying over time/ scope)	• Few regional CO_2 taxes & regulations • CO_2 price: **€0-1,000** (wild markets, "varying" CO_2 price)
	Growth	++	+	-/+
Climate world in 2080	Temperature	**+1.5°/ 2.5°C** RPC 2.6	**+ 2.5°/ 3.5°C** RPC 4.5/6.0	**+ 3.5°/ 4.5°C** RPC 8.5

CLIMATE TRANSITION RISK MANAGEMENT

TCFD

The Group's risk mapping is reviewed quarterly by the Risk Committee. The risk universe is updated annually on the basis of various data, including interviews with key stakeholders, and according to different categories (strategic, operational, compliance, financial, etc.) and by risk level (major, secondary, etc.). The mapping of the main risks is validated each year by the Executive Committee, the Audit Committee and the Board of Directors. In addition, the Audit Committee conducts an in-depth review of at least four risks each year.

In 2020, as part of the CO_2 neutrality project, the Risk Committee included the climate transition risk in the Group's risk mapping, also identified among the CSR risks included in the Extra-Financial Performance Declaration and audited by an external third party according to a moderate level of assurance.

CLIMATE TRANSITION RISK INDICATORS AND TARGETS

TCFD

The goal of CO_2 neutrality was launched in November 2019; the variable compensation policies of the 4,800 executives concerned will reflect these objectives as of 2022.

The Group's objectives and ambitions on the climate transition span several horizons:

- 2023: 20% reduction in CO_2 intensity in TCO_2/€ million of sales;
- 2025:
  - CO_2 neutrality for the sites (scopes 1 and 2), a more ambitious target than the global warming trajectory of 1.5°C, validated by SBTi,
  - 20% reduction in CO_2 intensity (controlled scope 3 emissions) in $MtCO_2eq$/€ million of sales for new products;
- 2030: 46% reduction in controlled CO_2 emissions (scope 3, except for the use of products sold).

The quantitative results of greenhouse gas emissions for 2021 are presented in Section 4.2.1.1 of this Chapter.

4.2.1.3 Note on the taxonomy regulation and eligibility of Faurecia products

Pursuant to Regulation 2080/852 of June 18, 2020 (known as the "taxonomy regulation") and the delegated climate regulation of June 4, 2021, Faurecia is required to disclose the share of its revenue, its capital expenditure and certain operational expenses for the 2021 fiscal year resulting from economic activities considered eligible in terms of the objectives of mitigation and adaptation to climate change.

Faurecia conducted a detailed analysis of all activities and product lines within its various consolidated entities. This analysis, carried out jointly by the CSR department, the Finance department, the Operations department, the Strategy department, and the Industrial departments of the Business Groups, and business line experts, made it possible to estimate the eligible activities for the fiscal year ended December 31, 2021 as follows:

Share of 2021 Faurecia activities in €m, eligible to mitigation and adaptation to climate change, as follows classification of the taxonomy regulation	Eligible revenues	Eligible capital expenditure	Eligible operating expenses
% eligible to activity 3.3	12.9%	14.9%	7.6%
% eligible activity 3.2	0.1%	1.6%	2.1%
% eligible to activity 3.4	0.1%	0.1%	0.8%
% eligible total	13.1%	16.6%	10.5%

The denominators of the financial ratios were defined in accordance with the definition of the delegated act of July 6, 2021 and its appendices supplementing the taxonomy regulation. For the numerators, there is no definition of the information expected for eligibility, so Faurecia reasoned by analogy with the alignment ratios to determine the proportion of ratios eligible for the taxonomy regulation.

The underlying financial information was checked jointly by the finance and operational teams to ensure consistency and reconciliation with the annual financial statements. They are presented after elimination of reciprocal transactions and cover the entire scope of consolidation of the Group (excluding companies consolidated by the equity method).

- Eligible revenues:

In the absence of clarification of the taxonomy regulation on the activities of automotive equipment suppliers and given their essential role in achieving the carbon neutrality objectives of automotive manufacturers, Faurecia has analyzed its activities in accordance with the requirements of the latter and took into consideration the revenue from its business activities in the service of hybrid (<50gCO_2/km), hydrogen and electric vehicles as part of the activity "3.3 Low-carbon manufacturing technologies for transport" of the taxonomy regulation.

These vehicles are designed and produced as part of a joint effort between carmakers and equipment manufacturers. While manufacturers translate consumer preferences into clear parameters for the design and assembly of vehicles, Faurecia supplies the technologies and components that meet these parameters. Faurecia researches, designs and industrializes systems (including interiors, seats, electronics, chassis components) that are a part of low-carbon vehicles. These systems are inseparable from hybrid, hydrogen and electric vehicles and their environmental performance.

In addition, the eligible revenue ratio includes revenue from the following activities: 3.2 "Manufacture of equipment for the production and use of hydrogen" and 3.4 "Manufacture of batteries".

- Eligible capital expenditure :

Capital expenditure related to eligible activities were also classified as eligible. It is only this type of capital expenditure that is reported in the eligibility ratios.

"Individual" capital expenditure is not included in the calculation of the ratios: it is not material and cannot be identified. This corresponds mainly to capitalized expenditure on the energy efficiency of buildings meeting the requirements of activities 7.3 to 7.6 of the taxonomy regulation.

- Eligible operating expenses :

The operating expenses related to the eligible activities were qualified as eligible, and estimated on the basis of the eligible revenue ratio according to allocation keys. They include R&D expenses, short-term leases, upkeep, maintenance and repair of assets, building renovation measures and any other expenses related to the daily maintenance of assets. They do not include purchases of renewable energy, electricity and heat (Scopes 1 and 2) and non-capitalized expenses incurred in addressing the energy efficiency of the sites.

These regulatory ratios only partially reflect Faurecia's commitment to achieving carbon neutrality by 2030, a roadmap validated by the Science Based Targets (SBTi) initiative and compatible with the reduction required to keep global warming at 1.5° C. More than €1.1 billion will be invested in sustainable technologies between 2021 and 2025 to make Faurecia a company fully committed to the climate transition, a source of fresh ideas for its customers and aligned with the expectations of civil society. In particular, the Symbio joint venture, held equally by Faurecia and Michelin, aims to develop, produce and market hydrogen fuel cell systems for all types of electrically powered vehicles. Symbio's business, accounted for using the equity method, is excluded from the above taxonomy ratios, although it falls within the scope of activity 3.2 "Manufacture of equipment for the production and use of hydrogen" and contributes substantially to the environmental objective of mitigating climate risk.

The Group will adapt its methodology and its eligibility analysis as the taxonomy regulation is implemented.

4.2.2. Climate transition impact

4.2.2.1. Greenhouse gas emissions

Since 2012, Faurecia has estimated its direct (scope 1) [1] and indirect (scope 2) [2] emissions and since 2016, has included its emissions related to the Group's entire value chain, i.e. including upstream and downstream from its own business activity (scope 3). [3]

In 2021, the Group updated its annual carbon footprint, in partnership with Deloitte. Several methodological improvements were made in order to refine the estimates, in particular for the significant items of the CO_2 footprint (see Section "CO_2 emissions calculation methodology"). Faurecia's contribution to global greenhouse gas emissions in 2021 is estimated at 27.7 $MtCO_2eq$ (scopes 1, 2 and 3), i.e. a decrease of -13% compared to 2019 (recalculated footprint).

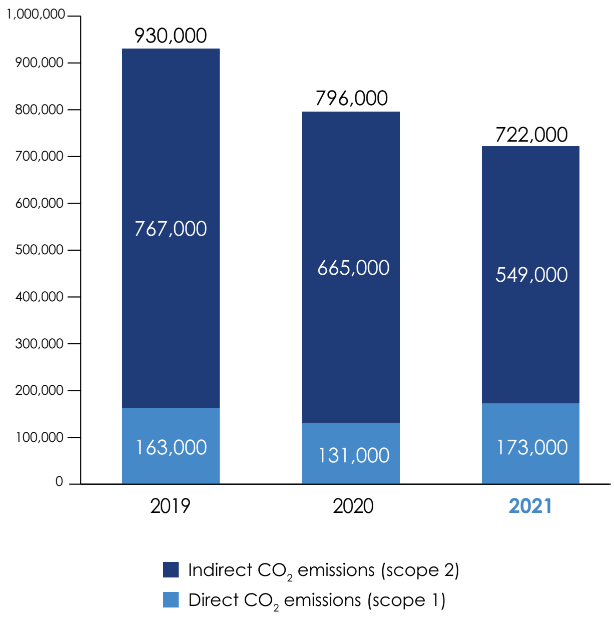
This decrease is mainly due to the Covid-19 pandemic and the semiconductor crisis, which had an effect on the Group's sales and consequently also on the activity of plants and raw materials purchases.

In 2021, Faurecia's direct and indirect emissions (scopes 1 and 2) amounted to approximately 722,000 metric tons of CO_2eq, a decrease of 22% compared to 2019. Scopes 1 and 2 emissions represent around 3% of the Group's total CO_2 footprint.

EFPD Faurecia's CO_2 intensity in 2021:
46.6 metric tons of CO2 equivalent/€ million sales

EFPD Summary of GHG emissions in metric tons of CO_2 equivalent – scope 1 and scope 2

GRI 305-1, GRI 305-2, GRI 305-3

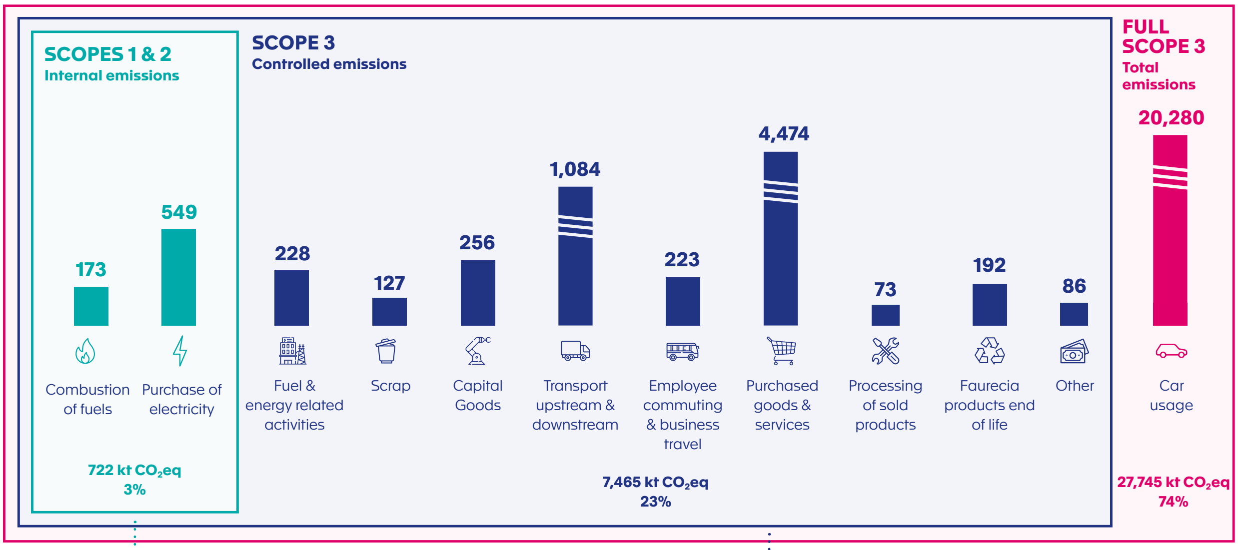


(1) Scope 1: Direct emissions correspond to the consumption of a primary source of energy (natural gas, domestic fuel oil, etc.).

(2) Scope 2: Indirect emissions correspond to the energy consumption (electricity, heat) that the Company uses but does not produce.

(3) For more information, see Section 4.6.3.2 "CO_2 emissions calculation methodology".

Faurecia 2021 CO_2 emissions breakdown
in kt CO_2 equivalent



2025

OBJECTIVE

CO_2 neutral - scopes 1 & 2

Clean energy
- On-site renewable energy production
- External renewable energy sourcing

Energy Savings
- Digitalization & smart actuators

Investment
- 70 million euros to achieve the objective

ELIMINATE 930 kT CO_2e
BETWEEN 2019 AND 2025

2030

OBJECTIVE

-50% controlled emissions scope 3

Use less
- Lightweighting initiatives
- Eco design

Use better
- Green manufacturing
- Recycled materials
- Bio-based materials

ELIMINATE > 4 MT CO_2e
BETWEEN 2019 AND 2030

4.2.2.2. Energy and electricity consumption of sites

GRI | GRI 103-1, GRI 103-2, GRI 103-3

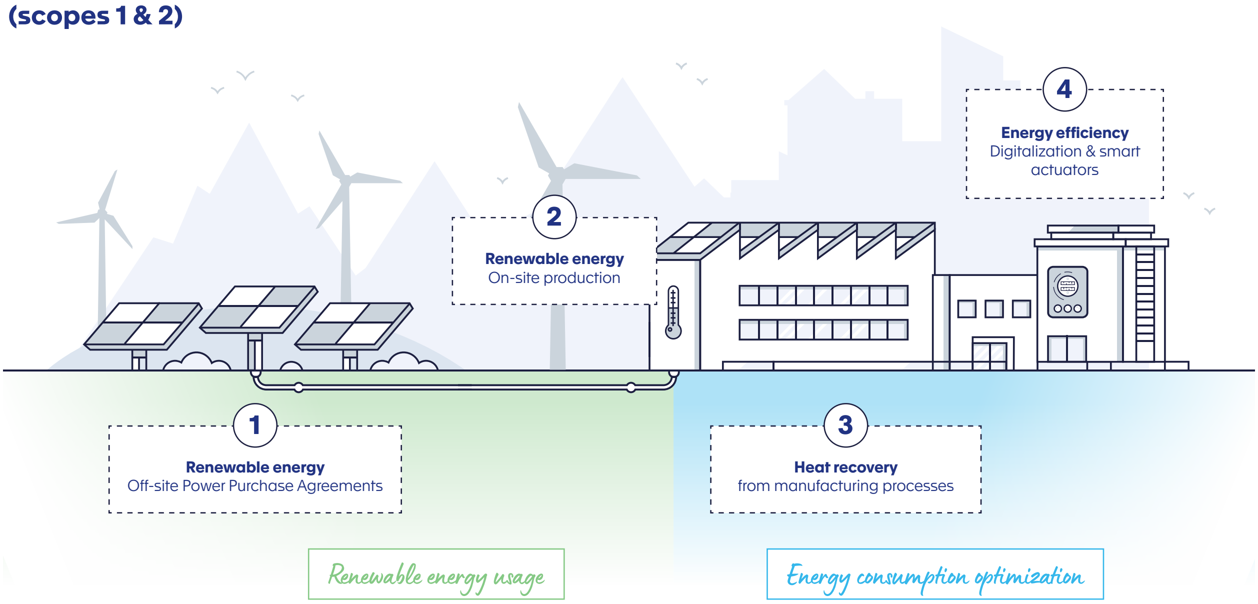
Faurecia aims to achieve CO_2 neutrality for its sites by 2025 and is rolling out a program to control energy consumption and develop low-carbon energy.

To accelerate the deployment of its action plan, Faurecia has developed partnerships with:

- Engie and Schneider Electric for energy savings;
- KPMG for the creation of solar installations supported through Power Purchase Agreements (PPAs).

These partnerships cover all Faurecia plants worldwide and can be extended to HELLA sites.

Faurecia's actions to reach the CO_2 neutrality of its sites by 2025 (scopes 1 & 2)



GROUP ENERGY CONSUMPTION

GRI | GRI 302-3, GRI 302-4

Electricity and natural gas are the two most used energy sources (respectively 72% and 24%) by Faurecia sites for industrial and service uses.

In 2021, total energy consumption was 1,775,855 MWh (up 4% on a like-for-like basis compared to 2020).

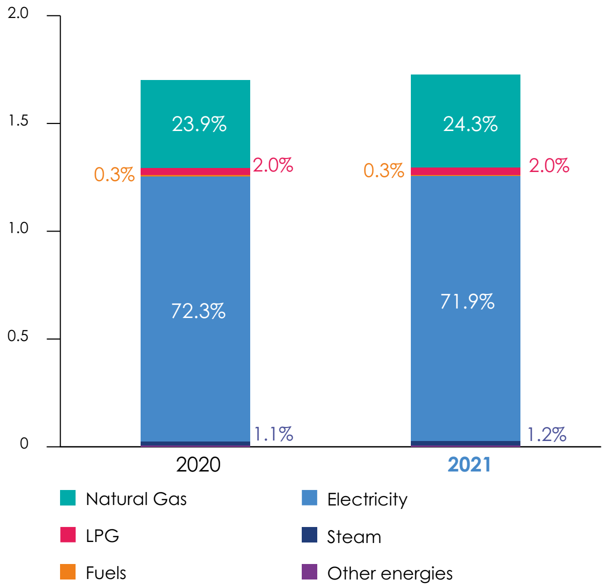
Inspired to care

	2019	2020	2021	2025 target
EFPD **Energy intensity (MWh/€ million of sales)**	117	120 +2% compared to 2019	115 -4% compared to 2020	-20%

This increase is due to two reasons: the restart of production following the decline caused by the Covid-19 pandemic and the increase in the number of sites in the scope of reporting (see Section 4.6.3)

Energy consumption, overall and by source

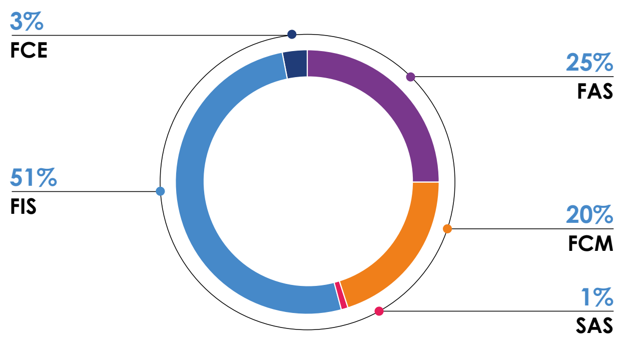
GRI 302-1



The breakdown of energy consumption remained stable between 2020 and 2021, with the most significant change being a decrease of 0.4% in the share of electricity consumed.

Breakdown of total energy consumption by Business Group

2021



In 2021, the Business Group SAS Interior Modules has been added to the reporting scope (see Section 4.6.3). Total consumption increased by 27,762 MWh for FAS, by 1,841 MWh for FCE, by 22,118 MWh for FIS and decreased by 2,798 MWh for FCM.

ENCOURAGING ENERGY SAVINGS AT SITE LEVEL

With the help of Engie and Schneider Electric, Faurecia undertook energy audits of around 140 sites at the end of 2021, with a view to defining savings investments in hardware and software. The amounts mobilized will be more than €70 million in 2022/2023.

On a daily basis, Faurecia sites are therefore committed to improving their energy consumption by optimizing the energy efficiency of their buildings and production facilities, and improving their energy purchases.

Improving the energy efficiency of buildings and production facilities

In 2021, Faurecia has equipped its sites with an hypervision system for the energy consumption. 180 sites have been connected to this internet platform, making it possible to view energy consumption remotely. Plants that can be equipped with real-time measurement of their power consumption, have been connected, making it possible to view 135 consumption points with a time precision of 10 minutes. Among these sites, 10 pilots equipped with energy management systems (EMS) have been connected to the platform. This deployment, allowing detailed analysis and optimization of energy consumption, will continue until 2023.

Faurecia has also invested to begin equipping its energy-intensive production facilities with automatic shutdown systems, making it possible to reduce the consumption of facilities at just necessary. New heat recovery systems have also been fitted to thermal machines. The smart LED lighting investment plan continued. The replacement plan for old and energy-intensive machines continued.

In addition to the local initiatives of Faurecia teams, 150 sites are now involved in a program to deploy energy performance contracts (energy efficiency as a service), enabling identify energy intensity reduction measures. The objective of the program is to enable these measures to deliver results before 2023.

In total, the sums invested represent more than 9.1M€, i.e. +10% of the sums invested compared to 2020. (more than 8.2M€).

LEED certification® for all new buildings

To improve the energy efficiency of buildings and, more generally, to reduce their environmental impact starting from the design phase, the Group encourages all of its new buildings (new constructions) to be Leadership in Energy and Environmental Design (LEED®) 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.

DEVELOPING RENEWABLE ENERGY

Supplying renewable energy

Faurecia is committed to purchasing increasingly low-CO_2 electricity, in collaboration with its suppliers, site by site. Since 2020, the Group has rolled out a global action plan for the period 2020-2025. This aims to produce or purchase electricity that is even lower carbon, better than local electricity grids, in particular through over-the-counter contracts, or by Power Purchase Agreements (PPAs), on- or off-site.

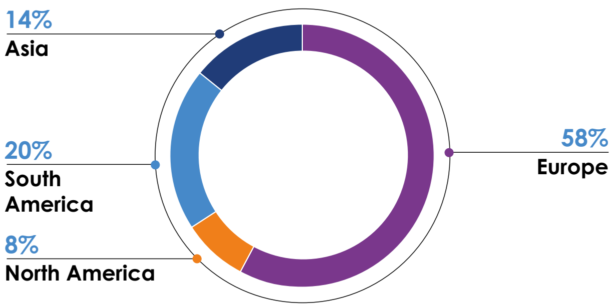
In 2021, the average percentage of the Group's renewable electricity was 18%, mainly wind, hydraulic and solar.

Creating new solar electricity capacity

With global coverage and a production capacity targeting more than 100 MWp (megawatt-peak) thanks to the photovoltaic panels installed on its buildings, Faurecia wants to produce as much solar electricity on its sites as is technically possible. This capacity should represent around 7% of the sites' average consumption.

Faurecia is rolling out a centralized global program for this purpose. The Group delegates the installation and operation of these renewable electricity production assets to third-party developers, selected by tender with its partner KPMG. The two suppliers selected are Engie and EDP and will deploy the solar equipment in 2022 at all eligible sites worldwide. Over-the-counter PPAs are therefore directly involved in the creation of new solar capacity on Faurecia sites.

Geographic distribution of renewable electricity consumption



The geographical distribution of renewable energy consumption is different from the geographical distribution of the sites. South America and Europe have a proportionately higher consumption of renewable energy (South America accounting for 20% of consumption for only 3% of sites, Europe 58% of consumption for 47% of sites). Conversely, North America, Asia and other countries have a proportionately lower geographical distribution (North America represents 8% of consumption for 15% of sites, Asia 14% of consumption for 30% of sites.

ACCELERATING THE ENERGY TRANSITION THROUGH PARTNERSHIPS

Faurecia has forged partnerships for all of its sites around the world with specialists recognized for their experience, expertise and international presence.

These partnerships aim to reduce energy consumption through the adoption of innovative technical and digital solutions targeting energy efficiency and heat recovery. They also support the local production or purchasing of renewable electricity.

In 2021, Faurecia chose Schneider Electric as its exclusive advisor for the purchase of off-site renewable electricity, in the form of PPAs, and KPMG for the purchase of renewable electricity on-site (solar panels).

Engie will provide energy saving solutions at more than 100 Faurecia sites worldwide by mid-2022.

4.2.3. Environmental policy

GRI GRI 103-1, GRI 103-2

Faurecia makes a priority commitment to managing energy and CO_2 emissions, waste and water. To this end, the Group's environmental policy consists of:

- ensuring regulatory compliance and meeting the expectations of its stakeholders;
- training employees and suppliers to instill a personal sense of environmental responsibility, including the "10 Green Attitudes";
- implementing continuous improvement, in particular by certification to the ISO 14001 and 45001 standards managed through its Faurecia Excellence System;
- reducing risks in its operations and preventing events having a negative impact on the environment through its "CARE" approach.

The Business Groups implement this policy in their respective areas. The Group ensures that their roadmaps are aligned with the highest level of requirements and objectives.

The environmental policy is steered by the Group's HSE (hygiene, safety and environment) department. It is broken down into action plans aimed at improving the Group's environmental performance.

Faurecia's HSE organization is composed of a Group HSE Director who is supported by a network of HSE Directors in each Business Group, who are in turn supported by a network of HSE Managers at operational division and site level.

4.2.3.1. Environmental culture of the teams

Faurecia deploys the culture of its HSE policy through its "10 Green Attitudes" campaign. It is based on four themes: soil and subsoil protection, energy management, the quality of air emissions and waste management. It consists of posters illustrating 10 environmental attitudes to be adopted, an online training module and a self-assessment questionnaire. The latter enables the progress by sites in adopting good environmental attitudes to be measured.

4.2.3.2. The Faurecia Excellence Sytem: a central management tool

The Faurecia Excellence System (FES) is the tool used to manage Faurecia's production and operations organization. In line with Faurecia's strategic plan, it is designed to continuously improve:

- Total Customer Satisfaction (TCS);
- sustainable competitiveness;
- talent development.

It benefits from the capitalization of more than 20 years of Faurecia's experience and has been continuously enriched with the best internal and external practices (Lean Manufacturing). It guarantees that the operational performance of Faurecia's production plants is at the highest level, regardless of their geographical position and local specificities.

It is used in particular to manage:

- the environmental policy of operations (see Section 4.2.3);
- occupational safety (see Section 4.3.2);
- product safety (see Section 4.3.3).

The FES complies with the requirements of the quality, environment and safety standards of the automotive industry (IATF 16949, ISO 14001, ISO 45001).

4.2.3.3. Employee training

Any new employee arriving at a certified site attends an awareness-raising session on environmental impact management and best environmental practices.

Environmental training is mainly carried out 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 mainly aims to develop internal expertise, such as mastering the ISO 14001 certification process.

4.2.4. Environmental impact of operations

4.2.4.1. ISO 14001

Faurecia is committed to ISO 14001 certification for all production plants with more than two years of activity. The percentage of sites with ISO 14001 certification (or with an action plan for ISO 14001 certification, with more than two years of activity) is tracked every six months by the Risk Committee.

EFPD
- **In 2021, 85% were ISO 14001 certified** (i.e. 149 production plants, the Group also has 42 certified assembly sites and 11 certified R&D sites).

4.2.4.2. Production waste

Faurecia's industrial sites work on a daily basis to reduce, recover or recycle whenever possible the waste generated throughout the production chain.

REDUCTION AND RECOVERY ACTIONS IMPLEMENTED BY THE SITES

GRI GRI 103-2, GRI 306-2

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 2021, 67 sites implemented new best practices to reduce the impact of waste generated by the business:

- 52 of them have improved their selective sorting, for example by reinforcing postering to optimize waste sorting and selection, and by training employees and subcontractors;
- 23 sites have set up recycling systems with the shortest possible loops such as selling or donating waste to another company, for example by increasing the recycling of packaging and its reuse;
- Other actions mainly consisted in reducing production waste, compacting waste to reduce transport volumes, reducing the number of wooden pallets consumed and switching to sustainable timber.

STABLE WASTE GENERATION THANKS TO OPTIMIZATION ACTIONS

GRI GRI 103-1, GRI 103-3, GRI 306-3

In 2021, the sites generated around 205,059 metric tons of waste, an increase of 7% compared to 2020 (the number of sites having increased, this corresponds in fact to a slight increase of 3% on a like-for-like basis), of which 62% is non-hazardous waste.

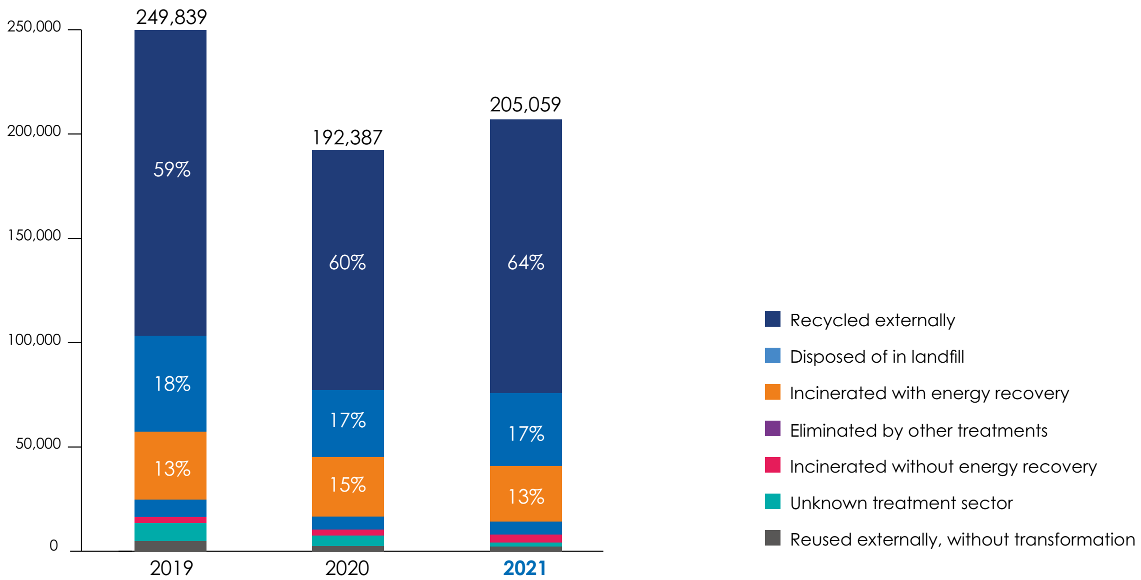
Inspired to care

	2019	2020	2021	2025 target
EFPD **Waste intensity (metric tons/€ million of sales)**	15	13.5	13.3	-10%

The Group's sales figures correspond to the results generated during the environmental reporting period.

Breakdown of total amount of waste generated, in metric tons, by treatment method

GRI GRI 306-4



Faurecia's priority remains to avoid the production of waste, and it always favors internal and external recycling before opting for other disposal methods such as incineration with energy recovery.

It should be noted that some of the production plants are located on industrial sites dependent on the manufacturers, and for which the waste collection carried out for the site as a whole does not enable the waste generated and collected for Faurecia to be traced.

Every year the Business Groups develop initiatives to reduce their environmental impact, particularly for the waste generated, of which the following is a list of examples:

- Faurecia Clean Mobility has developed an internal catalog of best practices for reducing energy consumption and waste production: heating and cooling system management, detection of gas leaks, implementation of new solutions to reduce the consumption of lighting, installation of solar panels, reduction of packaging waste and implementation of environmental awareness campaigns. This catalog includes more than 60 examples of initiatives that have already been tested and approved at certain sites, in order to enable them to be disseminated throughout the Group;
- installation of a steel scrap sorting system: this measure, implemented this year to reduce the amount of waste emitted and promote recycling, has made it possible to establish procedures to separate different types of steel scrap. A simple and fast solution has been implemented to guarantee the correct sorting between different steel alloys: one of the alloys being magnetic (namely ferric steel) and the other being non-magnetic (austenitic steel), a magnet is used to check the type of alloy and validate the quality of the sorting before the consignment is sent back to the recycling channel. These alloys, which are recycled separately, guarantee their quality. This best practice was initially developed at the Czech site of Mladá Boleslav, and is now deployed in other Faurecia Clean Mobility plants, as well as Faurecia Automotive Seating;
- the zero waste plant in Kosice, of the Interior Seating Business Group, implemented a series of measures in 2021: a water treatment plant was installed to purify 99% of the water used and a plastic recycling system was set up to send 100% of the plastic film used to a recycling site. In addition, 100% of leather offcuts, representing around 160 metric tons per year, will be sent to factories in Italy and China to produce leather goods and fashion accessories. Measures have also been put in place to reduce the amount of solvents used and improve the waste sorting rate;
- strengthening on-site sorting practices: in 2021, the production center Faurecia Automotive Seating in Písek in the Czech Republic added visual markers with sorting bins to make it easier for employees to identify each type of waste corresponding to the bins, an action also applied in France in Caligny and Nogent-sur-Vernisson;
- installation of a new compactor at the Faurecia Seating site in Pulversheim in France to facilitate and optimize the transport of cardboard waste in collaboration with Engie and Suez. Other sites, such as Columbus South in the United States, have also installed a compactor in 2021, and were able to increase their quantity of recycled materials by 73% compared to 2020.

4.2.4.3. Water resources

GRI 103-3

Inspired to care

	2019	2020	2021	2025 target
EFPD Water intensity (m³/€ million of sales)	176	190.5	174.9	-10%

In 2021, Faurecia continued its efforts to reduce water consumption, with a total decrease of 3,300 m^3 compared to 2020, despite the increase in production. On a like-for-like basis, water consumption fell by 2%, or a total of 46,000 m^3.

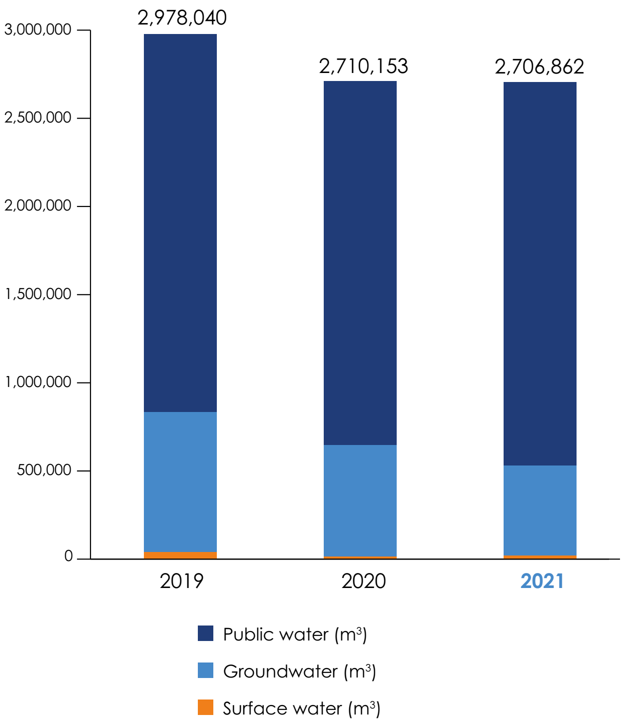
This reduction is mainly due to a decrease in the use of water for industrial purposes, which represents around one third of total consumption. This was made possible thanks to the implementation of actions to operate the facilities in a closed circuit:

- the site of Faurecia Automotive Seating in Valladolid, Spain has set up a water recirculation system for domestic hot water, which keeps hot water at a constant temperature and avoids wasting municipal water while waiting for it to heat up at the point of consumption. This measure is particularly important in this region of Spain, which experiences severe periods of drought in summer. This system contributed to a 40% reduction in the site's domestic water consumption between 2020 and 2021, from 1,054 m^3 to 627 m^3.

In addition, given that two thirds of water consumption is for sanitary use (showers, catering, toilets), the Group is preparing a plan to reduce the consumption of water from the city network, by prioritizing areas subject to water stress, and setting up rainwater harvesting systems at the new sites built by Faurecia (around 15 to 20 per year) as of 2022, as described in its 2021 White Paper "Green Factory".

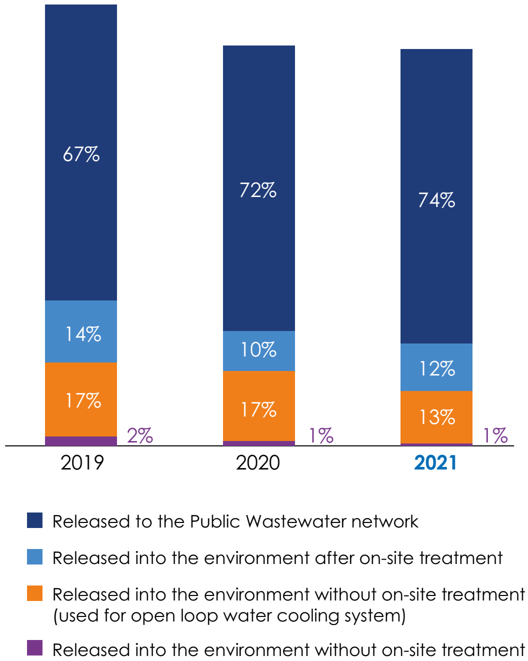
Water consumption by source of supply in m³

GRI GRI 303-5

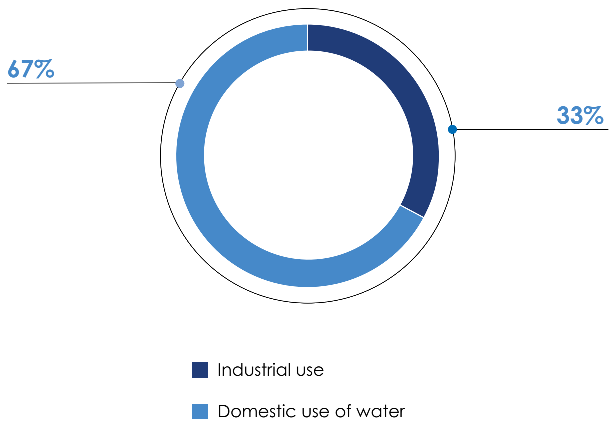


Destination of released water

GRI GRI 303-4



Breakdown of water consumption, by use



4.2.4.4. Preventing environmental pollution

LIMITING THE USE OF HAZARDOUS CHEMICAL PRODUCTS

Faurecia has implemented a system for managing substances throughout the supply chain, from suppliers to manufacturing customers, for all its products delivered. 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.

Identifying substances of concern

Faurecia has developed an anticipatory approach to the identification and sharing of information within the supply chain on substances of concern, based on a list of substances 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.

Anticipating and proposing substitutes

Faurecia participates in the work carried out in collaboration with automakers and various professional associations in order to anticipate possible restrictions on the use of substances in the coming years, in order to be responsive and to carry out projects to replace certain substances when this is necessary.

The Group oversees the REACH and Global Automotive Declarable Substance List (GADSL) working groups, through the Global Automotive Stakeholders Group (GASG) and the European Association of Automotive Suppliers (CLEPA).

LIMITING EMISSIONS OF VOLATILE ORGANIC COMPOUNDS (VOCs) FROM PRODUCTION

GRI GRI 305-7

Faurecia monitors atmospheric emissions of VOCs related to its business. In 2021, the sites emitted around 1,531 metric tons of VOCs from production, an increase of 15% compared to 2020.

At Group level, 22 production plants are responsible for 80% of VOC emissions.

The activity of the Business Group Faurecia Interior Systems requires the use of glues, paints and release agents. This activity alone accounts for 71% of the Group's VOC emissions.

The increase in VOC emissions in 2021 is mainly due to the increase in activity at the Goiana site in Brazil, which saw a very strong increase in the painting of parts during 2021.

Conversely, VOC emissions remained stable in Europe and North America, where regulatory requirements are the strictest.

AVOIDING ACCIDENTAL DISCHARGES INTO WATER AND SOIL

GRI GRI 103-1, GRI 103-2, GRI 303-1, GRI 303-2

In order to eliminate the risk of accidental releases inherent to industrial activity, Faurecia trains all site operators to anticipate any risk and how to react in the event of an accidental spill, in particular through the training program on "10 Environmental attitudes". All ISO 14001 certified sites integrate the prevention of this risk into their management system.

Faurecia assesses the environmental risks of its industrial projects by systematically conducting environmental audits and subsoil studies research when appropriate.

Lastly, in the context of industrial restructuring resulting in plant closures, the Group systematically assesses the environmental impact and carries out a soil and subsoil study when appropriate.

BIODIVERSITY: LOCATION OF FAURECIA SITES AND THE LOCAL NATURAL ENVIRONMENT

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 that are becoming or are already endangered (leopards, ground squirrels, terrestrial squirrels, etc.), and natural water areas (rivers and streams) protection zones. 24 sites, comprising 17 production plants, six assembly sites and one research and development site, are located less than three kilometers from a protected area.

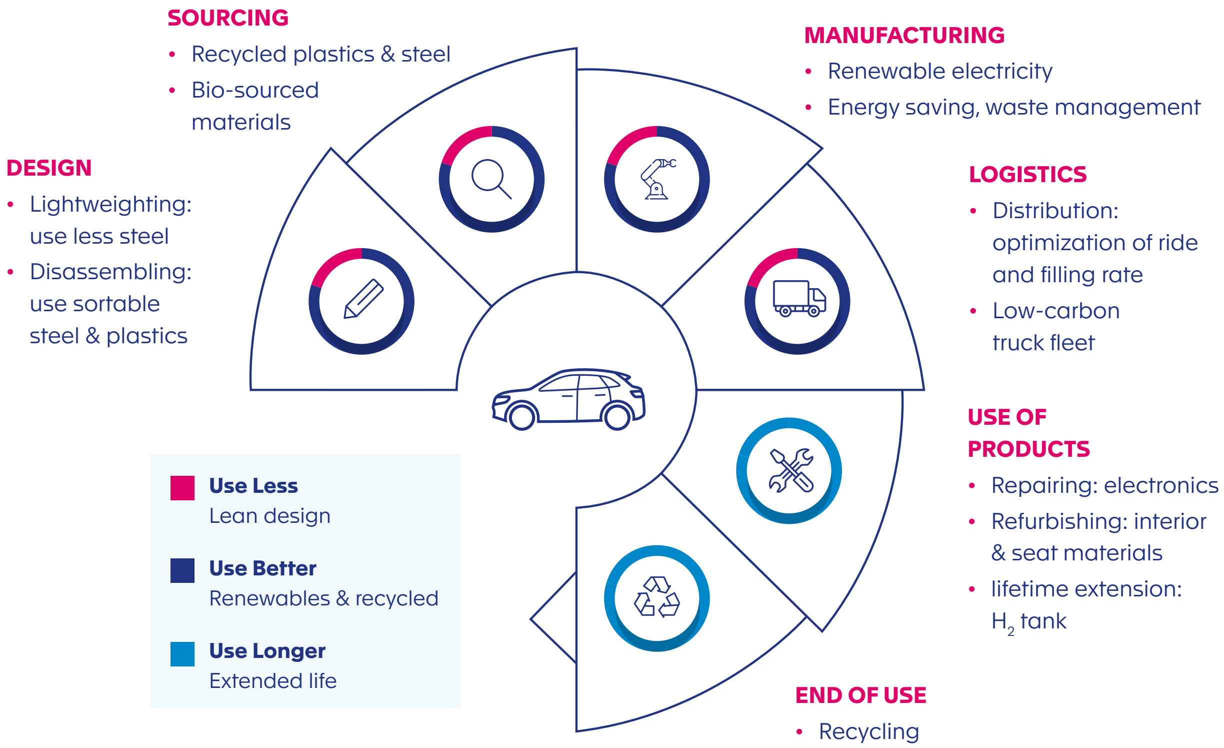
For new sites, Faurecia has published a white Book on the environmental constraints to be taken into account, including the identification and management of potential impacts on biodiversity.

4.2.5. Circular economy of products

4.2.5.1. Life Cycle Assessment (LCA)

Committed to the circular economy, Faurecia designs products taking into account their entire life cycle: use of resources and raw materials, product eco-design, and end-of-life use and recyclability. Beyond the specifications and objectives of the equipment manufacturers, Faurecia seeks to improve the industrial processes, the materials used and the design of its products in order to reduce the CO_2 footprint of its systems throughout their lifecycle.

Life cycle of vehicule and Faurecia' levers



Framed by the international standards ISO 14040 and ISO 14044, life cycle assessment (LCA) measures impacts including greenhouse gas emissions, consumption of non-renewable resources and materials and water eutrophication. It takes into account the entire lifecycle of products: extraction of materials, manufacture of products, delivery to the manufacturer, use by the consumer and end-of-life.

Against a backdrop of increasingly stringent environmental requirements, particularly for the automotive sector, Faurecia is keen to develop LCA with automakers and partners in the automotive sector in order to have a shared understanding of environmental issues.

Faurecia thus assesses the lifecycle of its main innovation projects.

Faurecia actively participates in three working groups on LCA led by the main industrial associations, in order to share methodologies, results and impacts, and the flow of information:

- the lifecycle analysis working group led by the automotive industry platform (PFA);
- the eco-design working group of the *"Verband der Automobilindustrie"* [(1)] (VDA);
- the European Association of Automotive Suppliers (CLEPA) working group.

(1) German Automotive Industry Union.

4.2.5.2. Eco-design

INTERIORS FOR THE PLANET

The Interiors Business Group use an innovative range of sustainable materials.

A line of sustainable innovations

In 2021, Faurecia launched an initiative to accelerate the development of sustainable solutions for vehicle interiors: "Interiors for the Planet". Innovations are developed on the basis of three pillars:

1. use less;
2. incorporate recyclable and recycled materials;
3. develop biomass based materials with CO_2 sequestration.

These innovations, whose environmental impact has been assessed by a lifecycle analysis according to the international standards ISO 14040 and ISO 14044, make it possible to reduce scope 3 CO_2 emissions. The Interiors Business Group aims to reduce the CO_2 footprint of materials for its new products by 87% by 2030.

Bio-sourced materials

Bio-sourced materials meet the requirements of the Interiors for the Planet initiative. They mainly include plant fibers, such as hemp, and are used in three technologies patented by Faurecia:

- lignolight technology, which uses compressed fibers and resin and improves density by 40% compared with traditional components;
- NAFILean® technology (NAturals FIber Injection), which, by combining natural hemp fibers and a polypropylene resin, makes it possible to gain 25% mass;
- NAFILITE technology, which again reduces mass by 10%.

Faurecia continues to expand its range and improve its environmental footprint, innovation after innovation.

- The NAFILean® range, for example, now has four products. The next generation of NAFILean® will offer the highest reductions in weight and CO_2 emissions to date.
- A new polyurethane foam, Bioflex, using biopolyol, is being pre-developed in partnership with a car manufacturer for industrialization planned for 2022-2024.

Leather represents a significant part of the sources of CO_2 emissions from the materials used by Faurecia. Faurecia is developing new technologies from bio-sourced materials to reduce or replace leather in the Cockpit of the Future through the R-BioSkin project, in advanced negotiations with a manufacturer. From 2022, a new hemp-based material will reduce the CO_2 footprint by 25% compared to PVC and by 95% compared to natural leather.

SEAT FOR THE PLANET

In 2021, the Seating Business Group accelerated the development of a holistic, sustainable approach that includes the frame, foam, covers and accessories. In 2021, Faurecia launched "Seat for the Planet". This new portfolio of innovations is guided by five rules:

1. use sustainable materials: natural, low-carbon, recycled or recyclable materials;
2. use fewer materials (including reducing manufacturing waste);
3. avoiding mixtures of materials to facilitate recyclability;
4. focus on satisfying minimum consumer experiences and needs;
5. design seats that are easy to assemble and disassemble to facilitate recycling, reconditioning and refurbishment.

The first generation of complete seats with all these solutions and features offers average reductions of CO_2 emissions of 30% and of 10% by weight compared to conventional seats, without sacrificing the previous competitive advantages of Faurecia. A second generation being developed will further improve these performances, to be launched on the market before 2030.

Steel and plastics

The steel and plastics used in the manufacture of seats together account for nearly 40% of the Group's controlled CO_2 emissions. In particular, Faurecia is working on the processing of steel and the development of new manufacturing processes that save waste and energy, and also use carbon-free energy when possible.

In 2021, the Seating Business Group entered into a partnership with SSAB, a Swedish steelmaker, to source steel without fossil fuels, which is a first among automotive suppliers. Faurecia will start equipping its structures with this green steel from 2026.

Foams and seat covers

Faurecia is also working on sustainable innovation in foam and seat covers, to develop the use of recycled, recyclable and bio-sourced materials. Easier to separate for recycling, bio-composites use non-food agricultural materials such as hemp stalks.

Minimalist design

"Seat for the Planet" also plans to offer automotive suppliers seats with a minimalist and refined design for specific vehicle lines. These products will only use the amount of material strictly necessary according to the expected performance.

Inspired to care

	2019 baseline	2025 target
EFPD **Percentage of recycled content in new products**	30%	40%

4.2.5.3. A new "sustainable materials" division

The materials used by Faurecia are mainly metals (80% by weight of total raw materials purchased) and plastic (20%).

In 2021, Faurecia created a new division to develop and produce sustainable materials for dashboards, central consoles, door panels and seats, and even to supply other industries. This new division supports the innovations of the Interiors and Seating Business Groups in terms of recycled and bio-sourced materials with ultra-low or negative CO_2 emissions.

Faurecia plans to build R&D center dedicated to sustainable materials and a pilot plant, both to be operational in 2022.

4.2.5.4. Products recyclability

Faurecia incorporates recyclability in its eco-design approach by anticipating the end-of-life phase and optimization of production waste recovery.

Faurecia systematically studies substitutes for plastics that are not yet recyclable (PVC, thermoset or composite plastics such as polypropylenes loaded with glass fibers).

The Interiors Business Group has carried out recycling and recovery tests on complex products after dismantling and shredding vehicles. 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.

4.2.5.5. Electronic systems recycling: the RepairLab

Faurecia Clarion Electronics offers a multi-brand repair service throughout Europe. Partnerships with Renault and Stellantis now cover the entire range of embedded electronics, all brands. Clarion Electronics is expanding its offering to other manufacturers of passenger and commercial vehicles.

Clarion Electronics also makes OEMs aware of the importance of considering product repairability right from the design stage.

Applying a virtuous circular economy to environmental and economic aspects, the reuse of components is also a solution to the context of a shortage of electronic components. It makes it possible both to keep functional resources in service longer and to limit the inventory of after-sales components.

Faurecia Clarion Electronics will continue its development in 2022, with the aim of strengthening its presence in Europe and raising awareness of the service among garage owners and users.

4.2.6. Investment for sustainable technologies

Reducing CO_2 emissions, improving air quality and improving energy efficiency have been at the heart of Faurecia's innovation for more than 20 years.

As part of its Sustainable Mobility strategy and its scopes 1 and 2 CO_2 neutrality objective by 2025 (see Section 4.2.1), Faurecia is stepping up its investments in sustainable technologies:

- sustainable materials (see Section 4.2.5.3);
- lightweight solutions and minimal architectures;
- solutions to reduce fuel consumption and for vehicles with very low emissions, in particular through heat recovery;
- new technologies for electrified vehicles such as hydrogen mobility for fuel cell electric vehicles.

Faurecia has also set up a global ecosystem of partners, enabling it to develop projects with leading players around the world, in order to extend its technological expertise and improve its capacity for innovation.

Inspired to care

EFPD **Cumulative investments in sustainable technologies for the period 2021-2025**	€1.1 billion

4.2.6.1. Green bond issue for hydrogen mobility

In line with its strategy for Sustainable Mobility, and in particular its investment in hydrogen mobility, Faurecia published its Green Bond Framework in 2021. It was reviewed by the non -financial rating agency ISS ESG, supplier of the Second Party Opinion, which assessed the contribution of Faurecia's Green Bond to the Sustainable Development Goals defined by the United Nations as having a significant contribution to the "clean and affordable energy" and "climate action" objectives.

In this context, in 2021 Faurecia launched its first senior green bond issue of €400 million with a maturity of 2029. It will be used to finance or refinance, in whole or in part, "green" projects.

In accordance with the Green Bond Framework, eligible projects aim to develop and produce components for vehicles with zero exhaust emissions such as electric or hydrogen vehicles. These projects are aimed at developing and producing hydrogen fuel cell systems for vehicles and hydrogen storage systems.

4.2.6.2. Hydrogen technologies for zero emission mobility

Faurecia is investing heavily in technologies for electrified vehicles with a priority on developing hydrogen-powered mobility.

HYDROGEN

Produced from a multitude of energy sources, this source of storable energy generates no CO_2 emissions or polluting gases when using the vehicle. Hydrogen can also be used to store excess renewable energy.

Green hydrogen is produced by electrolysis of water using electricity from renewable energies.

By 2030, Faurecia estimates that 2.5 million hydrogen-powered private and commercial vehicles will be produced, representing a market of €17 billion.

HYDROGEN FUEL CELL SYSTEMS

Faurecia is convinced that fuel cell technology will occupy a significant place in the energy mix of powertrains in the next 10 to 15 years, and above all for commercial vehicles.

Symbio, the joint venture of Faurecia and Michelin created in 2019, designs, produces and markets hydrogen systems for light and commercial vehicles, buses and trucks, as well as other electric vehicles. With unique expertise and a focus on setting automotive production standards, the Company aims to become a global leader in hydrogen mobility. Symbio is also aiming to produce 200,000 StackPacks® –its pre-validated and pre-integrated hydrogen systems– per year by 2030, for OEMs worldwide. In 2021, it signed a partnership with Stellantis to equip its new ranges of light commercial vehicles with fuel cell systems.

HYDROGEN STORAGE SYSTEMS: RECOGNIZED EXPERTISE

Faurecia encourages automotive OEMs to integrate hydrogen storage systems for different types of vehicles that meet industry requirements, with the just-in-time delivery of turnkey systems tested at the end of the chain.

Faurecia is already recognized for its production of hydrogen storage systems for fleets of heavy vehicles and light commercial vehicles for several international manufacturers. The Group currently has the capacity to produce several thousand hydrogen storage systems per year.

Faurecia has invested €25 million in its new center of expertise for hydrogen storage systems in Bavans, France. Sixty high value-added engineering and technical positions are entirely dedicated to hydrogen storage.

In 2021, Faurecia and the Renault Group decided to collaborate on hydrogen storage systems for light commercial vehicles using fuel cells.

Lastly, Faurecia won a major contract for storage systems for electric vehicles from Hyundai Motor Company. Over a four-year period, Faurecia will equip around 1,600 Hyundai trucks.

4.2.6.3. Low emission and air quality technologies

As part of its Sustainable Mobility strategy, Faurecia continues to develop technologies that contribute to significantly reducing emissions and improving urban air quality. A world leader in solutions for improving air quality and the energy efficiency of passenger vehicles for 15 years, Faurecia is expanding this expertise to commercial vehicles and high horsepower engines. Faurecia therefore offers solutions adapted to all types of vehicles.

REDUCING THE CO_2 FOOTPRINT FOR NEW PRODUCTS

The CO_2 footprint is a decisive factor in Faurecia's innovation approach. One of the criteria for selecting future solutions is that they must result in an improved CO_2 footprint of at least -20% compared to existing products.

REDUCING CO_2 EMISSIONS THROUGH EXHAUST GAS HEAT RECOVERY SYSTEMS

Faurecia provides emission reduction solutions that promote compliance with the new emission standards. The Group has developed after-treatment systems for internal combustion engines and hybrid powertrains, in order to reduce their emissions levels and recover lost energy. Indeed, one-third of the energy produced by the powertrains is dissipated in the form of heat by the exhaust system.

In 2020, Faurecia developed several generations of Exhaust Heat Recovery Systems (EHRS), a compact heat recovery system. This breakthrough innovation is particularly well suited to hybrid vehicles, which will represent more than 30% of vehicles by 2025.

REDUCING THE FUEL CONSUMPTION AND NOX EMISSIONS OF TRUCKS

Designed for optimal exhaust performance even at low temperatures, the Heated Doser aims to reduce emissions from trucks by reducing fuel consumption and NOx emissions. Its extremely fine droplets (less than 15 microns) help reduce clogging in the emission control system and increase engine life. The Heated Doser converts NOx particles and will contribute to future Ultra Low NOx and Euro VII regulations.

In order to anticipate stricter emission regulations and continually improve air quality, Faurecia has developed the Electric Heated Catalyst (EHC) technology. This new emission treatment solution drastically reduces pollutants from hybrid vehicles.

REDUCING VOC EMISSIONS FROM PRODUCTS

For several years, Faurecia has been studying VOC emissions impacting air quality in the passenger compartment (VIAQ for Vehicle Interior Air Quality). In this context, the Group has developed low-emission materials and products through its Interiors and Seating Business Groups. In collaboration with its suppliers, the Faurecia Composite Technologies division, within the Faurecia Clean Mobility Business Group, is also developing new materials based on styrene-free polyester and vinyl ester resin, which aim to reduce VOC emissions when manufacturing parts and in vehicle interiors.

Faurecia also takes part in working groups on VIAQ at the United Nations level, in collaboration with carmaker representatives. Faurecia's participation in these working groups aims to continually improve its knowledge of measurement methodologies and the impact of products in vehicle interiors.

4.2.6.4. Sustainable innovations

Faurecia sets up partnerships for innovations in favor of Sustainable Mobility:

- technical partnerships with industrial companies such as ZF on safety technologies for autonomous driving, or Mahle on thermal technologies;
- joint ventures such as Apptoide for an embedded app store;
- acquisition of start-ups such as IRYStec to personalize the display according to the driver's vision and ambient light;
- partnerships with academic institutions such as the CEA and the *Collège de France* for fuel cell technologies and polymers, the *École Centrale de Nantes* for composites, the *Technische Universität Dortmund* for metallic materials, Supelec-Esigelec for mechatronic systems and Indian Institute of Science for sensors;
- partnerships for digital transformation such as Accenture for artificial intelligence, Microsoft for its cloud strategy, GuardKnox for cybersecurity and Palantir for data;
- associations and think tanks such as Movin'on, the Hydrogen Council, "Entreprises pour l'Environnement" (EPE) and the World Material Forum for Sustainable Mobility.

4.2.7. Environmental performance indicators

Detailed breakdown of emissions (tCO_2eq) – Scopes 1, 2 and 3

In application of the recommendations of the GHG protocol, the CO_2 emissions relating to the reference year 2019 and to the year 2020 have been recalculated to take into account changes in scope and methodological improvements (see Section 4.6.3 methodology for calculating CO_2 emissions).

				2019	2020	2021	Level of uncertainty
Scope 1 ✔			Scope 1 direct emissions Combustion of fuel	163,000	131,000	173,000	low
Scope 2 ✔			Scope 2 indirect emissions Purchase of electricity	767,000	665,000	549,000	low
			SCOPES 1 AND 2 (INTERNAL EMISSIONS)	**930,000**	**796,000**	**722,000**	**LOW**
Scope 3 ✔	Controlled	upstream	Purchased goods and services	5,057,000	4,144,000	4,474,000	medium
			Capital goods	396,000	255,000	256,000	high
			Fuel & energy related emissions	321,000	274,000	228,000	low
			Upstream transport and distribution	899,000	776,000	970,000	medium
			Wastes generated	196,000	147,000	127,000	medium
			Business travel	130,000	95,000	79,000	medium
			Employee commuting	187,000	172,000	144,000	medium
			Upstream leased assets	48,000	49,000	53,000	medium
		downstream	Downstream transport and distribution	139,000	120,000	114,000	medium
			Processing of sold products	97,000	79,000	73,000	high
			Products end of life	209,000	198,000	192,000	medium
			Downstream leased assets		-		N/A
			Franchises		-		N/A
			Investments	32,000	36,000	33,000	medium
			CONTROLLED SCOPES 1, 2 AND 3 (SCOPES 1, 2 AND 3 EXCLUDING USE OF PRODUCTS)	**8,641,000**	**7,141,000**	**7,465,000**	**MEDIUM**
	Uncontrolled		Use of products sold in the car	23,180,000	17,975,000	20,280,000	medium
			SCOPE 3 TOTAL	**30,891,000**	**24,320,000**	**27,023,000**	**MEDIUM**
			SCOPES 1, 2 AND 3 TOTAL	**31,821,000**	**25,116,000**	**27,745,000**	**MEDIUM**

Scope 1: Direct emissions correspond to the consumption of a primary source of energy (natural gas, domestic fuel oil, etc.).
Scope 2: Indirect emissions correspond to the energy consumption (electricity, heat) that the Company uses but does not produce.
The level of uncertainty in the calculation of CO_2 emissions is assessed by taking into account the precision of the input data and the uncertainties on the emission factors by country and type of energy.
For more information, see Section 4.6.3.2. " CO_2 emissions calculation methodology".

	2019	2020	2021	2020 vs. 2021
Energy consumption, overall and by source				
Natural Gas	24.1%	23.9%	24.3%	+0.4pt
LPG	2.3%	2.0%	2.0%	-
Fuels	0.4%	0.3%	0.3%	-
Electricity	71.8%	72.3%	71.9%	-0.4pt
Of which renewable electricity	18%	15%	18%	+2pt
Steam	1.2%	1.1%	1.2%	+0.1pt
Other energies	0.2%	0.4%	0.3%	-
Breakdown of total energy consumption by Business Group in 2021				
Faurecia Clarion Electronics	N/A	3%	3%	-
Faurecia Interiors Systems	56%	52%	51%	-1pt
Faurecia Automotive Seating	23%	24%	25%	+1pt
Faurecia Clean Mobility	21%	21%	20%	-1pt
Fauercia Interior Modules (SAS)	N/A	N/A	1%	N/A
Geographic distribution of renewable energy consumption				
Asia	N/A	15%	14%	-1pt
South America	N/A	22%	20%	-2pt
North America	N/A	15%	8%	-7pt
Europe	N/A	48%	58%	+10pt
NUMBER OF ISO 14001 CERTIFIED PRODUCTION PLANTS				
Number of ISO 14001 certified production plants ✔	124	139	149	+10
Number of production plants with an action plan for ISO 14001 certification	32	28	16	-12
Number of production plants with no action plan for ISO 14001 certification	5	8	11	+3
Breakdown of total amount of waste generated, in metric tons, by treatment method				
Total (in metric tons)	249,839	192,387	205,059	+12,672
Externally recycled	59%	60%	64%	+4pt
Disposed of in landfill	18%	17%	17%	-
Incinerated with energy recovery	13%	15%	13%	-2pt
Eliminated by other treatments	3%	3%	3%	-
Incinerated without energy recovery	1%	1%	2%	+1pt
Unknown treatment sector	3%	3%	1%	-2pt
Reused externally, without transformation	2%	1%	1%	-
Breakdown of quantities of water consumed by use				
Domestic use of water	36%	65%	67%	+2pt
Industrial use	64%	35%	33%	-2pt
Water consumption by source of supply in m³				
City water network	2,144,464	2,062,070	2,177,197	115,126
Water table	793,686	634,022	511,056	-122,966
Surface water	39,890	14,061	18,610	+4,549
Total	2,978,040	2,710,153	2,706,862	-3,291
Destination of released water				
Released into the environment without on-site treatment	2%	1%	1%	-
Released into the environment without on-site treatment (used for open loop water cooling system)	17%	17%	13%	-4pt
Discharged into the natural environment with on-site treatment	14%	10%	12%	+2pt
Released to the Public Wastewater network	67%	72%	74%	+2pt

4.3. Business: perform in a responsible way

With a global presence and 111,000 employees, in 2021, Faurecia is convinced of the importance of promoting a culture of integrity, safety and vigilance wherever the Group operates. A member of the United Nations Global Compact since 2004, Faurecia is committed to respecting and promoting the international conventions of the International Labor Organization (ILO) on human rights, labor standards and the environment in its business practices. The Faurecia Code of Ethics contains all of its rules and principles, which must be understood and respected in all countries, by all employees, in each line of business, and by all partners.

Faurecia is therefore committed to:

- remain vigilant and comply with the highest ethical standards (see Section 4.3.1): this is an essential part of the corporate culture, anchored in Faurecia's convictions and values;
- guarantee a safe working environment for all staff working on its sites (see Section 4.3.2), whether they are employees or external parties;
- develop products and services that are beyond reproach in terms of quality and safety, applying its Zero Defects policy (see Section 4.3.3). In addition to workplace safety, within the automotive sector, the Group has a key role to play in passenger safety and develops technologies that make it possible to create an ever safer and smarter driving environment;
- build a responsible supply chain (see Section 4.3.4), through solid and lasting relationships with suppliers whose ethical, social and environmental values are aligned with our own.

4.3.1. Business ethics

GRI 103-1

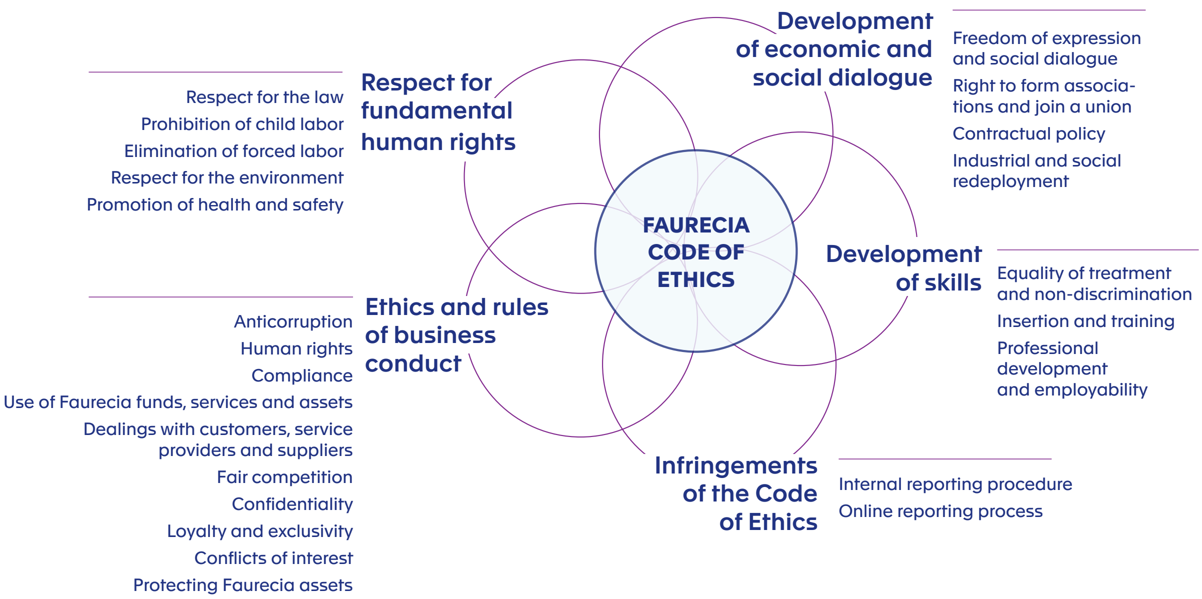
4.3.1.1. Ethics and compliance

GRI 103-2

CODE OF ETHICS

Created in 2005 and revised on several occasions, the Code of Ethics[1] is structured around themes related to respect for fundamental rights, the development of economic and social dialog, ethics and rules of conduct, including those related to the prevention and detection of corruption.

It includes updates to Faurecia's compliance systems and tools resulting from the requirements of the Sapin II law. The Code is intended to strengthen the Group's ethical culture. 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 operational requirements (see also Chapter 2 of this document).



(1) *Faurecia Code of Ethics available at https://www.faurecia.com/developpement-durable/documents-associes*

WHISTLE-BLOWING PROCEDURE

In accordance with the Sapin II law, the Code of Ethics provides for an internal whistle-blowing system to manage allegations of violations of rules defined in the Code, those made for its implementation or allegations of violation of a regulation to which the Group is subject.

Employees (including temporary employees, subcontractors, etc.) and suppliers have access to the reporting system described in the Code of Ethics. Employees are invited to contact their line manager, the human resources manager or a compliance manager (including the Compliance Leaders identified within each division), orally or in writing. The other method of reporting, accessible internally and externally, is a dedicated whistle-blowing hotline –Speak up– accessible via an internet link (http://faurecia.ethicspoint.com/).

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 hotline, as well as all the details enabling them to be identified, are protected and kept confidential by the persons responsible for them within Faurecia. These people are specially trained to receive and investigate this type of alert.

Alerts can be entered into the tool in the desired language by the whistle-blower. Upon receipt of this request, the investigation procedure is initiated in order to deal with it in accordance with the applicable internal and local rules. At the end of the investigation, corrective actions can be taken. The Compliance department (see Section 2.1) monitors the implementation of these actions and periodically reports on the trends identified.

TRAINING

GRI **GRI 103-3, GRI 205-2, GRI 412-2**

In order to maintain a strong ethics and compliance culture, Group compliance has set up different training sessions accessible to all Faurecia employees (including part-time employees, interns, consultants, etc.). These training courses are tailored to Faurecia's risk profile with which local teams may be confronted.

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.

- Over the last three years, a total of 35,409 employees have taken **Ethics** MOOCs (20,613) **and Antitrust** MOOCs (14,796).
- In 2021, 94% of the target population (2,644 employees) completed the new **Anti-corruption** MOOC.
- Refresher training sessions are regularly organized at the industrial sites and in the divisions, in particular on the risks of breaches of best practices in the fight against anti-competitive practices.

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.

Inspired to care

	2019	2020	2021	2025 target
EFPD **Percentage of targeted employees trained on the Code of Ethics**	93%	95%	95%	100%

RISK IDENTIFICATION AND MONITORING

In 2020, 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. It will be updated in 2022 on the basis of the new compliance indicators that were created and collected in 2021. The non-compliance risk mapping takes into account various numerical data to prepare remediation plans suited to the level of residual risk. The identification of these risks is integrated into Faurecia's overall risk mapping process (see Chapter 2).

The Compliance department works closely with legal experts on antitrust issues and with the control functions, whether permanent or periodic, in order to ensure effective control of the risks identified.

4.3.1.2. Prevention of tax evasion

GRI **GRI 103-2**

In support of its overall business strategy and objectives, Faurecia's tax policy complies with the Code of Ethics. It is entrusted to a global team of tax professionals and is based on a firm set of principles.

REGULATORY COMPLIANCE

Faurecia complies with the letter and spirit of applicable laws and regulations, and relies on the relevant international standards (for example, the OECD guidelines).

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.

INTEGRITY AND TRANSPARENCY

Faurecia is committed to showing integrity and total transparency and to establishing constructive relationships with the tax authorities. In the event of a legal interpretation that does not agree with the tax authorities, Faurecia is prepared to refer the matter to the competent court to defend the interpretation of the law made by the Group.

ABSENCE OF SUBTERFUGES ON STRUCTURES AND TRANSFERS BETWEEN COMPANIES

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 secret jurisdictions or so-called "tax havens" for tax avoidance.

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.

MEETING STAKEHOLDER EXPECTATIONS

The assessment of taxes respects shareholder value and fully complies with all legal and regulatory obligations, in line with stakeholders' expectations.

4.3.1.3. Respect for fundamental rights

GRI GRI 103-2, GRI 103-3, GRI 412-2

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. The Faurecia Code of Ethics complies with the fundamental conventions of the International Labor Organization (ILO) and covers the following issues.

PROHIBITION OF CHILD LABOR

GRI GRI 408-1

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

GRI GRI 409-1

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 EFFECTIVE 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 consultation and negotiation. Given its decentralized legal and managerial structure, this policy is reflected in the signing of collective agreements at the level of establishments on the one hand and companies on the other.

ELIMINATION OF DISCRIMINATION IN RESPECT OF 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.

As a signatory of the Global Compact, Faurecia publishes progress actions each year (see Section 4.7.3)

4.3.2. Safety in the workplace

GRI 103-1, GRI 103-2, GRI 103-3

In terms of workplace safety, Faurecia is committed to guaranteeing a safe working environment for all employees working on its sites, whether they are employees or outside parties. In this context, the actions taken aim to reduce the main safety risks identified by Faurecia: that of physical injury related to production activity, and that of occupational illnesses related to the ergonomics of workstations.

Faurecia has set two priorities: protecting the health of employees and improving workplace safety. To this end, the Group is committed to implementing the policies and measures necessary to anticipate and manage the risks that could affect the safety of employees and subcontractors in their daily operations.

The Group's hygiene, health and safety policy is supported by the HSE department. It is translated into practical and simple rules through the "Seven Fundamental Principles for Safety":

1. stoppage of work in case of danger: a priority to prevent a dangerous situation from creating a risk of accident;
2. lock-out/tag-out: securing of equipment in the event of intervention by a maintenance technician or a specifically trained and qualified operator;
3. machine security: securing and blocking access to machines and daily verification of protection solutions;
4. traffic safety: rules for the safety of flows (separation of logistics and pedestrian flows, signage, priority, exclusion of dangerous vehicles from production areas, etc.);
5. high-risk operations: proper risk management for subcontractors, internal authorization procedures and systematic controls for high-risk operations (such as working at height, in confined spaces, or fire permits);
6. Personal Protective Equipment (PPE): the suitability and daily practice of wearing PPE;
7. fire prevention and chemical risks: fire protection and prevention by updating and regularly checking equipment, storage rules and evacuation plans.

Faurecia's hygiene, health and safety policy is implemented through the deployment and management system: Faurecia Excellence System (FES). It is the subject of a security awareness program: CARE.

Inspired to care	2019	2020	2021	2025 target
EFPD Accidents per million hours worked without lost time (FR1t indicator)	2.05	1.60	1.33*	<1.2

* *These data do not include SAS Automotive, which was acquired in 2020. The FR1t indicator including SAS was 1.49 in 2021.*

4.3.2.1. Excellence approach: Faurecia Excellence System

GRI 403-1

The health and safety of employees is the cornerstone of Faurecia's HSE management tool, the Faurecia Excellence System (FES). It is based on active methods of preventing risks that could affect employee safety, and makes it possible to regularly check their proper application and measure their effectiveness. It supports all production activities, where employees and subcontractors may be exposed to the risk of work-related accidents.

It incorporates the quality, environmental and safety standards of the automotive industry, and thus enables compliance with these standards: IATF 16949, ISO 14001, ISO 45001.

4.3.2.2. Workplace safety culture: the CARE program

GRI 403-5, GRI 403-7

In order to create a global culture of safety and ergonomics at work, Faurecia designed the CARE program. Deployed at nearly 300 sites worldwide, it raises awareness and engages all employees and subcontractors on a daily basis as they go about their work. This program is based on the four fundamental principles of which it is the acronym:

- Compliance: compliance with HSE rules through training and audits;
- Attitudes: reflexes and practices for the safety of all employees;
- Risk mitigation: prevention and detection of risks;

- Everyone's Engagement: the commitment of everyone, from operators to management, and including all levels of management.

COVID-19: THE SAFER TOGETHER PROTOCOL

Since 2020, the Safer Together Protocol has been deployed within the Group to ensure the safety of employees at work in the specific context of the Covid-19 pandemic. This is a set of health precautions implemented to prevent the spread of the virus on the sites (preventive gestures, gel, masks, teleworking when possible, specific procedures for disinfecting premises, work tools and management of contact cases). This protocol is regularly updated in light of the progress and recommendations of public health organizations, both domestic and international. It aims to guarantee a maximum level of protection for all employees.

Faurecia regularly adjusts this protocol so that it can reactively adapt to changes in the pandemic, by systematically prioritizing the protection of employee health.

4.3.2.3. Workplace safety deployment

GRI GRI 403-5, GRI 403-7

TRAINING, AWARENESS-RAISING AND SHARING

Through the Faurecia Excellence System (FES), all employees are continuously trained in HSE rules.

On site, several communication media (videos, messaging, presentations) remind all employees of the "Seven Fundamental Principles for Safety" on a daily basis. And in a systematic way, all meetings begin with an aspect of safety. This may be based on the weekly safety information sent by the Group, as well as news from the site or production sector concerned.

An online platform also makes it possible to exchange and share best practices. In 2021, this platform was used to share around 475 best practices across the Group. A theme is chosen each month and the Group's best practice on this theme is chosen by the HSE representatives of the sites, in order to serve as an example and to celebrate the commitment of employees to the safety approach.

IN-PLANT AUDITS AND RISK ASSESSMENT

Each year, an internal team conducts FES audits to verify compliance with the "Seven Fundamental Principles for Safety" and assess the level of risk at all sites. In 2021, 46 FES audits were carried out.

In addition, the Group regularly launches actions to detect and prevent occupational safety risks in all its plants. Each "Autonomous Production Unit" aims to detect one risk per day. At the heart of the safety approach, employees participate directly in the daily identification of risks to better anticipate accidents. In 2021, more than 15,000 risks were detected each month on average across the Group.

PROGRESS ACTION PLAN

The action plan, structured into 14 areas of progress, was created with the systematic participation of all the businesses. In 2021, this plan focused on:

- the continuous measurement of CARE's progress;
- the deployment of the Seven Fundamental Principles for Safety across each Group site;
- detailed work to align lock-out/tag-out practices at Group level;
- ergonomics and working conditions.

The main occupational illnesses reported throughout the Group are musculoskeletal disorders. In this context, Faurecia has been implementing measures for several years to better take into account and reduce the arduous nature of the workstations concerned, with each workstation being classified according to its level of arduousness.

Integrated into the FES tool, workstation ergonomics are systematically taken into account from the design stage of new products and production tools and checked on a daily basis and during production plant audits. These analyses, whose efficiency has been improved by the introduction of digital technology augmented by artificial intelligence, guide the implementation of workstation improvement solutions.

Finally, employees on production plants and all operations and plant managers receive training in ergonomics.

FOCUS ON THE PREVENTION OF PSYCHOSOCIAL RISKS IN FRANCE

Right to disconnect: Faurecia has taken specific measures to ensure that its employees have the right to disconnect. Indeed, the development of digital tools, levers of performance and responsiveness, can tend to blur the boundaries between private and professional life. Faurecia wishes to ensure respect for rest periods and holidays as well as personal and family life. All employees, including managers and professionals and Executive Management, have the right not to be contacted outside their normal working hours, whether by e-mail, messaging or telephone calls.

Psychological counseling service: As part of the psychosocial risk prevention plan, Faurecia has used an external service provider for the past ten years to provide its employees with a psychological counseling service. The specialist firm also conducts targeted training and interventions on the sites: support for employees, discussion groups, individual interviews, etc.

4.3.2.4. EFPD Workplace safety results for 2021

GRI GRI 403-9

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.

Each accident is analyzed according to a problem-solving method: "Quick Response Continuous Improvement". The analyses, based on best problem-solving practices, enable the implementation of preventive actions distributed to all sites.

The Group measures workplace safety through three indicators:

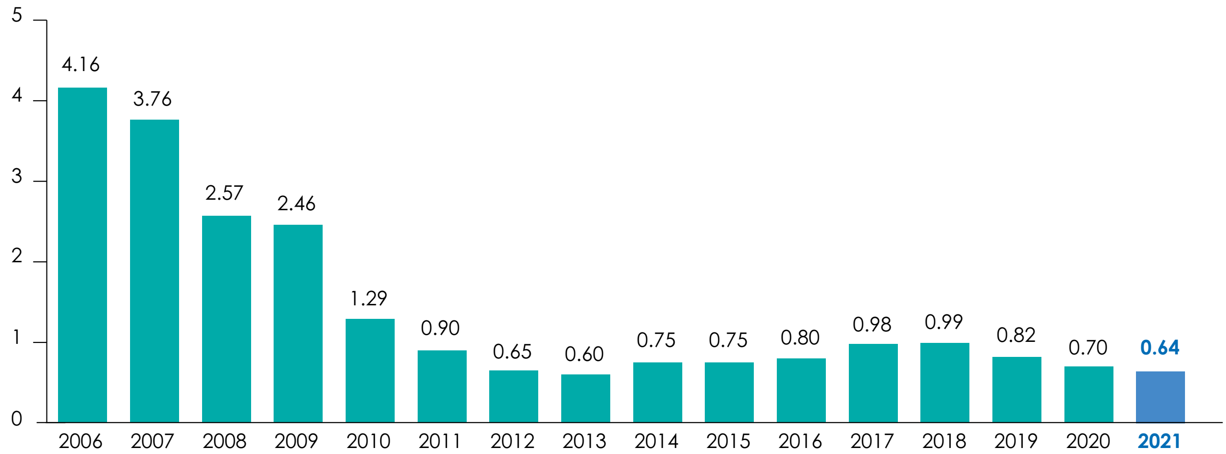
- **FR0t**: measures the number of work-related accidents involving a Faurecia employee or temporary worker, with lost time, per million hours worked;
- **FR1t**: measures the number of work-related accidents involving a Faurecia employee or temporary worker, with or without lost time, per million hours worked;
- **FR2t**: number of first aid procedures performed following an incident per million hours worked.

Monitoring the FR2t enables Faurecia sites with few accidents, with or without lost time, to focus on prevention and the corresponding priorities.

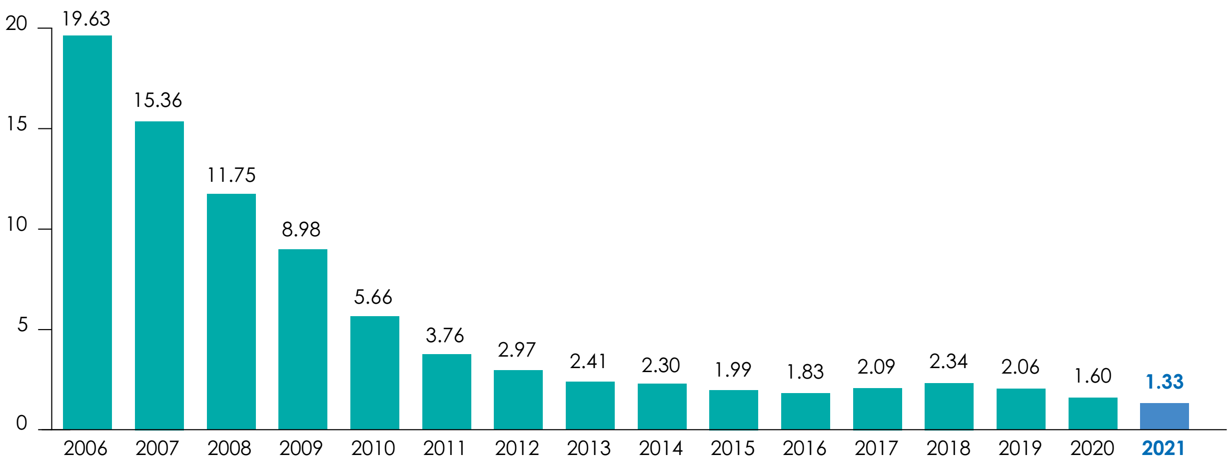
First aid is monitored at all production plants. A problem-solving guide is provided to all production managers, which helps them to make progress in the appropriation of accident analyses and to increase their responsiveness.

In order to better identify the prevention action priorities, Faurecia also tracks an accident severity indicator, which in 2021 is 0.26 hours lost through temporary incapacity for 1,000 hours worked, a stable indicator compared to 2020.

EFPD Number of accidents with lost time per million hours worked (FR0t)



EFPD 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 8% and the rate of FR1t accidents by 17% on a year-to-year basis.

4.3.3. Product safety

GRI 103-1

4.3.3.1. Safety policy: zero-defect

GRI 103-2, GRI 103-3

SECURITY POLICY

Faurecia's objective in terms of product safety stems from its quality approach: zero defects. This policy consists of:

1) ensuring the intrinsic safety of products and systems, thanks to their materials, their design, and the quality of their production processes with regard to criteria such as emissions of volatile organic compounds, mechanical resistance, etc.;
2) designing products ensuring the active and passive safety of drivers and passengers.

Faurecia is committed to ensuring that all its products are irreproachable in terms of quality and safety, which are essential criteria for customer satisfaction. Faurecia's safety policy applies to its entire value chain: sourcing of components from suppliers, development, production, monitoring customer satisfaction and, where applicable, product recalls.

Faurecia also wants to play a leading role in safety in the automotive sector. In particular, the Group is committed to combating counterfeiting, a safety and health risk factor for consumers, and to continually improving product safety with regard to changes in mobility.

In 2021, 63,459 Faurecia products were subject to recall campaign on a total of 1,921,751,746 products delivered, i.e. 0.03% of the products issued.

SAFETY REGULATIONS AND CRITERIA

The Group ensures that its products comply with local regulations. These cover, depending on the country: mandatory equipment or qualifications, performance tests or impact tests. Regulatory compliance is validated, according to local legislation by self-certification or by certification of accreditation laboratories.

In some countries, voluntary commitment agreements, additional to the regulations, are signed at the national level between the countries and the automotive industry.

Faurecia is also committed to designing the safest products based on independent assessments conducted on the safety of drivers and passengers, in particular those conducted as part of the international New Car Assessment Programs (NPACs). The tests carried out relate to the avoidance of accidents and the consequences of the various types of impacts.

Finally, Faurecia is committed to implementing its quality and safety approach to meet the requirements and qualifications defined by the equipment manufacturers and which go beyond the regulatory framework.

4.3.3.2. Product safety culture

Safety is a central component of the Total Customer Satisfaction strategy.

THE TOTAL CUSTOMER SATISFACTION STRATEGY (TCS)

The Total Customer Satisfaction Strategy (TCS) enhances and affirms Faurecia's competitive position in terms of quality and customer loyalty. Product safety occupies a central place in this strategy, which is deployed worldwide: quality agreements, shared vision in all regions, integration of local needs.

Customer satisfaction index

The key indicators of Total Customer Satisfaction (TCS) are based on a combination of performance and perception:

- performance (complaints): Main indicator for customers based on the number of incidents. In 2021, 4,257 complaints were recorded, compared with 4,656 in 2020, a decrease of more than 8%;
- EFPD **perception (5 stars)**: indicator based on a survey sent to the Group's customers, which includes the "comments" score **(score of 4.5/5 in 2021** vs. target of 4.4) and "feelings" (score of +0.93 in 2021 vs. target of +0.6). **In 2021, the survey received 1,702 responses (an increase of nearly 70% in the number of responses compared to 2020 [1,011 responses]).**

This customer-focused performance is constantly improving, in line with the goal set by the Group.

TRAINING AND AWARENESS

The Faurecia University Quality Academy, deployed at all Group sites, ensures that all employees are aware of and apply quality and safety rules. In addition, when they join Faurecia, all operators receive training in working standards, including product safety.

4.3.3.3. Safety management

GRI 103-2

Faurecia integrates end-user security into its processes throughout its value chain. Safety is thus integrated into the management tool for the organization of production and operations: the Faurecia Excellence System (FES) (see Section 4.2.3.2.). This includes the automotive industry quality and safety standards: IATF 16949 and ISO 9001.

In 2021, Faurecia launched an overhaul of its quality management system to simplify and harmonize standards, centralize and unify audits, and continue to strengthen the quality network and culture.

SAFETY OF COMPONENTS AND MATERIALS

Safety is a key criterion in the choice of suppliers, components and materials. Faurecia shares its goal of zero defects with its suppliers through its Supplier Quality Requirements described in Section 1.3. For each part, Faurecia defines the qualifications of the components and materials with regard to safety. The Group relies on existing qualifications or supports the qualification of new materials. Faurecia then ensures the safety of the samples and audits the development processes at the suppliers' sites to ensure the compliance of future parts. In the event of an incident, Faurecia carries out a root cause analysis at the supplier's premises. The Group works in partnership with its suppliers and promotes support and the establishment of corrective plans in the event of non-conformities. Nevertheless, Faurecia may be required to dismiss a supplier that does not comply with its safety requirements.

SAFETY BUILT INTO DESIGN

As the transformation of components and materials has an impact on the safety of the product and end-users, each part is subject to safety design rules. The teams define the safety qualifications of products and their implementation throughout the product design process. The safety criteria are thus translated operationally by tool, by procedure, by production line and by plant.

During the launch of any new product, Faurecia conducts a preventive analysis of failure modes and their effects (e.g. Design/Process Failure Mode and Effect Analysis, D/PFMEA). This analysis of the total safety of the product through the design and the process is continuously updated, from the project phase to the delivery of the products.

The safety qualifications validated by Faurecia enable the Group to capitalize on its know-how to innovate quickly and safely.

SAFETY CHECKS DURING PRODUCTION

The production includes the safety ratings specifically planned for each part during the design phase. The production procedures thus include sections dedicated to safety.

Systematic control points punctuate production. Each operator checks the correct application of the safety criteria on his or her workstation, upon receipt and transmission of the product. Each team, at the start of its shift, checks the safety qualifications of products, procedures and workstations. Finally, product safety qualifications are checked at the end of the production line, before the product is released.

Faurecia also carries out regular checks and tests of the total compliance of products or complete systems with regard to safety, in particular for all products that contribute to the active or passive safety of drivers and passengers.

CONTINUOUS IMPROVEMENT

Assessment and audit program

Several levels of assessment and audit make it possible to assess the level of compliance of factories in terms of quality and safety:

- self-assessments, at least monthly, at the level of each plant and each production line;
- Internal Audits according to the following audit plan: mapping of plants at risk, carrying out audits in digital or physical format depending on the health context, continuous improvement plans;
- external audits, carried out on all Faurecia plants.

At-risk sites rate

GRI **GRI 416-1**

Under the direction of the Faurecia group Risk Committee, the organization ensures strict compliance with the automotive quality management standard IATF 16949.

Faurecia identifies potentially at-risk sites based on 16 criteria that assess site maturity, human resources management, number of programs managed, sales and customer satisfaction. Actions to mitigate risks are defined and monitored continuously.

In 2021, 25 sites were potentially at risk out of a total of 248 (i.e. 10% of the sites concerned) and more than 850 ongoing programs.

TRACEABILITY

Faurecia ensures the traceability of each of its products and systems. The safety compliance of each part produced is traced digitally at each control point, with regard to the products and production procedures. Successive recordings, from the supplier to the customer, make it possible to associate each batch with production events, and each event with several batches. This cross-traceability of products and events enables Faurecia to analyze any problem with precision and anticipate recall campaigns, if necessary.

ALERT AND PROBLEM RESOLUTION SYSTEM

The quality and safety alert system enables any employee to report a non-conformity and generate a corrective action plan which may go as far as calling into question a specification.

Recognized methods of problem-solving and continuous improvement, stemming from the culture of lean manufacturing of Faurecia, are used for safety issues. Depending on the methods used, the various levels of the company concerned participate in the analysis of the problem, its root causes, corrective actions, associated management actions, etc.

4.3.3.4. Sharing of expertise on product safety

BLOCKCHAIN

Beyond its own scope, Faurecia wishes to participate in developing the blockchain of the automotive sector. Faurecia relies on the European electronic compliance certificate requirement[(1)] and the desire to fight against fraud and counterfeiting to emphasize the importance of such sectoral traceability. Faurecia is already working with several suppliers and customers on a blockchain system. The Group presents this project to its partners as well as to sectoral bodies, such as the Federation of Vehicle Equipment Industries – FIEV, or European bodies. For example, Faurecia presented its project at the IBM Think Summit in 2021.

In addition to product safety, the blockchain will measure the environmental and carbon impact of products throughout the value chain.

RESEARCH FOR SAFETY TESTS

Faurecia contributes to the development of safety assessment research. In particular, the Group is working to assess new types of dummies to further enhance the safety of vehicles and people. Faurecia uses innovative virtual dummies and human body models to identify and prevent specific types of injuries.

SUPPLIERS

Since 2019, various actions have been implemented to strengthen the relationship between suppliers and Faurecia. The launching point was the supplier convention held in October 2019, followed by various teleconferences, for example during the lockdown period in April 2020 to share the issues related to this exceptional situation or even more recently on the theme of CSR commitment. A strategic discussion group was created at the level of the Faurecia Executive Committee and the Chairpersons of a few suppliers representative of the diversity of the panel.

AIR QUALITY

Faurecia also participates in working groups on Vehicle Interior Air Quality at the United Nations, in collaboration with representatives of the manufacturers. 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.

4.3.3.5. Innovation

GRI GRI 103-2

INNOVATE THROUGH NEW ACTIVE SAFETY MANAGEMENT SYSTEMS

In order to create an ever smarter and safer driving environment, Faurecia is developing a range of detection technologies applicable to safety:

- hypovigilance control solutions (Driver Monitoring Systems), which monitor the driver's alertness and state of vigilance;
- occupant detection systems in the passenger compartment (Occupant Monitoring Systems) capable of detecting improper positioning of occupants putting them at risk or of alerting to the presence of living beings remaining in the passenger compartment when the vehicle is locked;
- electronic rear-view mirrors, known as e-mirrors, which reduce cognitive load and enhance driver safety and comfort while improving visual perception. The field of vision is wider, which improves visibility in poor weather or lighting conditions, and also helps give drivers safety alerts about lane keeping, blind spots or potential obstacles. This intelligent system also makes it possible to detect vulnerable road users when the doors are opened. This technology allows possible changes in the merging of the various sensors integrated into the vehicle and thus offers a global view of its environment.

To develop these technologies, Faurecia draws on its expertise in electronics, systems integration and hardware and software functional safety.

In addition, Faurecia has a proactive approach to strengthen its ability to understand, analyze and anticipate new technological applications for passenger safety and comfort through an ecosystem of open innovation and partnerships:

- Faurecia has formed a partnership with the German automotive supplier ZF to develop new active safety management systems, with a view to increasing vehicle automation. The connected seat cover Active Wellness Express™, for example, detects a state of fatigue or stress and applies countermeasures for greater safety, comfort and well-being at the wheel;
- Faurecia is also working with HumanFab, a partner specializing in physiological measurement. Based on the HumanFab's solid understanding of anatomy and physiology, Faurecia can identify specific fatigue markers linked to long journeys and propose a relevant relief strategy based on the comfort and well-being features available in the vehicle (e.g. seat massage, heating or cooling system).

(1) Regulation (EU) 2018/858 of the European Parliament and of the Council of 30 May 2018.

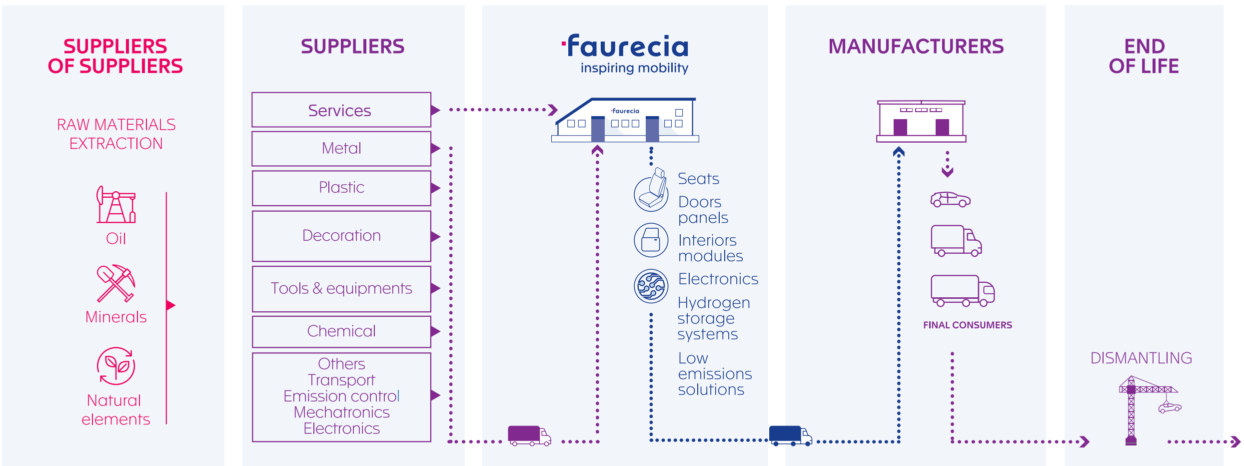
ANTICIPATING THE PASSIVE SAFETY OF AUTONOMOUS VEHICLES

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.

4.3.4. Responsible supply-chain

GRI 102-9

Faurecia Value Chain



GRI 103-1

In order to meet the requirements of Law No. 2017-399 of March 27, 2017, Faurecia has set up a duty of care plan. Its purpose is to identify the risks and prevent serious violations of human rights and fundamental freedoms, or of the health and safety of people and the environment resulting from the activities of the Group and those of its subcontractors and suppliers in the various countries where it operates.

The aspects of this duty of care plan relating to Faurecia's own activities are described in Section 4.4 for the social aspect, in Section 4.2 for the environmental aspect, and Section 4.3 on business ethics and supplier risk management.

The responsible purchasing policy reflects Faurecia's commitment to respect the Universal Declaration of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on the environment and development, as well as the United Nations Convention against Corruption. This policy is deployed by the Group Purchasing department.

Inspired to care

	2019	2020	2021	2025 target
EFPD **Percentage of panel suppliers assessed by EcoVadis**	80%	87%	97%	95%
EFPD **Minimum EcoVadis score of the panel suppliers**	30/100	30/100	35/100	55/100

4.3.4.1. Assessment of subsidiaries, subcontractors and suppliers

RISK MAPPING AND ASSESSMENT

GRI 103-2, GRI 308-1, GRI 407-1, GRI 414-1

All of Faurecia's major suppliers are subject to the supplier risk assessment process[1]. These assessments are integrated into the purchasing process and systematically taken into account when contracts are awarded. They also feed into the supply chain risk mapping, which is then integrated into the Group risk mapping.

Supplier evaluation criteria

All Faurecia's buyers use 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.

Criterion 1: Overall assessment

This assessment takes into account the general business and political environment in the country in question (World Economic Forum publications) as well as historical exchange rate and inflation data.

Criterion 2: Financial assessment

This assessment is based on the financial performance of the company in question (via a general screening or more in-depth studies); an alert process is put in place for any major financial risk event. In addition to the classic financial assessment, Faurecia has added a financial stress test process that allows the financial health of a supplier to be projected based on stress scenarios.

Criterion 3: Corporate Social Responsibility (CSR) assessment

In partnership with EcoVadis, Faurecia assesses:

1. **ethical business** practices: assessment of the organization's ability to implement tangible actions to ensure data protection, fight corruption, fraud, anti-competitive practices and money laundering and avoid conflicts of interest;
2. **working conditions**: 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 the respect for fundamental rights;
3. the **environment** and **sustainable procurement**: assessment of the formal policy, verification mechanisms and certifications obtained.

Faurecia has increased in 2021 the minimum score required by its suppliers by five points, and will continue to increase it untill 2025 to 55/100. In 2021, suppliers with a score of less than 35 were considered at risk. In addition, since 2021, this minimum score is required for each of the three assessment pillars (and no longer on average). In 2021, 9% of the suppliers assessed were given a lower score and were subject to a corrective action plan. A figure that was up by 7% compared to 2020 (2%), mainly due to the increase in the required score.

Criterion 4: Reputational assessment

An external data analysis tool alerts Faurecia in the event of significant financial, reputation and compliance risks from our suppliers.

Criterion 5: Assessment of economic dependency

The assessment of the level of mutual dependence with suppliers makes it possible to weight the level of the action plan to be implemented.

In 2021, Faurecia equipped itself with a supplier risk analysis tool, which will enable it to take into account, from 2022, the risks of natural and geopolitical catastrophes.

Suppliers Council

Since 2020 and the start of the Covid-19 health crisis, Faurecia has had a Suppliers Council. Twice a year, it brings together representatives of twelve suppliers to discuss the challenges of the future, the evolution of markets and trends, as well as the carbon reduction policy. In 2021, the Board decided to discuss three priority topics: Power Purchase Agreements (PPA), best practices in energy management to achieve carbon neutrality, and finally, alternative materials.

CSR ASSESSMENT PROCEDURES FOR SUPPLIERS

GRI 103-3, GRI 308-2, GRI 414-2

Supplier quality audits, which are a prerequisite to joining Faurecia's panel of "direct" suppliers, include CSR issues. Suppliers with an EcoVadis score above 62 are audited every three years. The others are audited annually. EcoVadis supports Faurecia on the CSR aspects of these audits.

In addition to the partnership with EcoVadis, Faurecia ensures compliance with the REACH regulation, the regulation on "conflict minerals", the level of fire protection and the level of risk related to natural disasters.

(1) *This process is described in Faurecia's purchasing policy, which is available on the website: https://www.faurecia.com/fournisseurs/notre-ambition/notre-strategie-et-politique-dachats.*

Procedure for minerals from conflict zones

Faurecia pays particular attention to the origin of the minerals used in its products, in order to ensure that the minerals used by the Group do not fuel any conflicts and do not come from supply chains that do not meet its ethical criteria. Gold, tin, tantalum and tungsten are considered "conflict minerals" because they play a role in certain guerrilla groups in sub-Saharan Africa. Mica is also included in the procedure due to the human rights risks existing in this supply chain.

The procedure for minerals from conflict zones is managed by the Purchasing department, which systematically checks the use of materials that may be conflict minerals in its products.

Thanks to an international declaration platform, Faurecia is able to know all the products containing these minerals as well as the suppliers using them. Faurecia uses the questionnaire Conflict Mineral Reporting Template (CMRT) of the Responsible Minerals Initiative (RMI) for its annual supplier risk assessment campaign. The Group also ensures that suppliers use channels approved by the automotive manufacturers who are Faurecia customers. Otherwise, an action plan is requested from the supplier to change their supply source.

Responsible sourcing of leather

Faurecia takes care to use responsible sourcing, particularly for its leather-related activities for seating products. For this activity, the Group works with around ten direct suppliers imposed and assessed by the manufacturer. These suppliers market byproducts of the food chain and are assessed via EcoVadis.

4.3.4.2. Actions to mitigate risks or prevent serious breaches

GRI GRI 103-3, GRI 414-2

The CSR assessment of suppliers is integrated into all stages of supplier relationship management.

- **Listing in the supplier panel**

The comprehensive assessment of risks, including the CSR assessment, is part of the entry process for suppliers to Faurecia's panel.

- **Supplier qualification**

The qualification of a supplier depends on its level of risk. The award of new projects is subject to obtaining an analysis by EcoVadis.

- **Corrective action plans for at-risk suppliers**

Corrective action plans are monitored on a daily basis by buyers. Since 2021, they have also been reviewed monthly by the Commodities Director.

- **Risk analysis of the materials used by suppliers**

Accurate management of substances through systematic participation in the automotive sector data collection system International Material Data System (IMDS) from the design phase onward enables Faurecia and its customers to prevent any unauthorized use.

4.3.4.3. Implementation of a whistle-blowing system and receipt of alerts

Faurecia's whistle-blowing system was reviewed as part of its compliance with the Sapin II law (see Section 4.3.1.1). It is open to all Group suppliers.

Faurecia makes this whistle-blowing system known to its suppliers through various information channels. It is presented or referred to:

- in the Supplier Code of Conduct;
- during annual performance reviews with suppliers;
- in the annual satisfaction survey where their knowledge is the subject of a question;
- by direct message to the supplier if the latter reports a lack of knowledge during the annual satisfaction survey;
- systematically during conferences with suppliers.

4.3.4.4. Supplier satisfaction survey

To assess the level of satisfaction of the relationship between Faurecia and its suppliers, Faurecia conducts an annual satisfaction survey. The index is established on a scale of one to four and measures supplier satisfaction in five areas: strategy, innovation, operational excellence, business ethics and decarbonization. In 2021, the survey was conducted among 1,000 direct suppliers, representing 42% of the Group's direct industrial purchasing volume. The level of satisfaction reached 2.95 on a scale of 1 to 4.

4.3.4.5. Towards CO_2 neutrality in the supply chain

Suppliers with CO_2 targets in line with those of Faurecia are essential to achieve carbon neutrality by 2030: purchases account for 70% of scope 3 emissions.

This cornerstone of the development of the supplier relationship is based on four pillars:

- supplier commitment to CO_2 targets;
- CO_2 impact assessment using a common IT platform;
- sharing of best practices and existing data on energy efficiency and CO_2 emissions in factories;
- shared action plan to reduce the total CO_2 footprint.

In 2021, Faurecia surveyed its suppliers on the CO_2 goals for their scopes 1 and 2, and their commitment to CO_2 neutrality.

Faurecia also invited its suppliers to web conferences dedicated to sustainability and the climate. The aim was to explain Faurecia's climate strategy and objectives, share with them the associated action plans and ask them to take part. Faurecia outlined its requirements for 2021 and 2022:

- a CO_2 commitment from 2021 led by Executive Management;
- a gradual increase in the minimum EcoVadis score required: 35 in 2021, 55 in 2025 and 66 in 2030;
- an incentive to participate in the CDP, an accelerator of the climate approach;
- a CO_2 supplier policy by 2022;
- innovations for sustainable and recyclable materials, for the circular economy, and for the management of waste and byproducts by 2022.

4.3.5. **Business performance indicators**

	2019	2020	2021	2020 vs. 2021	Annual commentary
Business ethic					
EFPD Percentage of targeted employees trained on the Code of Ethics	93%	95%	95%	-	Integration of SAS in the target population
Safety in the workplace					
EFPD Number of accidents resulting in lost time per million hours worked (FR0t) – employees and temporary workers	0.8	0.7	0.64	-9%	Safety performance was further improved this year thanks to the CARE program and risk identification work, which reduced the number of accidents by 37 compared to 2020.
EFPD Number of accidents resulting in lost time or not per million hours worked (FR1t) – employees and temporary workers	2.05	1.6	1.33[1]	-17%	An improvement in performance linked to the robustness of the risk prevention system implemented by the Group and the strength of its safety culture.
Product safety					
EFPD Customer Satisfaction Index based on the "perception" score of the customer survey ✔	4.0/5	4.2/5	4.5/5	+7%	The number of customer responses increased by 70% in 2021. This program was the subject of a strengthened process of monitoring and detailed analysis of customer perceptions, followed by specific action plans to improve results.
Responsible supply chain					
EFPD Supplier Satisfaction Index (assessment of 1,000 suppliers, representing 42% of the volume of direct industrial purchases in 2021)	2.88	2.94	2.95	0.3%	77% of suppliers claimed an improvement in relations with Faurecia between 2020 and 2021.
EFPD Share of direct purchasing volume assessed for CSR performance (representing around 2,000 direct suppliers)	80%	87%	97%	9pts	In 2021, Faurecia focused on assessing its target panel of suppliers to obtain better coverage of its purchasing volume.

(1) These data do not include SAS Automotive, which was acquired in 2020. The FR1t indicator including SAS was 1.49 in 2021.

4.4. People: contribute to society

The men and women of Faurecia represent an essential pillar of the Group's success, which must be able to rely on the best teams around the world to maintain a competitive advantage, anticipate future trends, remain agile and invest in innovation.

Faurecia is therefore committed to:

- **promoting diversity and inclusion** (see Section 4.4.2): Faurecia is convinced that employee commitment and the promotion of diversity are major drivers of performance, representing considerable competitive advantages for the Group;
- **developing the employability** (see Section 4.4.3) of its employees throughout their professional lives through learning, mobility and vocational training. It is the best guarantee that employees and the Company can benefit from technological progress and innovation through constantly changing work practices;
- **develop constructive social dialog** for employees (see Section 4.4.4);
- **attract and develop talent** (see Section 4.4.5);
- **support employee engagement with local communities** (see Section 4.4.7).

In 2021

111,000 employees worldwide;

22,700 managers and professionals, of whom 300 are members of the Group Leadership Committee or GLC, also called Top 300 leaders.

4.4.1. Workforce and employee commitment

4 QUALITY EDUCATION | 8 DECENT WORK AND ECONOMIC GROWTH

GRI | GRI 103-1, GRI 103-2, GRI 103-3

4.4.1.1. Headcount and recruitment evolution

AN EVOLUTION MARKED BY A RECOVERY IN ACTIVITY AFTER THE COVID CRISIS OF 2020

The Group's total headcount decreased by 2,791 people, or -2.4% in 2021. The decrease can be mostly explained by the disposal of the Acoustics Business Group in Novermber 2021 (1,801 less employees located in Europe) and the continuous adaptation of our temporary employees due to the evolution of the Covid-19 pandemic.

Excluding the impact of the disposal of the Acoustics Business Group the registered workforce remained stable. The proportion of temporary employees was 19.4% at the end of 2021 (vs. 19.8% at the end of 2020).

EXTERNAL HIRES

GRI | GRI 401-1

Over the past few years, Faurecia has grown significantly, with a headcount of almost 111,000 people, including 22,700 managers and professionals on open-ended contracts at the end of 2021.

In 2021, the Group recorded 5,758 permanent and fixed-term contract hires, around 1,300 more than pre-Covid situation, in 2019.

The Talent Hubs teams, located in the major regions where Faurecia is present, intensified their activities to attract the best candidates in a context of tight labor markets in most regions. The year 2021 was marked by the systematic digitization of recruitment throughout the world, through the intensive use of social networks. To organize the recruitment of young graduates, virtual recruitment fairs, relying in particular on a new employer brand ("take a journey that matter") were organized. Faurecia received more than 10,000 résumés from young graduates during these events, which were held in multiple countries (France, Mexico, India, etc.). Lastly, the presence on social networks continued to increase by 20% (with, for example, 70,000 additional subscribers on LinkedIn).

Registered employees

	2020			2021			2021 vs. 2020		
	Hires on open-ended contracts (CDI)	Hires on fixed-term contracts (CDD)	Total	Hires on open-ended contracts (CDI)	Hires on fixed-term contracts (CDD)	Total	Hires on open-ended contracts (CDI)	Hires on fixed-term contracts (CDD)	Total
Faurecia	6,513	10,189	16,702	12,403	10,057	22,460	+5,890	-132	+5,758

4.4.1.2. Employee commitments

CULTURE BEING FAURECIA

"Being Faurecia" defines the Group's culture and its management model, described and shared with all employees through:

- **the Group's values 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;
- **the Management Code** for managers, explains the expected exemplary behavior. Training sessions are regularly organized for managers (see 4.4.5.2);
- **organizational principles** encourage decentralized decision-making processes in the different levels of the organization in order to strengthen the autonomy of the teams and facilitate decision-making.

COMPETENT AND AUTONOMOUS TEAMS

The "Being Faurecia" culture creates an environment that holds teams accountable for their performance through a horizontal organization of autonomous teams with appropriate skills and resources.

In this context, the management of jobs and skills by supporting all career paths (see Section 4.4.1.3) and talent management (see Section 4.4.5), the creation of a learning organization (see Section 4.4.3) and team spirit are particularly essential to the Company's success.

MEASURING EMPLOYEE COMMITMENT

Faurecia conducts an annual satisfaction survey of all employees. This survey measures and collects employees' feedback from several perspectives, including: their overall perceptions of the Company, their understanding of and buy-in to the Group's strategy and corporate culture, the quality of their relationship with their line manager and the Company, their perception of their ability to do their job and thrive, and their confidence in the future.

The survey covers many topics: compensation, well-being at work, diversity, ethics and the whistle-blowing system, training and career development, health and safety, the environment, and Faurecia's sustainable development strategy.

The results are analyzed at Group, country and plant level. Specific action plans are designed at each of these levels, based on the needs expressed by the survey.

Based on this survey, Faurecia measures the level of employee commitment through a global index of several criteria:

- job satisfaction;
- recommendation of Faurecia as a responsible employer;
- pride in belonging;
- confidence in the strategy.

The 2021 results show a commitment level of 73/100 (compared to 76/100 in 2020). This decrease of three points is less significant than expected given the current operating environment. Faurecia is well positioned compared to external global benchmarks, with an employee commitment index two points higher than the industry average and four points higher than the automotive parts sector average. The Group even obtained a commitment rate of its employees seven points higher than the results of the 2019 survey in the pre-Covid period. It should be noted that the results for 2021 follow a year in 2020 which saw a very strong increase of 12 points in the level of employee commitment compared to 2019. This increase marked the high level of employee confidence in Faurecia, and in its ability to cope with the Covid-19 crisis through the rapid implementation of health measures adapted to the continuation of work in the best safety conditions.

Inspired to care

	2019	2020	2021	2025 target
Engagement index based on the annual employee survey	64%	76% *The increase of 12 points between 2019 and 2020 was notably reinforced by the high level of employee confidence in Faurecia, and in its ability to cope with the Covid-19 crisis through the rapid implementation of health measures adapted to the continuation of work in the best safety conditions.*	73%	72% *On the basis of market studies, the Group nonetheless expects a decrease in the level of the index between 2020 and 2025, which will reflect a return to normal without a health crisis, and for which the level of employee satisfaction regarding safety and reassurance will be lower, with an assessment that will weigh less in the overall calculation of the index.*

FOCUS

Faurecia linkedin Top companies 2021, top employer

Faurecia has been recognized by a growing number of labels reflecting its positioning among employers of choice and cutting-edge human resources practices. In France, for the first time, Faurecia was included in the index of the Top 25 most attractive global French companies, which is now a benchmark for candidates. Other references are increasing: In France, for example, Faurecia is recognized by Choose my company (happy trainees) in the Top 100 Universum rankings. In India, for example, in a particularly open market, Faurecia is still recognized as a top employer and was recognized in 2021 by three human resources awards (talents, diversity and training) awarded at the national level.

Remote work for employees

As an engineering and production company, most of Faurecia's activity is carried out on-site, in engineering centers and production plants. The interactions are numerous and allow a great collective efficiency and a high level of innovation.

The Covid-19 crisis revealed the effectiveness of remote working for some clearly identified activities, and also showed the importance that employees place on office interactions for socialization, team dynamics, and creative and informal discussions about work. On the basis of this learning, Faurecia introduced Group guidelines in 2021 that make remote working an effective flexibility tool offered to employees in addition to working in offices. Eligible employees can agree to work remotely for up to eight days per month –in agreement with their manager– according to the needs related to their presence on-site with their teams. The aim is to develop a hybrid work culture (combining efficiency and flexibility of on-site and off-site working) by making the most of the opportunities offered by the digitization of tools (video meetings, software, etc.). Depending on the national situation, employee representatives were involved in implementation at country level.

Local jobs

Faurecia promotes local jobs for management positions in order to better understand specific cultural contexts and thus strengthen its performance. The Group also strives to have a positive impact on the economic development of the regions where it operates, by employing and developing local talent around the world.

In 2021

94% of managers and skilled professionals were recruited locally.

4.4.2. **Diversity & inclusion**

GRI 103-1, GRI 103-2, GRI 103-3

Diversity is one of Faurecia's strengths and convictions. It is both a source of motivation for employees and a source of innovation. It has a positive impact on Faurecia's performance and on the development of its employees. Faurecia is committed to promoting diversity as a real strength and an asset, to acting for inclusion and to combating all forms of discrimination.

Within the Human Resources team, the Vice-President of Faurecia University and HR Transformation coordinates the deployment of the diversity and inclusion policy, and reports to the Vice-President in charge of Human Resources, an executive officer of Faurecia. They lead and coordinate initiatives and implement training and awareness-raising actions at Group level. A Group Diversity and Inclusion Champion, Group Senior Vice-President Purchasing, sponsors this program and leads the internal network of around forty diversity and inclusion ambassadors around the world. Their role is to promote diversity in their scope of activity and in their country. With the support of local intermediaries, they lead and roll out actions for diversity and inclusion, for example training on diversity and inclusion issues at Group and country level, and the coordination of specific local training in diversity, awareness of ordinary sexism, workshops on inclusion, sharing groups, etc.

Finally, the Code of Ethics and the Code of Ethics training MOOC are distributed to each new employee. Also available on the Faurecia website [(1)], the Code of Ethics specifies the Group's commitment against discrimination of all types: age, gender, skin color, nationality, religion, state of health or disability, sexual orientation, and political, philosophical opinions or union membership. The Code of Ethics also includes the right to work in a healthy environment free from any form of hostility or harassment.

Training is a permanent and essential lever for accelerating cultural change. At Faurecia, diversity management is an integral part of training. Several training modules raise the awareness of managers to advance the inclusive culture, in particular for managers, with, for example, modules on better understanding unconscious biases, or how to achieve greater efficiency by relying on a diverse team. In terms of training on unconscious bias, Faurecia has set itself the target of raising awareness among all managers likely to be hired by 2023. In 2021, more than 2,400 managers took part in this training. In this context, and in order to ensure inclusive management that takes into account the challenges of gender diversity in team dynamics, more than 400 managers attended a training session for the Management Committees.

Finally, to better recognize and promote internal best practices in diversity and inclusion, Faurecia also organized a first global digital event for employees to celebrate Faurecia's first Diversity and Inclusion Awards. More than 900 applications, from 22 countries, were received for 60 trophies awarded worldwide. The event, which was relayed on social networks, generated more than 40,000 views.

In 2021

2,400 managers attended webinars with on unconscious bias;

400 executives received training on unconscious bias.

4.4.2.1. **Gender equality**

Faurecia is particularly committed to gender equality. Since 2020, the Group has been a signatory of the Women Empowerment Principles (WEPs), an initiative established by the United Nations Global Compact and UN Women.

Faurecia has set itself the goal of boosting the recruitment and internal promotion of women in order to increase the presence of women among engineers and executives and in top management. Targets for 2025 and 2030 have been put in place to ensure good progress, and are monitored by top management on a monthly basis. For engineers and managers, the target is to reach 30% by 2025. This objective is also included in the long-term bonuses of top management, which places Faurecia among the leading companies to have placed this priority at the heart of those of top management. For top management, the target is 24% women by 2025 (and 30% by 2030).

New initiatives were actively launched in 2021 in the area of gender diversity. In addition to existing processes aimed at ensuring and accelerating the promotion of women within our organizations, "Let's connect" meeting sessions are beginning to be systematically organized at site level. The aim is to connect women working on the same site (or in a neighboring region) as soon as they join Faurecia in order to facilitate exchanges and the sharing of experiences. In 2021, Faurecia also launched a new approach, "Her Way", intended to present to the women of the Group the careers of our female leadership role models. The aim is to inspire, to show the possibilities, the potential obstacles and how to overcome them.

(1) The Code of Ethics is available at: https://www.faurecia.com/developpement-durable/documents-associes.

HIRE TALENTED WOMEN

Faurecia encourages the recruitment of talented women. The Group carries out actions to improve the attractiveness of the Group, particularly among female engineering students with the initiative "Women in technology". In particular, Faurecia encourages its partner recruitment agencies on the issue of gender diversity. In 2021, the Group increased its target for the representation of women among the shortlisted candidates. From now on, two out of four profiles must be female (compared to one in three previously). Lastly, Faurecia launched a specific program to identify and recruit high-potential female executives to join the Top 300 leaders immediately or in the short term: 14 women were hired in 2021.

In 2021

36.1% of external hires of *managers and skilled professionals* were women, up by 2.5 pt compared to 2020 and 10 pt compared to 2018

PROMOTE TALENTED WOMEN

Every quarter, Faurecia organizes specific reviews of female talent ("Female quarterly talent review"). The Group ensures that women have regular development opportunities and identifies female employees who are ready to advance. Candidates identified by their managers as ready for career move are systematically encouraged and promoted. In 2021, the internal promotion rate stood at 28%, an increase of two points compared to 2020 (and five points compared to 2019). The idea is for it to reflect the growing presence of women at Faurecia in order to embody the principle of equal opportunity to which Faurecia is very committed.

SUPPORT FEMALE LEADERSHIP: TRAINING, COACHING, MENTORING, EXCHANGES

On its five campuses, Faurecia University offers two training programs to strengthen female leadership: "female leadership program young talent" and "female leadership program experimented one". Delivered by diversity experts, these training courses are aimed at women who have the potential and the ambition to grow within the Group.

Faurecia is particularly attentive to the implementation of coaching and mentoring for female talent.

Faurecia supports a network of women, "Women at Faurecia". Its purpose is to connect women with each other as soon as they arrive, to encourage exchanges, co-development and to guide them in their careers within the Group. It coordinates three initiatives across the Group: local sessions ("Let's connect"), large-scale digital events around inspiring women's career paths ("Her Way"), and small group discussions with a leader role model.

MAINTAIN DIVERSITY WITHIN GOVERNING BODIES

GRI **GRI 405-1**

Faurecia has set itself the target of reaching 24% women in the Top 300 leaders in 2025 (and 30% in 2030). Several areas are being developed. Since 2019, a Talent and Diversity Director has been in charge of this mission.

Internally, during annual talent reviews, "People Review", the Group identifies women with such potential and provides individualized monitoring. A specific development path enables them to reflect on their ambitions and career plans, the essential levers for success, and to build their action plans. Then, the Female quarterly talent reviews make it possible to identify those ready for the next stage and to put them forward for positions to be filled.

Externally, we have launched a specific program with two partners to identify high-potential women in the market who can immediately or in the short term take up positions in management bodies.

This reinforcement plan increases the possibility of appointing women to the Top 300 leaders.

In 2021

40% women on the Board of Directors;

14% women on the Executive Committee.

Inspired to care

	2019	2020	2021	2025 targets
Percentage of women managers and skilled professionals hired externally	30%	33.1%	36.1%	37%
Percentage of women managers and skilled professionals	24.4%	25.1%	27%	30%
Percentage of women among the Top 300 leaders	15%	16%	21%	24%

EQUAL PAY

Since 2016, Faurecia has analyzed pay equity between women and men in the Group's main countries. The results do not show any major differences at the statistical level. Differences at the individual level are corrected on a case-by-case basis.

4.4.2.2. Diversity of nationality

Inspired to care

	2019	2020	2021	2025 target
Percentage of non-Europeans among the Top 300 leaders	34%	34%	33%	39%

4.4.2.3. Inclusion of young people

Faurecia has included its commitment to the professional integration and development of young people in its Code of Ethics [1]. The Group promotes access by young people to various types of contracts, in particular apprenticeship contracts, and has a policy of hiring them early in their careers (see 4.4.5.1). Faurecia strives to give them access to the training necessary to carry out their activity and build their career path.

In 2021, Faurecia was awarded the Happy Index Trainees label in Europe, the Czech Republic, France, Mexico and Japan. This certification recognizes companies that take good care of the onboarding, support and management of their interns, work-study students and international volunteers (VIE).

4.4.3. Learning organization

GRI 103-1, GRI 103-2, GRI 404-2

Faurecia is committed to supporting its employees in their learning and development. The Group ensures that employees acquire new skills through challenging positions (see Section 4.4.5.3, Career opportunities). The Group also implements monitoring, coaching and training.

4.4.3.1. Training policy

In a context of rapid and ambitious transformation, the training policy is defined by the Executive Committee. It aims to support the Group's strategy, anticipate and support the need for jobs and skills, and support the development of employees and managers.

In the field, managers are responsible for identifying the needs of their teams, informing them and implementing their training plans with the support of the Group's human resources network. The training offer is managed by Faurecia University.

SUPPORT THE TRAINING STRATEGY

Training serves to implement Faurecia's strategic orientations. It also supports changes in organizational methods and operating principles in force within the Group. Changes induced by the approach "Being Faurecia" are gradually integrated into the Group's training programs.

Among the priorities of the training plans, Faurecia has set itself the goal of improving the performance of plants, enhancing the appeal of its offerings to customers, increasing the technological expertise of products/processes, and strengthening the common culture and ethics, and combining the use of appropriate working methods.

SUPPORT THE DEVELOPMENT AND EMPLOYABILITY OF EMPLOYEES

Training supports the development and employability of employees at all levels of responsibility. In conjunction with career management, it is a factor in terms of employee commitments.

Among the priorities of the training plans, Faurecia has set itself the goal of increasing the professionalization of employees, promoting their career development and strengthening their employability, and developing managerial skills in line with Faurecia's managerial skills model (see Section 4.4.5.2), and developing the ability to work in a global context.

(1) *Faurecia's Code of Ethics is available on the Group website. It is not included in this Universal Registration Document.*

4.4.3.2. Training system

Faurecia's training offer is intended for all employees.

Faurecia's training offer

	Format	Managers and professionals	Operators
Faurecia University			
Business academies in the four major Business Groups	digital and face-to-face	√	
All on board	digital	√	
Learning lab on computer or smartphones	digital	√	√
Workplace safety training (see Section 4.3.2)	face-to-face		√
On-site training			
On-site training (health and safety at work, lean management..)	face-to-face		√

In order to be accessible to all, numerous training courses, particularly those of the Learning Lab, are in digital format.

In addition to this training offer, Faurecia's training system offers formats adapted to the pace and requirements of the business lines: training activity methods, internal courses, use of suitable digital tools, and workshops to share experience and expertise.

FAURECIA UNIVERSITY

Faurecia University is present on five regional campuses: in Europe (Nanterre), in China (Shanghai), in North America (Auburn Hills and Puebla) and in India (Pune).

It primarily supports managers and professionals in developing the managerial skills necessary for the Group's transformation. It aims to provide them with:

- effective integration into the Group's culture;
- the acquisition of functional skills necessary for progress: sales, purchasing, human resources, HSE, etc.;
- strengthening their management skills and leadership;
- preparation for key positions (plant manager, program manager, R&D manager).

It is enhanced by the constant presence of our managers or Executive Committee members who take part, speak to, or interact with participants.

In 2021, Faurecia University continued to roll out the program "All on Board Connect", a dedicated learning community that was created to help all Faurecia employees better understand key issues and get involved in the Group's transformation.

Since 2019, Faurecia University has been Corporate Learning Improvement Process (CLIP) accredited by the European Foundation for Management Development (EFMD). It is one of the 25 most mature corporate universities of major global groups (Siemens, Santander, Capgemini, 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.

THE LEARNING LAB

The Learning Lab is a digital learning platform. Its library has over 450 courses available in more than 20 languages. Accessible to as many people as possible, the platform is available on professional and personal computers or smartphones.

The offer includes business and managerial training courses, some of which are validated by internal certificates. It also offers training on Faurecia's strategy and financial results.

In 2021, the Learning Lab passed the symbolic threshold of one million hours of training delivered since its launch at the end of 2015 and continued to increase its level of activity by 15% over 2020, which was itself a record year.

Inspired to care

	2019	2020	2021	2025 objective
Number of training hours per employee per year	21.6	20.6	22.6	25

Training hours

GRI 103-3, GRI 404-1

	2020		2021	
	Training hours	Training hours per employee	Training hours	Training hours per employee
Faurecia	1,660,353	20.6	1,918,296	22.6

The average number of training hours has increased in 2021, from 20.6 in 2020 to 22.6 in 2021 per employee, an increase of 10%, due to the resumption of activity and a gradual return to training in face to face in the second semester.

Face-to-face training was partially offset by the provision for all Group employees of the Learning Lab digital training platform. More than 330,000 hours of digital training were provided through MOOCs, representing nearly four hours per employee over the year.

4.4.4. Social dialog

GRI 102-41, GRI 103-1, GRI 103-2, GRI 103-3, GRI 407-1

Social dialog plays a central role in the Group's cultural transformation program, "Being Faurecia". Considered as a real driver of operational efficiency and sustainable performance, the development of economic and social dialog is the subject of special attention.

Faurecia has included the development of economic and social dialog in its Code of Ethics [1], structured around a number of principles and policies such as:

- freedom of expression and social dialog;
- the right to and freedom of association (union membership);
- the promotion of an active policy of consultation and negotiation of collective agreements with employee representative bodies;
- anticipating, whenever possible, industrial and social redeployments in order to limit their impact.

Social dialog is also a privileged means of communication. Faurecia communicates regularly and in a structured manner to the various employee representative bodies on its achievements, its results and, more generally, its strategy. The Group promotes social dialog to discuss concrete achievements and best practices on safety and the improvement of working conditions. Whenever possible, Faurecia gives priority to finding and concluding agreements in the various projects where employee support is a guarantee of success.

COLLECTIVE AGREEMENTS

Establishment or company agreements signed concern working conditions, wages and other forms of compensation, employee profit-sharing and incentives, working hours –including flexible working hours, health and safety– the implementation of digital tools and/or processes.

In 2021:

✔ 501 company or establishment agreements were signed in 25 countries.

INDUSTRIAL AND SOCIAL REDEPLOYMENTS

In all the countries in which it operates, Faurecia is committed to reducing the impact on employment related to downturns in activity, in particular through negotiations on changes to the organization and working hours and implementation, where they exist, of measures intended to manage cyclical situations such as short-time working. At the same time, in any industrial redeployment operation undertaken to deal with situations of structural declines in activity, the Group favors the use of internal mobility, both geographical and functional, as well as voluntary departures. In the event that a site closure is required, the Group endeavors, where 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.

(1) Faurecia's Code of Ethics is available on the Group website.

THE EUROPEAN WORKS COUNCIL

The European Works Council is composed of 25 members broken down in proportion to the workforce of the 16 countries where Faurecia operates in Europe. This body receives privileged information on the Group's strategy, results and redeployments.

During 2021, as part of its usual activity, the European Works Council met digitally in plenary session once, while the Bureau met three times.

A number of extraordinary meetings was also held. On the one hand, the Bureau and the Council had the opportunity to discuss the project to sell the acoustics and soundproofing activities to the Adler Pelzer group, which did happen during the year. In addition, the Council and the Bureau met to discuss the project to launch a takeover bid for HELLA and the acquisition of its 60% stake from the family group. Lastly, at the end of the year, the Council elected a Director representing the employees to the Board of Directors of Faurecia SE at a new plenary meeting.

In order to help the members of the European Works Council to carry out their duties in good conditions, a three-day training program was held on fundamental economic concepts and their application in the Group as well as on the industry environment and corporate governance.

Lastly, as part of the exit of the PSA Group from the capital of Faurecia, following its merger with FCA, Faurecia SE, which became an independent company and head of the Group, launched negotiations with the French trade unions with a view to the creation of a new Group Works Council France. Three meetings were held in 2021 and agreements concerning the Group in France and the operating procedures of the Council should be finalized and signed in early 2022. The first meeting of the Group Works Council for France should be held before the summer of 2022.

In 2021:

64% of employees represented by at least one Employee Representative Body: European Works Council, Works or Establishment Council, Trade Unions;

71% of Company employees covered by company, establishment or collective agreements.

4.4.5. **Talent management**

Faurecia's excellence is based on qualified internal resources in line with the needs of the business lines. This is why Faurecia continually adapts the allocation of human resources to the needs of the short-term activity and prepares the medium-term in order to have the best teams on hand in good time that consist of managers, professionals and experts, passionate about customer service excellence.

Faurecia has included its commitment to the professional development and employability of its employees in its Code of Ethics. [1] Faurecia has a dedicated talent management policy for managers and professionals. Managed at Group level, it is deployed in each country.

Faurecia's talent management policy consists of supporting employees in their development and as of their recruitment, by offering them professional opportunities: mobility and promotions. This mission is carried out in collaboration with managers and the dedicated human resources network.

4.4.5.1 EFPD Talents retention and acquisition

GRI 404-1

EARLY CAREER HIRES

- Faurecia wants to ensure the Group's attractiveness and retain the talents of tomorrow.
- In July 2020, the Group undertook to call on 1,000 apprentices and VIEs in France by the end of December 2020 and to maintain the existing programs for the recruitment of apprentices, VIEs and doctoral students for 2020 and 2021, by adding a target of 400 interns.
- Coordinated at Group level, the recruitment management centers, called "talent hubs", implement local recruitment programs for young graduates and early-career professionals. One of the key levers used by the Group to achieve its objectives of hiring young graduates is the international volunteering scheme in companies (VIE).

In 2021

more than 800 VIE hires completed in 2020 and 2021;

50% of international volunteers in companies (VIEs) at the end of their assignment are hired on fixed-term and permanent contracts;

28% of managers and professionals hired are young graduates.

RECRUITMENT OF HIGH POTENTIALS, PARTICULARLY WOMEN

Faurecia has implemented a recruitment reinforcement plan in France, Germany, the United States and China. It targets high-potential candidates who will be supported by an accelerated career plan. Faurecia also deploys recruitment plans for female candidates with potential in order to improve diversity among managers, professionals and the Top 300 leaders (see Section 4.4.2.2).

(1) *Faurecia's Code of Ethics is available on the Group website.*

ONBOARDING NEW EMPLOYEES

All new hires follow a specific onboarding program to discover the Group, its values, its strategy, its organization and to familiarize themselves with the culture and its operational systems. Some countries have organized special events, such as orientation days, to expedite the integration of new hires.

4.4.5.2. Annual appraisals and skills development

Fair and evidence-based assessment of performance is an essential part of the "Being Faurecia" culture.

THE MANAGERIAL SKILLS MODEL

Aligned with Faurecia's transformation strategy, our managerial skills model encourages the development of agile and inclusive leadership. It presents the essential skills that a leader must acquire according to their level of responsibility within the organization. It encourages everyone to develop their own leadership potential by providing illustrations of the different levels of ability, and ideas for key actions to be implemented to achieve this. It provides benchmarks for the self-assessment and assessment made by managers during annual performance appraisals. It serves as a reference for employees to build their individual development plan.

THE ANNUAL PERFORMANCE APPRAISAL OF MANAGERS AND PROFESSIONALS

GRI GRI 404-3

Each year, the Group launches a campaign to assess the performance of managers and professionals. The annual appraisal, which takes place between a manager and his or her employee, aims to assess the achievement of individual objectives over the past year, and managerial skills and behavior in relation to Faurecia's values.

The performance appraisal also makes it possible to define individual development plans. These enable everyone to define the development actions to be carried out over the coming year in order to develop the performance and potential of each employee.

It is also a key moment to discuss the coming year and jointly define the related individual objectives.

In 2021

98% of managers were assessed through performance appraisals.

ANTICIPATE AND SUPPORT EMPLOYMENT AND SKILLS NEEDS

With regard to its strategy, Faurecia supports the needs of each manager and professional, with a particular focus on their expected potential over the coming years.

- Twice a year, the Executive Committee reviews the Group's high potentials with a particular focus on potential executive managers.
- The Group conducts an annual review of the teams (called "People reviews") at all levels; sites, divisions, Business Groups, and Group. It makes it possible to identify potentials, define succession plans for key positions and discuss career opportunities for the Group's potentials (see Section 4.4.5.3).
- Reviews (known as "key reservoirs") were organized in North America and Asia to develop promotion and internal mobility and optimize talent management at the local level.
- A process called "Cross Business Groups human resources point" enables the Group 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, Nominations and Sustainable Development Committee.

Faurecia is also particularly attentive to emerging skillsets: data, artificial intelligence, etc. The Group anticipates the deployment of these skills by developing ad hoc training offers (see Section 4.4.3) and identifying needs within the organization.

COACHING AND MENTORING

Faurecia offers its talents coaching and mentoring. In 2021, the Group initiated mentoring training with all its human resources teams. This year, the Group also reworked the monitoring of the deployment of these programs and the employees who benefit from them.

Faurecia is particularly vigilant to ensure that these programs benefit female talent, in order to accelerate their careers (see Section 4.4.2.1, Gender diversity). The Group also wants to train its mentors in unconscious bias concerning diversity.

4.4.5.3. Career opportunities

The Group's internal promotion policy is to offer career opportunities to managers and professionals who are successful and demonstrate their potential. It is based on:

- annual talent and succession reviews;
- individual development plans;
- rigorous use of Faurecia's managerial skills model,
- external assessments to best support potential and career choices.

Faurecia offers diverse career paths: inter-function or inter-division mobility, assignments to projects or short-term assignments, professional opportunities abroad or participation in international projects. The aim is to expose talents outside their comfort zone and enable them to develop their skills.

Lastly, Faurecia has a specific career management policy for its nearly 300 experts. The Group particularly recognizes and values expertise in technical aspects and technology in order to strengthen business skills within each product line.

In 2021

20% of managers and professionals benefited from internal mobility.

4.4.5.4. Talent retention

Development of leadership career opportunities, but also training, coaching and mentoring (see Section 4.4.3) help to retain talent.

In 2021, the resignation rate of managers and professionals was up compared to 2020 pandemic period, but is at a similar level to that of 2019, in pre-Covid period.

EFPD Resignation rate of managers and professionals

Resignation rate ✔	2019	2020	2021	Change 2021/2020
TOTAL	8.9%	6.6%	11%	+4.4

4.4.6. Compensation

The Group complies with the regulations in force in each country regarding minimum wages and compensation agreements.

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 entities and complies with legal regulations. To this end, each year Faurecia examines market practices with firms specialized in compensation.

Compensation packages depend on several elements, including the level of responsibility exercised. Thus, the higher the level of responsibility, the greater the share of short-term and long-term variable components of total compensation.

In 2021, the short-term variable portion, Faurecia Variable Compensation (FVC) consisted of:

- for the Chief Executive Officer:
  - quantifiable criteria linked to the Group's financial results representing 80% of the FVC of the target,
  - qualitative criteria covering strategic, business development and managerial objectives and/or in line with the Group's values and its convictions in terms of sustainable development representing 20% of the FVC of the target;
- for the other eligible members (members of the Executive Committee, Top 300 leaders and 4,800 managers and skilled professionals):
  - quantifiable criteria linked to the financial results of the Group or the Business Group representing 70 to 80% of the FVC of the target;
  - qualitative criteria linked to the individual contribution to financial results representing 20 to 30% of the FVC target.

Locally, Faurecia also has tools that enable employees to share in the value created.

CHANGE IN COMPENSATION AND BENEFITS

GRI GRI 401-2

In 2021

The total amount of remuneration, social charges included, paid for the entire Group is 3,248.4 million euros, an increase of 2.7%.

GRANT OF FREE SHARES SUBJECT TO PERFORMANCE CONDITIONS

Faurecia has set up a free share allocation program subject to performance conditions for members of the Top 300 leaders with a view to motivation and retention.

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, representing 60%;
- a second internal performance condition linked to sustainable development, on the proportion of women among the Group's managers and skilled professionals, representing 10%;
- an external performance condition, linked to the growth of Faurecia's basic earnings per share compared to that of a peer group consisting of 12 comparable global equipment manufacturers, representing 30%.

In 2021

2,004,370 shares allocated to Top 300 leaders, including 615.370 actions from an unique plan shares (Executive super performance Initiative, see Chapter 5.2.2).

SUSTAINABLE DEVELOPMENT CRITERIA IN VARIABLE COMPENSATION

Two compensation systems include criteria linked to the Group's sustainable development objectives:

- long-term for the Top 300 leaders: this variable compensation includes a criterion linked to the proportion of women in the Group's population of managers and skilled professionals, representing 10%;
- short-term for the 4,800 managers and professionals: from 2022 this variable compensation will include a collective quantifiable criterion linked to the CO_2 footprint of the Group for a weighting of 15% of the FVC target for all eligible parties (see Section 4.1.2.3).

EMPLOYEE SHARE OWNERSHIP PLAN

In 2021, Faurecia successfully launched its first employee shareholding plan, "Faur'ESO". More than 22% of employees across 15 countries expressed their wish to invest in Faur'ESO 2021, a result well above the benchmark, thus marking a large success for a first operation. As 2021 is a year of new prospects for Faurecia, the Group wanted to offer its employees, key players in development, the opportunity to play an even greater role in the transformation by becoming shareholders of Faurecia. The very high subscription rate for Faur'ESO demonstrated the confidence of the teams in Faurecia's ability to create a sustainable future and their willingness to partner with it. This is a particularly strong message in the context of the pandemic. This first employee shareholding plan increases employee shareholding to over 2.6% of the capital stock.

4.4.7. Faurecia Foundation and corporate citizenship

At Faurecia, corporate citizenship is expressed at all levels:

- through employee projects or partnerships with associations financially supported by the Faurecia Foundation;
- through the Faurecia Foundation's digital engagement platform, where each employee can take part in volunteer activities with local associations;
- at Faurecia site level, through collective solidarity actions organized by the sites themselves.

Inspired to care	2019	2020	2021	2025 target
Percentage of employees involved in local societal actions	**10%**	**12%**	**12%**	**15%**

4.4.7.1. The Faurecia Foundation

FAURECIA FOUNDATION

The Faurecia Foundation supports solidarity projects carried out worldwide by the Group's employees, aimed at promoting education, mobility and the environment. Thanks to the expertise and collective energy of its employees, the Faurecia Foundation makes a positive contribution to society by enabling the development of projects with associations in the countries where the Group operates. At the end of 2021, it was estimated that more than 4,000 people in need had benefited from assistance through the Group's solidarity projects.

PROJECTS LED BY EMPLOYEES

Since its creation in 2020, the Faurecia Foundation has launched three appeals for projects from Group employees. All Faurecia employees are invited to submit their project proposals, managed by themselves in partnership with an association.

Due to the Covid-19 pandemic, the three winning projects in 2020 could only be deployed in 2021:

- **Education – Improving girls' education near Pune, India**: The project aims to support two schools located near Pune, where 400 girls between the ages of 5 and 15 attend school. School materials (books, pens, uniforms, bicycles, etc.) were distributed to schoolchildren providing them with the basic elements needed to continue their studies. Then, in one of the two schools, a science laboratory, a computer laboratory and a library were inaugurated;
- **Mobility – Cycling to school in Morocco:** The project, led and implemented by Faurecia employees, helped 100 children living in 15 remote villages near the town of Azilal, by providing them with a bicycle, helmet and maintenance equipment to get to school in complete safety and autonomy every day;
- **Environment – *Refauresta* in Mexico:** The employees behind this project, in partnership with Humanife, a local association specializing in environmental issues, continue their work to achieve two objectives: contribute to the reforestation of the Puebla region (by selling tree shoots grown in greenhouses) while providing financial support (by selling trees) to *Una Nueva Esperanza* – a local NGO that takes care of families whose children are undergoing cancer treatment.

In 2021, the Foundation selected **11 new solidarity projects** proposed by employees around the world. A description of the projects in China and Italy follows.

- ***Grow in treasure home*, in China:** 100 Faurecia volunteer employees are involved in this solidarity project. foundation supports four extra-curricular activity centers that welcome 600 children aged between six and twelve, whose parents are workers in Shanghai, Nanjing, Wuxi and Xi'an, who have recently migrated from rural areas. The objective of this project is to enable these children to facilitate their social integration through educational and leisure activities. Through these four structures, Faurecia volunteers will be able to offer them academic support or leisure activities according to their affinities.
- ***Ternana green aid*** in Italy: a Faurecia employee supports the deployment of an ecological assistance and delivery service for more than 1,000 families in Terni affected by the Covid-19 crisis or by disability. This program, deployed by a local association in March 2020 during the first lockdown, guarantees minimal assistance to families to cover their essential needs (delivery of food baskets, medicines, etc.). Funding from the Faurecia Foundation enabled the program to continue through 2021 while giving it a more environmentally-friendly dimension through the purchase of six electric vehicles and reusable ecological packaging.

A total of fourteen projects, led by around fifty employees, were funded by the Faurecia Foundation to the tune of €850,000.

The Faurecia Foundation's new campaign to appeal for employee projects was launched at the end of 2021. At the end of January 2022, the sites shortlisted promising projects, currently being selected by the Foundation's Board of Directors for a final selection in June 2022.

The solidarity projects led by employees

FRANCE

- Improving wheelchair comfort, to detect & warm-up the body when needed
  €40,000

SPAIN

- Support education & integration of children and family in 3 refugees centers
  €35,300

ITALY

- Refurbish computers for children to attend school from home
  €18,300
- Eco-friendly assistance and delivery for people impacted by Covid-19
  €40,000

PORTUGAL

- Support the environmental education program for seniors organized by young people
  €2,000

ROMANIA

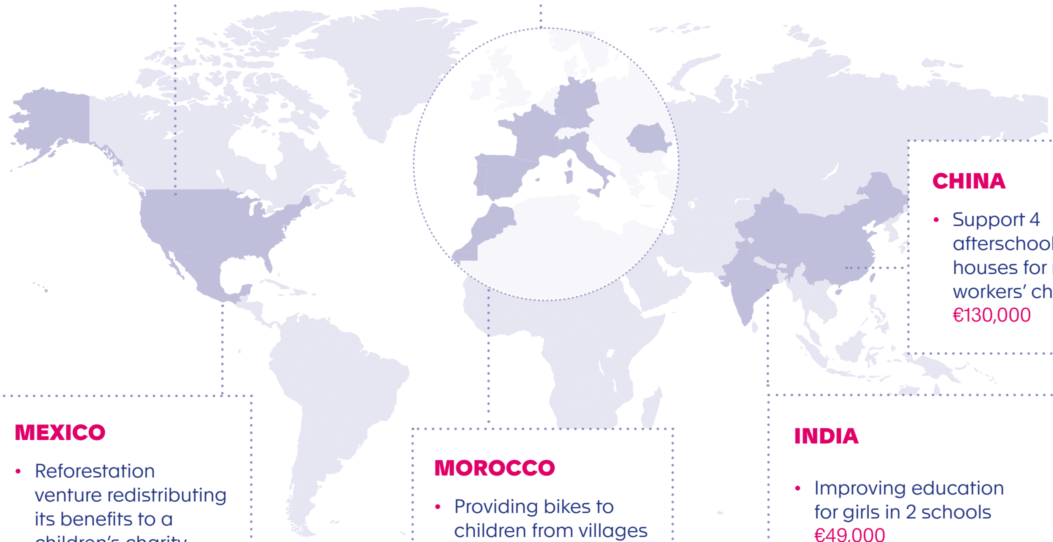
- Digital tool donation & extracurricular activities for disadvantaged children
  €50,000

GERMANY

- Financing the purchase of a minivan for an association taking care of people with disabilities
  €20,000

UNITED STATES

- Installing wheelchair ramps to improve the autonomy of people with disabilities
  €4,500



CHINA

- Support 4 afterschool houses for migrant workers' children
  €130,000

MEXICO

- Reforestation venture redistributing its benefits to a children's charity
  €300,000

MOROCCO

- Providing bikes to children from villages to go to school autonomously
  €32,000

INDIA

- Improving education for girls in 2 schools
  €49,000
- Improving facilities & training at a residential school for visually impaired people
  €35,500
- Creating a green energy village
  €64,000

SOCIETAL ACTION PARTNERSHIPS

In addition to inspiring projects led by Faurecia employees, the Faurecia Foundation has forged five partnerships with external players to strengthen its impact. In total, in 2021, funding of €500,000 was dedicated to these associations recognized for their societal action.

- **Helping students affected by the Covid-19 crisis, with the “Fondation de France”**

In order to provide emergency assistance –food, basic necessities, psychological assistance– and long-term support to students affected by the crisis in France, the Foundation provides financial support for five projects: scholarships for young adults, free consultations with psychologists set up by the Heuyer Clinic in Seine Saint Denis, “Erasmus Expertise” tutoring, contribution to the exceptional financial assistance fund for vulnerable students at the University of Lorraine, and the distribution of food products and services essential for students in the Paris region with the COP'1 association.

- **Support for young digital workers with the Simplon Foundation**

The Simplon Foundation is a French organization that aims to improve the employability of people with little or no qualifications who are interested in digital jobs. The Faurecia Foundation sponsors two existing programs that cover around forty students: an intensive learning program and emergency scholarships.

- **Refurbishment of medical equipment and social inclusion with “Envie Autonomie”**

“Envie Autonomie” is a French non-profit association for the reconditioning and second life of medical equipment for people with permanent or temporary disabilities. The Faurecia Foundation has sponsored the launch of two new operating sites in France, in the departments of Gironde and Ille-et-Vilaine.

- **Mobile school for street children, with Mobile School**

Mobile School is an international NGO whose mission is to provide an educational and social connection for street children. The Faurecia Foundation provides financial support to three mobile schools that organize regular visits to disadvantaged neighborhoods. These sessions, led by volunteers trained by local associations, create a local social and health link (education, prevention of drug-use and prostitution, etc.) with street children in Mexico and Romania.

- **Emergency aid in response to Covid-19, with “Action Contre la Faim” in India**

To mitigate the collateral damage of the health crisis, the NGO “Action Contre la Faim” in India supports local authorities: access to health services, food aid and awareness of the benefits of vaccination and preventive measures against Covid-19. Through its financial support, the Faurecia Foundation contributes to relief efforts in the regions of Pune and Palghar, where the Group operates. This initiative enabled the distribution of 19 tons of food baskets, accompanied by volunteer Faurecia employees, to nearly a thousand families living in very precarious conditions.

SUPPORT OF ASSOCIATIONS FOR DIVERSITY AND INCLUSION

In 2021, the Faurecia Foundation also allocated €50,000 to support projects as part of the first internal Diversity and Inclusion Awards, which were aimed at all employees. The winning projects were able to make a special donation to a local association of their choice, working for the inclusion of vulnerable people. A total of six associations were chosen to receive an exceptional donation from the Faurecia Foundation in six countries where the Group operates.

In Portugal, it was the ASSOL association (“*Associação de Solidariedade Social de Lafões*”) which received a grant from the Faurecia Foundation. The association promotes the inclusion of people with disabilities or chronic mental illnesses in the community through access to employment, training, occupational therapy, etc.

The Faurecia Foundation's partnerships

FRANCE

REFURBISHMENT OF MEDICAL EQUIPMENTS
ENVIE AUTONOMIE

2 new sites to refurbish & give a second life to medical equipments
€100,000

FRANCE

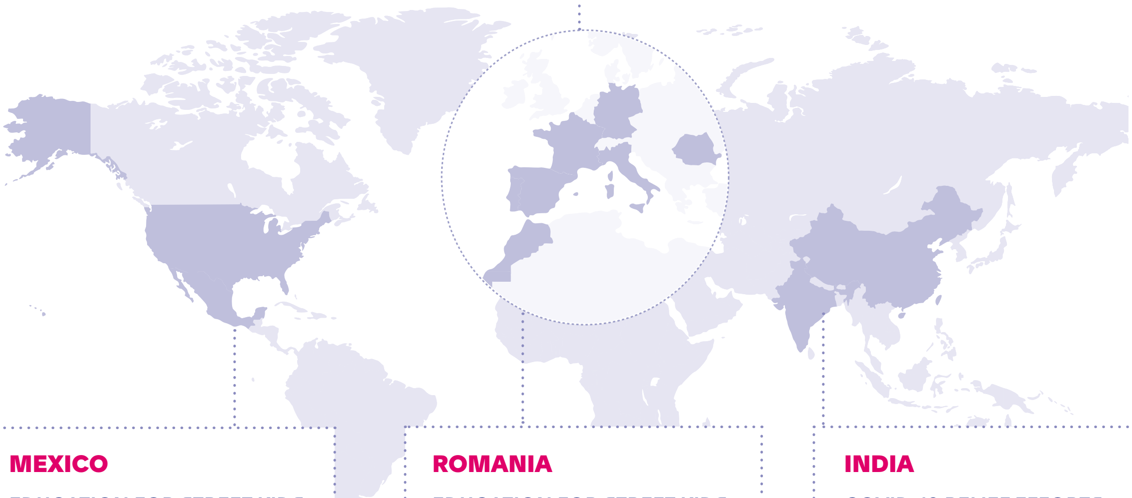
SOLIDARITY FOR STUDENTS
FONDATION DE FRANCE

Essential aid: food, hygiene, housing & psychological
€150,000

FRANCE

INCLUSION FOR UNEMPLOYED PEOPLE
SIMPLON FOUNDATION

Improve the employability of people with few or no qualifications, wishing to embrace digital professions
€50,000



MEXICO

EDUCATION FOR STREET KIDS
MOBILE SCHOOL

2 programs sponsored in Queretaro & Guadalajara
€66,000

ROMANIA

EDUCATION FOR STREET KIDS
MOBILE SCHOOL

1 program sponsored in Iasi
€34,000

INDIA

COVID-19 RELIEF EFFORTS
ACTION AGAINST HUNGER

19 tons of food baskets distributed to 1,000 people and children from tribal communities near Pune and Beed districts
€100,000

4.4.7.2. Commitment of local sites

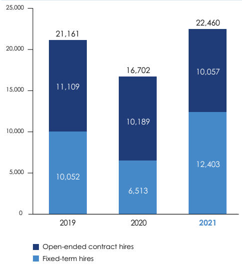
Faurecia sites are involved in local solidarity actions in the form of programs, events or fundraising campaigns.

For example, the "Faurecia Unites with Employees for Local Services" (FUELS) initiative was created in 2010 by Faurecia North America employees to fight hunger. It has gradually spread to a greater number of causes and countries. Among all the actions carried out in this context in 2021, employees at more than 50 sites in Canada, Mexico and the United States took part in "Help from the Heart". The goal of this fundraising campaign is to fight hunger and advance the education of children in Canada. Faurecia matched the donations collected.

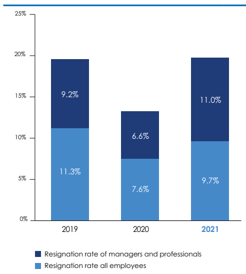
4.4.7.3. Solidarity engagement platform

To develop its societal impact and facilitate employee engagement in actions for the benefit of local communities, the Group is deploying a digital tool that will centralize all the solidarity actions offered by Faurecia throughout the year. Launched in 2021 in Canada, the United States, France and Mexico, Faurecia's solidarity commitment platform also offers volunteer work with non-profit organizations on personal time. This digital platform bridges the gap between the employees' desire to act and the volunteering missions offered by local associations. The platform will be rolled out in 2022 at all Faurecia sites.

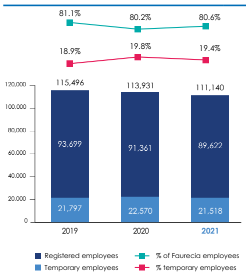
4.4.8. People performance indicators



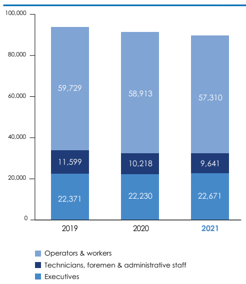
News hires - registered workforce	2019	2020	2021	Annual commentary
Open-ended contract hires	10,052	6,513	**12,403**	For all registered employees, the number of hires was up 34.5% as compared with 2020, including a 90.4% increase for open-ended contracts and an 1.3% decline for hires on fixed-term contracts. The increase in the volume of hires on open-ended contracts follows the hiring freeze in this category in 2020 in the face of the Covid-19 pandemic and takes into account the increase in the number of resignations in 2021.
Fixed-term hires	11,109	10,189	**10,057**	
Total hires	21,161	16,702	**22,460**	



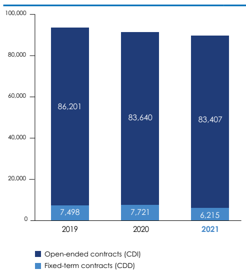
Resignation rate ✔	2019	2020	2021	Annual commentary
Resignation rate of managers and professionals	8.9%	6.6%	**11.0%**	Resignations of employees with open-ended contracts represented 34.6% of departures in 2021 compared with 27.1% in 2020, an increase of 15% for operators and workers, 25% for technicians, foremen and administrative staff, and 68% for executives. 62% of these resignations concerned operators & workers, 7% technicians, foremen and administrative staff, and 31% executives. For the latter category, the largest variations in both volume and as a percentage were in Europe (+65% vs. 2020), North America (+72% vs. 2020), and Asia (+66% vs. 2020).
Resignation rate all employees	11.3%	7.6%	**9.7%**	



Headcounts	2019	2020	2021	Annual commentary
Registered employees	93,699	91,361	**89,622**	The Group's total headcount decreased by 2,791 people, or -2.4% in 2021. The decrease can be mostly explained by the disposal of the Acoustics Business Group in Novermber 2021 (1,801 less employees located in Europe) and the continuous adaptation of our temporary employees due to the evolution of the Covid-19 pandemic. Excluding the impact of the disposal of the Acoustics Business Group the registered workforce remained stable. The proportion of temporary employees was 19.4% at the end of 2021 (vs. 19.8% at the end of 2020).
Temporary employees	21,797	22,570	**21,518**	
Number of employees	115,496	113,931	**111,140**	
% of Faurecia employees	81.1%	80.2%	**80.6%**	
% temporary employees	18.9%	19.8%	**19.4%**	

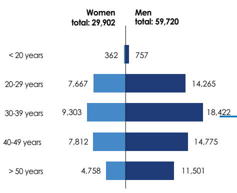


Registered workforce by category	2019	2020	2021	Annual commentary
Operators & workers	59,729	58,913	**57,310**	The number of registered employees decreased by 1.9% in 2021, including a decrease of 5.6% for technicians, foremen and administrative staff and a fall of 2.7% for operators and workers. The number of executives increased by 2.0%. Excluding the impact of the disposal of the Acoustics Business Group the registered workforce remained stable in 2021. The number of operators was reduced by 0.7% and that of technicians, foremen and administrative staff by 2.9%. On a like-for-like basis, the number of executives increased by 3.2% due to reinforcements in China, Mexico and India.
Technicians, foremen & administrative staff	11,599	10,218	**9,641**	
Executives	22,371	22,230	**22,671**	



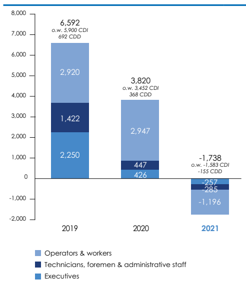
Number of employees by type of contract	2019	2020	2021	Annual commentary
Open-ended contracts (CDI)	86,201	83,640	**83,407**	The number of employees with open-ended contracts fell by 233 people, or 0.3%. Over the same period, the number of employees on fixed-term contracts decreased by 19.5%, a total of 1,506 employees, demonstrating the Group's flexibility in the face of the health crisis and the resulting slowdowns in activity. The impact of the disposal of the Acoustics Business Group is -1,587 open-ended contracts and -144 fixed-term contracts, exclusively in Europe (mainly in France, Poland, Spain and the United Kingdom). Open-ended contracts represented 93.1% of registered employees in 2021 compared to 91.6% in 2020.
Fixed-term contracts (CDD)	7,498	7,721	**6,215**	

Age pyramid by gender	2019	2020	2021
Men			
< 20 years	1,107	836	**757**
20-29 years	17,114	15,962	**14,265**
30-39 years	18,400	18,252	**18,422**
40-49 years	14,869	14,771	**14,775**
> 50 years	11,628	11,787	**11,501**
TOTAL	**63,118**	**61,608**	**59,720**
Women			
< 20 years	507	459	**362**
20-29 years	8,368	7,996	**7,667**
30-39 years	9,468	9,154	**9,303**
40-49 years	7,631	7,623	**7,812**
> 50 years	4,607	4,521	**4,758**
TOTAL	**30,581**	**29,753**	**29,902**



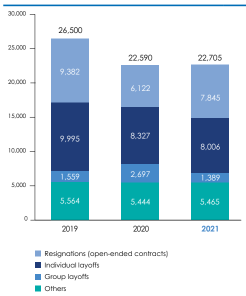
Women represented 33.4% of the Group's registered workforce, an increase of 0.8 points compared to 2020. They represented 36.4% of operators & workers, 29.9% of technicians, foremen and administrative staff, and 27.0% of executives across the Group. Faurecia is a relatively young Group with 56,7% of registered employees aged under 40 and 25.7% aged under 30. 16,259 registered employees are aged over 50, i.e. 18.1%, up 0.2 points as compared to 2020. 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 11%, and executives accounting for 25%.

Registered headcount of acquisitions/disposals	2019	2020	2021
Operators & workers	2,920	2,947	**(1196)**
Technicians, foremen & administrative staff	1,422	447	**(285)**
Executives	2,250	426	**(257)**
Open-ended contracts (CDI)	5,900	3,452	**(1,583)**
Fixed-term contracts (CDD)	692	368	**(155)**



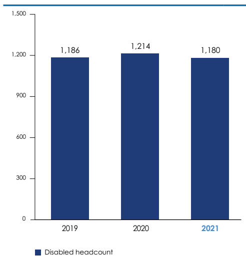
This table presents the profile by type of contract and socio-professional category of the workforce of the Acoustics Business Group sold in November 2021.

Departures by reason	2019	2020	2021
Resignations (open-ended contracts)	9,382	6,122	**7,845**
Individual layoffs	9,995	8,327	**8,006**
Group layoffs	1,559	2,697	**1,389**
Others	5,564	5,444	**5,465**
TOTAL	**26,500**	**22,590**	**22,705**



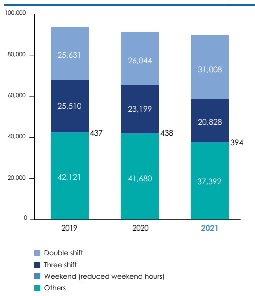
The number of employees who left the Group totaled 22,705 in 2021, compared with 22,590 in 2020, an increase of 0.5%. 10.0% of them were at the end of a fixed-term contract. The resignations of employees on open-ended contracts represented 34.6% of departures in 2020, compared with 27.1% in 2020. 62% of these resignations concerned operators & workers, 7% technicians, foremen & administrative staff, and 31% executives. The proportion of individual and group layoffs decreased from 48.8% to 41.4% of total departures, mainly in North and South America and Europe.

Disabled headcount	2019	2020	2021
Disabled headcount	1,186	1,214	**1,180**



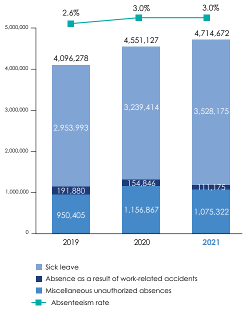
The notion of employees with disabilities is defined by legislation in each country, with more proactive legislation in Europe and particularly in France and Germany than in other countries

Faurecia employs more than 1,200 people with disabilities, mainly in Europe. This figure was down by 2.8% compared to 2020. This decrease was 2.3% on a like-for-like basis. The concept of employees with disabilities is defined by the legislation of each country.



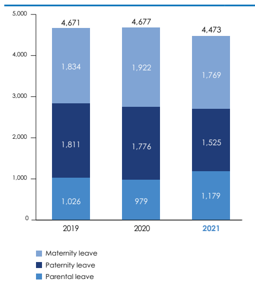
Work organization	2019	2020	2021
Double shift	25,631	26,044	**31,008**
Three shift	25,510	23,199	**20,828**
Weekend (reduced weekend hours)	437	438	**394**
Others	42,121	41,680	**37,392**

The organization of work aims to meet the needs of our customers taking into account the production capacity of our plants. The so-called shift working hours (1, 2 and 3), which mainly concern our production plants, represent 58% of our registered workforce.



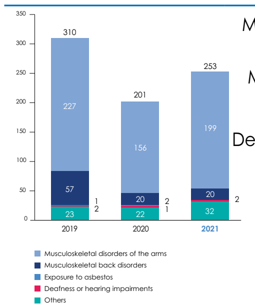
Absenteeism	2019	2020	2021
Sick leave	2,953,993	3,239,414	**3,528,175**
Absence as a result of work-related accidents	191,880	154,846	**111,175**
Miscellaneous unauthorized absences	950,405	1,156,867	**1,075,322**
TOTAL	**4,096,278**	**4,551,127**	**4,714,672**
Absenteeism rate	2.6%	3.0%	**3.0%**

The number of hours of employee absenteeism amounted to 4.7 million in 2021, an increase of 3.6% compared to 2020. At the same time, hours worked increased by 5.8% from 150.1 million to 158.8 million over the period, the increase being linked to the recovery in activity compared to 2020. This resulted in a stable absenteeism rate of 3.0% across 2021.



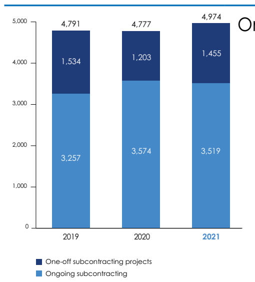
Maternity/paternity/parental leave	2019	2020	2021
Maternity leave	1,834	1,922	**1,769**
Paternity leave	1,811	1,776	**1,525**
Parental leave	1,026	979	**1,179**
TOTAL	**4,671**	**4,677**	**4,473**

The number of employees on maternity leave fell by 8.0% in 2021. Those who benefited from paternity leave fell by 14.1%, mainly in North America. Parental leave increased by 20.4% (mainly in Central Europe). The conditions and the length of maternity, paternity and parental leave are governed by legislation in each country.



Occupational illnesses by nature	2019	2020	2021
Musculoskeletal disorders of the arms	227	156	**199**
Musculoskeletal back disorders	57	20	**20**
Exposure to asbestos	1	2	**-**
Deafness or hearing impairments	2	1	**2**
Others	23	22	**32**
TOTAL	**310**	**201**	**253**

0.3% of the Group's registered employees had an occupational illness in 2021. This ratio was 0.2% in 2020. Musculoskeletal disorders of the arms accounted for almost 79% of the occupational illnesses recorded within the Group. The conditions for recognition of these different pathologies are governed by legislation in each country.



Subcontracting	2019	2020	2021
One-off subcontracting projects	1,534	1,203	**1,455**
Ongoing subcontracting	3,257	3,574	**3,519**
TOTAL	**4,791**	**4,777**	**4,974**

The call for subcontracting grew in 2021 in line with the resumption of activity in our production plants and greater use of security, cleaning and maintenance service providers in response to the health crisis.

4.5. Report by the independent third party on the extra-financial statement

For the year ended 2021

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 statement for the year ended 2021 (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 which are available on request and of which are presented in the Statement.

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 Regulation (EU) 2020/852 (green taxonomy), 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;

(1) ISA 3000 - Assurance engagements other than audits or reviews of historical financial information

- 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;
- 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 set out in the second paragraph of article L. 22-10-36 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 its [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 such as social dialogue, business ethics, sustainable supply chain, product quality and safety, climate transition, 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 22% 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 all 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 2021 and February 2022 and took a total of 5 weeks.

We conducted some 30 interviews with the people responsible for preparing the Statement, representing in particular CSR, Environment, Health and Safety, Compliance, Human Resources, Quality 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 21th 2022

French original signed by: Independent Verifier

Mazars SAS

Grégory DEROUET Partner	Tristan MOURRE Partner, CSR & Sustainable Development

(1) FCM North America, FCM Colombus North, FIS Europe Division, FIS GPCS Division, FIS Hlohovec, FAS Seat Structure System Division, FAS Walbrzych, FAS Sao Joao Da Madeira, FCE San Juan del Rio.

ANNEXE 1: Information considered most important

QUALITATIVE INFORMATION (ACTIONS AND RESULTS)

- Safety in the workplace
- Talents attraction and retention
- Social dialogue
- Employee commitments
- Business ethics
- Responsible supply chain
- Product quality and safety
- Environmental impact of sites and climate change
- Climate change

QUANTITATIVE INDICATORS (INCLUDING KEY PERFORMANCE INDICATORS)

- Total number of employees recorded and split by contract
- FR0t (Accidents with lost time per millions of hours worked) by employees and temporary workers
- FR1t (Accidents without lost time per millions of hours worked) by employees and temporary workers
- Turnover rate of managers and professionals
- Number of company agreements signed
- Employee Engagement Index
- Percentage of M&P having received training on the Code of Ethics
- Share of direct purchasing volume assessed for CSR performance
- Supplier satisfaction index
- Customer satisfaction index
- Part of ISO 14001-certified production plants
- Energy consumption (MWh)/€m of sales
- Tons of waste/€m of sales
- Tons of CO_2 equivalent/€m of sales (scopes 1 and 2)
- Carbon footprint (scope 1, 2, 3)

4.6. Methodological note

GRI 102-48, GRI 102-49, GRI 102-50, GRI 102-51

Faurecia consolidates and discloses indicators according to the guidelines proposed by the Global Reporting Initiative (GRI).

The period covered by this Extra-Financial Performance Declaration corresponds to 2021. The previous Extra-Financial Performance Declaration was published in Faurecia's Universal Registration Document and made available at https://www.faurecia.com/.

The social, environmental and societal information contained in this chapter meets the requirements of Article L. 225-102-1 and Articles R. 225-105 et seq. of the French Commercial Code, transposing Directive 2014/95/EU of the European Parliament and of the Council of October 22, 2014: the Extra-Financial Performance Declaration (EFPD). Given the nature of the business of Faurecia, the following topics: food waste, fight against food insecurity, respect for well-being animal, responsible, fair and sustainable food does not do not constitute main CSR risks and do not justify a development in this management report

The scope, as well as the methodologies for calculating the social, environmental and societal indicators are described in Sections 4.2, 4.4 and 4.3 respectively. Changes made to previous data or adjustments are specified in each section.

4.6.1. Procedures for dialog and discussion with stakeholders

GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44

Stakeholders	Information and communication	Consultation and dialog	Highlights of 2021	Key topics
Suppliers	■ Corporate website for communicating CSR Information ■ Website dedicated to suppliers ■ Code of Conduct for suppliers and subcontractors ■ Covid-19 crisis – digital conferences	■ Continuous collaborative working ■ Organization of a convention every two years ■ Awards ■ Annual strategic and innovation reviews ■ External CSR support and assessment with EcoVadis (CSR screening) ■ Annual satisfaction survey ■ Semi-annual meeting of Faurecia suppliers	■ In 2021, the Suppliers Council decided to discuss four priority topics: Power Purchase Agreements (PPA), best practices for carbon neutrality, the design of a white paper on zero carbon companies and sites, and finally, alternative materials.	■ Product quality and safety ■ Ethical requirements and sustainable development ■ Supplier satisfaction regarding the relationship with Faurecia ■ Sharing of best practices regarding employee safety ■ Covid-19 impact on the supply chain
Customers	■ Universal Registration Document ■ Specific questionnaires ■ Extra-financial rating questionnaires ■ Trade shows	■ Continuous collaborative working ■ Faurecia Program Management System (Total Customer Satisfaction platform) ■ Innovations Days ■ Site visits and presentation of innovations ■ Customer prizes ■ Coalitions	■ Faurecia presented its latest innovations for a sustainable cockpit and zero-emission mobility at the IAA Mobility 2021 fair	■ Automotive megatrends and resulting changes to the portfolio of solutions ■ Corporate strategy ■ Ethics & business practices ■ Product quality and safety ■ Environmental footprint of products
Innovation partnerships	■ Continuous collaborative working ■ Technology days	■ Industrial chairs in association with universities and Technological Research Institutes ■ Specific cooperation activities ■ Research and start-up assessment ■ Strategic partnerships ■ Joint ventures and acquisitions	■ The Seating Business Group has entered into a partnership with SSAB, a Swedish steelmaker, to source fossil-energy free steel from 2026. ■ Symbio has signed a partnership with Stellantis to equip its new ranges of light commercial vehicles with hydrogen storage systems and fuel cells. ■ Faurecia has continued to set up partnerships, joint ventures and acquisitions for sustainable innovations in favor of Sustainable Mobility.	■ Artificial intelligence and digitization ■ Industry regulations and trends ■ Alternative and sustainable solutions ■ Ecosystem implementation to accelerate time-to-market ■ Research and cost optimization

Stakeholders	Information and communication	Consultation and dialog	Highlights of 2021	Key topics
Investors	■ Quarterly financial information ■ Annual and interim financial statements ■ Letter to shareholders annual report (Universal Registration Document) ■ Targeted communication to financial analysts and institutional investors ■ Sustainable development guide ■ Extra-financial rating questionnaires	■ Meetings between Executive Management and financial market players ■ Free hotline for individual shareholders	■ Faurecia organized annual meetings with its investors: virtual general meeting, Capital Market Day and investor meetings. ■ Faurecia published its Green Bond Framework and placed €400 million in senior green bonds, maturing in 2029. ■ Faurecia modified and extended its long-term syndicated credit facility to €1.5 billion, linked to sustainable development, based on the CO_2 neutrality objective. ■ The Group has also successfully placed €1,200 million in senior sustainability bonds maturing in 2027.	■ Financial strategy ■ Covid impact ■ Market vision ■ Cockpit of the Future and Sustainable Mobility Strategy ■ CO_2 neutrality ■ Hydrogen ■ Competitiveness ■ Distribution of Faurecia shares owned by PSA/Stellantis
Local communities	■ Booklets and reports ■ Website ■ Solidarity events	■ Solidarity- and community-focused initiatives by employees via voluntary site-based measures ■ Appeal for projects by the Faurecia Foundation to support employee solidarity projects in their communities	■ Faurecia has launched a solidarity commitment platform in the United States, Canada, France and Mexico to promote the solidarity commitment of its employees. ■ The Faurecia Foundation has selected 11 new solidarity projects carried out by its employees around the world.	■ Access to education ■ Environmental protection ■ Support for local initiatives
Employees	■ Internal collaborative network: intranet site: Faur'us ■ In-house and online training (Faurecia University and Learning Lab) ■ Internal magazine ■ Digital and paper signage ■ HR digital platform ■ Communications with post-secondary educational institutions: job fairs, site visits, ambassador network	■ Regular dialog with employees, employee representatives, and labor unions ■ Annual internal commitment survey of all employees ■ Onboarding program directed specifically at new hires ■ Relations and partnerships with post-secondary institutions ■ Regular dialog between managers and professionals and employees during performance appraisals	■ The results of the 2021 commitment survey show a level of commitment of 73/100. Faurecia is well positioned compared to external global benchmarks, with an employee commitment index that is two points higher than the industry average and four points higher than the automotive parts sector average.	■ Corporate strategy ■ Social dialog ■ Professional training ■ Corporate culture ■ Diversity & inclusion
Planet care	■ Universal Registration Document ■ Website ■ Communication on progress in relation to the United Nations Global Compact ■ Communication on Faurecia's contribution to the UN Sustainable Development Goals ■ Validation of Faurecia's CO_2 trajectory via the Science Based Target initiative	■ Open dialog with governments and NGOs ■ Member of international and regional trade associations and federations	■ Continuation of partnerships for energy savings with Schneider Electric and Engie and new partnership for the development of solar installations through power purchase agreements with KPMG.	■ Environmental impact of production activities ■ Climate ■ CO_2 neutrality

4.6.2. Climate transition risks

Risk factors	Description	Impacts and strategic responses to risks
Current regulations	The automotive sector is experiencing tightening of regulatory constraints related to CO_2 emissions. In particular, European Regulation 2019/631 provides for an additional reduction in the CO_2 emissions of passenger vehicles of 37.5% from 2021 to 2030.	Faurecia develops products to reduce its customers carbon emissions, in particular through exhaust energy recovery solutions. In addition, the Group is developing solutions for electric vehicles (battery and fuel cell). The Group expects to spend between €80 and €100 million to develop solutions for electric vehicles over the next 10 years.
New regulations and technologies geared towards a low-carbon economy	The automotive sector may be strongly affected by the tightening of emerging regulations on climate issues, particularly in the area of vehicle life cycle analysis. For example, regulations on the life cycle carbon footprint of vehicles would have a direct impact on the footprint of the parts and solutions provided by Faurecia. In addition, wider implementation of regulations aimed at reducing emissions of NOx in urban areas, reducing global CO_2 emissions, etc., could lead to an increase in demand for zero-emission vehicles (therefore electric vehicles).	In order to anticipate these changes in existing regulations, Faurecia actively participates in the working groups on the regulations of the French Automotive Industry Platform (PFA) and Germany's VDA *Verband der Automobilindustrie*), in particular on product life cycle analysis. In this context, there is a risk of increased operating expenses due to more ambitious climate targets. Faurecia operates multiple moderate energy-intensive manufacturing processes, while its carbon footprint is mainly driven by its material purchases. Faurecia has initiated a CO_2 neutral strategy to reach neutrality scope 1 & 2 by 2025, by reducing energy consumption and using renewable energy and hareduce by 50% its scope 3 controled (without use of sold products) by 2030. In this frame, Faurecia has concluded a partnership with Schneider Electric to conceptualize, manage and monitor the reduction and optimization of energy consumption. Faurecia has planned to invest €70 million in energy efficiency projects until 2022 in order to generate 15% energy savings as well as a reduction in the scope 1 and 2 CO_2 footprint of more than 80%. In addition, Faurecia manages the progress of materials purchased from its suppliers through tools for calculating and monitoring carbon footprints.
Change in consumer behavior	New models of mobility and vehicle ownership will be determined by urbanization trends combined with the need to reduce CO_2 emissions. Greater environmental awareness among consumers will also encourage them to prefer greener vehicles, not only for their reduced contribution to climate change, but also for their impact on the planet's balance (use of scarce resources, eutrophication, etc.). In the future, electric and fuel cell vehicles could play a major role.	Innovation and product development represent major challenges for Faurecia and enable the Company to build a competitive advantage. In this context, Faurecia will invest more than €1.1 billion cumulatively between 2021 and 2025. For each innovation and development project, the recyclability, environmental impact and indoor air quality are systematically checked by the project team according to eco-design criteria. In certain cases, a life cycle analysis study may be carried out (example: for an innovation aimed at reducing weight, VOCs, odors, etc.). Faurecia has also set up an internal working group that brings together experts in eco-design to define a simplified methodology, common to all Business Groups, to assess the environmental impact of products and innovation projects.

Risk factors	Description	Impacts and strategic responses to risks
Increase in extreme weather events	Due to its international presence, some Faurecia sites are exposed to certain risks of extreme weather events (floods, cyclones, storms, etc.).	For Faurecia's facilities located near rivers or basins, extreme rainfall can lead to flooding and disrupt production in the short and long term. A disruption to a production plant can lead to customer delays or even loss of business. The prevention of natural risks is part of the Group's overall industrial risk prevention policy, which aims to reduce accidents related to natural disasters in partnership with its insurer. Since 2014, Faurecia has systematically checked the exposure of its industrial projects to natural risks upstream of the project. This is one of the criteria for the selection matrix for new sites. The Group has also established a partnership with Predict Services in order to provide a 24/7 meteorological vigilance service to all its sites and a gradual alert system sent to site management by text message and email. These alerts are accompanied by recommendations to be implemented depending on the level of alert. In addition to these actions, at the end of 2021, the Group launched a study with AXA Climate in order to optimize and to better anticipate the consequences of climate change at its production sites.

4.6.3. Specificities related to the environmental reporting and methodologies for calculating CO_2 and volatile organic compound emissions

GRI 102-48, GRI 102-49, GRI 102-50, GRI 102-51

Faurecia consolidates and discloses indicators according to the guidelines proposed by the Global Reporting Initiative (GRI).

The period covered by this Extra-Financial Performance Declaration corresponds to 2021. The previous Extra-Financial Performance Declaration was published in Faurecia's Universal Registration Document and made available at https://www.faurecia.com/at the end of March 2021.

The social, environmental and societal information contained in this Chapter meets the requirements of Article L. 225-102-1 and Articles R. 225-105 et seq. of the French Commercial Code, transposing Directive 2014/95/EU of the European Parliament and of the Council of October 22, 2014: the "Extra-Financial Performance Declaration" (EFPD). Social and societal information is published in the People and Business Sections.

4.6.3.1. Environmental reporting scope

GRI 102-52

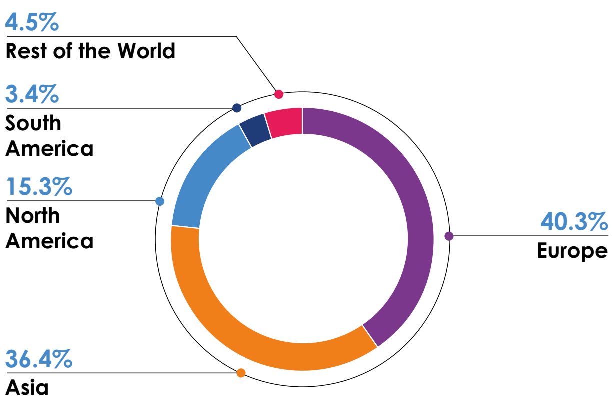
The scope of this reporting covers 176 production plants (technological plants), 61 assembly sites (called "Just in Time" sites) and 19 R&D sites, a total of 256 sites. Compared to 2020, 33 new sites were included in the reporting scope and 21 sites were removed.

SAS, integrated within the Faurecia group in 2020 and included this year in the scope of reporting, is mainly involved in the assembly of cockpits. The integration of this Business Group accounts for 17 of the 33 new sites included in the report this year.

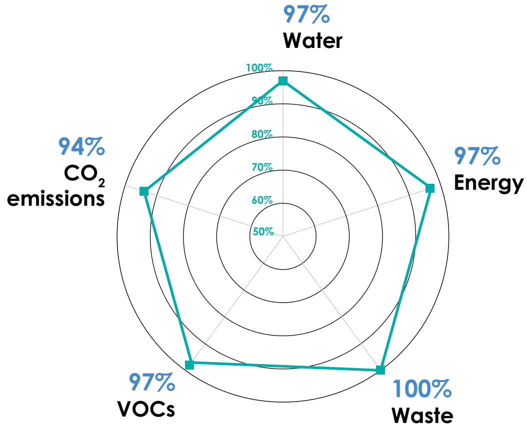
The report covers the period from November 1, 2020 to October 31, 2021 to enable sites to collect, validate and publish data in a timely manner.

The Group's sales figures correspond to the results generated during the environmental reporting period, i.e. from November 1, 2020 to October 31, 2021.

Distribution of Faurecia's production plants by continent (2021 Scope)



Coverage rates * for environmental indicators



* The coverage rate corresponds to the number of sites that have provided numerical data compared to the number of sites affected by the subject.

4.6.3.2. CO_2 emissions calculation methodology

GRI 305-1, GRI 305-2, GRI 305-3

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 2012/601 for CO_2 and the Circular of April 15, 2002 for other gases).

Fugitive emissions are calculated using emission factors from the fifth report of the Intergovernmental Panel on Climate Change (IPCC).

Indirect emissions related to electricity are calculated based on market emission factors, in line with the trajectory declaration to SBTi.

The 2019 reference year has been recalculated to use the latest IEA emission factors for the year 2019, to include process emissions linked to the thermal heat of two production plants, and to use a more detailed method to estimate the energy consumption of sites for which the data are not reported.

SCOPE 3

The values are calculated according to the GHG protocol. 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 precision of the input data and the uncertainties in the emission factors.

CHANGES IN THE REPORTING SCOPE

As explained above, the 2019 reference year has been recalculated in order to include the FCE and SAS entities in the Group's reporting scope. To harmonize financial reporting and environmental reporting, only activities/products whose sales are recognized under IFRS 15 led to greenhouse gas emissions estimates.

Thus, the emissions linked to the chemical reactions that take place inside the catalytic converter, and which represent nearly 22 $MtCO_2$eq. in 2020 in relation to sales made by Faurecia according to estimates made internally, are not included in the carbon footprint of the Group. In fact, under IFRS 15, Faurecia acts as an agent in the supply of catalytic converter components, responsible for chemical reactions, to OEMs. OEMs choose the technical specifications of the part and the supplier.

Furthermore, Faurecia does not have the right to set the prices and conditions of sale of the part, nor is it responsible for the technical performance of the part. Finally, the Group has no inventory risk (by contract or de facto). In particular, in accordance with the GHG protocol, scope 3.11 –use of sold products– has been divided into two parts whose perimeters are as follows:

- emissions linked to direct use of the products, corresponding to emissions linked to the electricity consumption of Faurecia products;
- emissions linked to indirect use of products, corresponding to a mass allocation of emissions from vehicles in the use phase, in proportion to the weight of the Faurecia products included in each vehicle.

METHODOLOGICAL IMPROVEMENTS

As part of a continuous improvement process, Faurecia seeks to improve the quality of its estimates. With the support of the company Deloitte, several methodological improvements were made this year to refine the estimates, in particular on the significant items of the CO_2 footprint:

- for scopes 1 and 2 by using a more detailed method to estimate the energy consumption of sites for which the data are not reported and the addition of process emissions related to thermal heat from two production plants;
- for category 3.1 (purchases) by using a purchasing monitoring tool, which directly calculates emissions based on a cost analysis and a detailed characterization of the emission factors of each purchase. In the event that data is not yet available (the tool is currently being rolled out), an approach using tonnages of materials purchased and generic emission factors has been adopted and extended to cover new materials. An approach by product (rather than by materials) was also adopted this year in order to better adapt to the internal functioning of the Company and to collect more comprehensive data;
- for categories 3.4 and 3.9 (transport of goods) by using more detailed and reliable data thanks to more accurate databases;
- for category 3.6 (business travel), by the inclusion of emissions related to taxi trips and hotel nights, which explains the significant increase in this item this year;
- for category 3.7 by including teleworking, taking into account the specificities of each country in which the Group operates;
- for categories 3.10 and 3.11 (transformation of products sold and use of products sold), which account for 70% of the Group's emissions in 2021, by better granularity of the data concerning the driving phase emissions of vehicles equipped by products sold by Faurecia.

All the calculations of the CO_2 footprint and the identification of the associated uncertainties were prepared with the assistance of the firm Deloitte and audited by the firm Mazars.

4.6.3.3 Calculation methodology for volatile organic compound (VOC) emissions

GRI **GRI 305-7**

The annual reference emissions for Volatile Organic Compounds (VOCs) is calculated using the Solvent Management Plan (SMP) required by the European Council Directive 1999/13/EC of March 11, 1999 on the reduction of volatile organic compound 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.

4.7. Cross-reference tables

4.7.1 Extra-Financial Performance Declaration

Faurecia's business model is presented in the introductory section.

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 (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 factors and risk management also sets out the extra-financial risks integrated into the main risks used for the Group's risk mapping.

Information	Main risks and opportunities *non-financial risks integrated into the Group's main risks		Approach and actions	Indicators ** indicators integrated into the CSR roadmap
SOCIAL	Workplace safety	*R	■ Existence of an HSE network at all levels of the organization ■ Systematic accident analysis ■ Mandatory training in HSE rules ■ Regular audits of all sites and systematically in the event of an alert ■ Ergonomic analysis of all workstations ■ "Safer Together" program set up in the context of the Covid-19 crisis	■ FR0t (number of accidents with lost time per million hours worked) ■ ** FR1t (number of accidents without lost time per million hours worked)
SOCIAL	Talent acquisition and retention	*R	■ Partnerships with more than 100 post-secondary institutions ■ Onboarding program directed specifically at new hires ■ Internal mobility policy (including abroad) ■ Regular reviews of the compensation policy ■ Quantitative indicators through dedicated reporting	■ Resignation rate of managers and professionals
SOCIAL	Social dialog	R	■ Existence of a European Works Council ■ Integral part of the duties of the site HR manager ■ Annual survey of employee satisfaction, including social climate	■ Number of establishment or enterprise agreements signed during the period ■ Percentage of employees covered by a collective agreement
SOCIAL	Employee commitments	O		■ **Employee commitment index
SOCIAL	Diversity	O		■ ** % of women who are managers and professionals ■ ** % of women hired among managers and professionals ■ ** % of women among the Top 300 leaders ■ ** % of non-Europeans among the Top 300 leaders
SOCIAL	Employability	O		■ ** Number of training hours per employee per year
SOCIAL	Commitment to communities	O		■ ** Percentage of employees involved in local solidarity projects
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 targeted employees trained on the Code of Ethics
SOCIETAL	Sustainable supply chain	*R	■ Sustainable purchasing policy ■ Systematic CSR analysis of suppliers in all new programs ■ Required minimum score ■ Quality audit of suppliers covering all aspects of CSR ■ Whistle-blowing procedure	■ ** % of suppliers assessed on their CSR performance (representing around 2,000 direct suppliers) ■ ** Minimum EcoVadis score required to join the Faurecia supplier panel

Information	Main risks and opportunities *non-financial risks integrated into the Group's main risks		Approach and actions	Indicators ** indicators integrated into the CSR roadmap
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 ■ World Quality Day ■ Specialized and independent auditors	■ Customer satisfaction index
ENVIRONMENTAL	Environmental impact of production plants and climate transition	*R	■ Analysis and control of local environmental risks based on ISO 14001 ■ Monthly HSE committee meetings ■ 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 ■ ** Energy intensity (MWh/€ million of sales) ■ ** Waste intensity (metric tons/€ million of sales)
ENVIRONMENTAL	Climate transition	*R	■ CO_2 neutrality project	■ ** CO_2 footprint of scopes 1, 2 and 3 emissions (including those resulting from the use of products sold)
■ **ENVIRONMENTAL**	Innovation of products to improve air quality and reduce the CO_2 footprint	O		■ ** % of recycled content in new products ■ ** Cumulative investments for sustainable technologies 2021/2025

It should be noted that some of these risks are related to the duty of care, for which Faurecia meets the regulatory requirements set out in Law No. 2017-399 of March 27, 2017 relating to the duty of care of parent companies and instructing companies on the identification of risks and the prevention of serious violations of human rights and fundamental freedoms, human health and safety, and the environment.

4.7.2. Faurecia's CSR strategy and the United Nations Sustainable Development Goals

SUSTAINABLE DEVELOPMENT GOALS

FAURECIA'S CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL STRATEGY				
4.1.1. Inspired to care: Faurecia's sustainable transformation strategy	17 PARTENARIATS POUR LA RÉALISATION DES OBJECTIFS			
4.1.2. Social and environmental responsibility integrated into the Group strategy	3 BONNE SANTÉ ET BIEN-ÊTRE			
4.1.3. Meet and respond to stakeholder expectations	17 PARTENARIATS POUR LA RÉALISATION DES OBJECTIFS			
planet **Care for the planet**				
4.2.1. Climate transition strategy	13 MESURES RELATIVES À LA LUTTE CONTRE LES CHANGEMENTS CLIMATIQUES			
4.2.2. Climate transition impact	13 MESURES RELATIVES À LA LUTTE CONTRE LES CHANGEMENTS CLIMATIQUES	7 ÉNERGIE PROPRE ET D'UN COÛT ABORDABLE		
4.2.3. Environmental policy				
4.2.4. Environmental impact of operations	6 EAU PROPRE ET ASSAINISSEMENT	12 CONSOMMATION ET PRODUCTION RESPONSABLES		
4.2.5. Circular economy of products	12 CONSOMMATION ET PRODUCTION RESPONSABLES	13 MESURES RELATIVES À LA LUTTE CONTRE LES CHANGEMENTS CLIMATIQUES		
4.2.6. Responsible supply chain	11 VILLES ET COMMUNAUTÉS DURABLES	12 CONSOMMATION ET PRODUCTION RESPONSABLES	13 MESURES RELATIVES À LA LUTTE CONTRE LES CHANGEMENTS CLIMATIQUES	17 PARTENARIATS POUR LA RÉALISATION DES OBJECTIFS
4.2.7. Business performance indicators				
business **Perform in a responsible way**				
4.3.1. Business ethics	8 TRAVAIL DÉCENT ET CROISSANCE ÉCONOMIQUE	10 INÉGALITÉS RÉDUITES		
4.3.2 Safety in the workplace	3 BONNE SANTÉ ET BIEN-ÊTRE	8 TRAVAIL DÉCENT ET CROISSANCE ÉCONOMIQUE		
4.3.3. Product safety	3 BONNE SANTÉ ET BIEN-ÊTRE			
4.3.4. Responsible supply chain	12 CONSOMMATION ET PRODUCTION RESPONSABLES	17 PARTENARIATS POUR LA RÉALISATION DES OBJECTIFS		
4.3.5. Buisness performance indicators				

people
Contribute to society

4.4.1. Workforce and employee commitment	4 ÉDUCATION DE QUALITÉ	8 TRAVAIL DÉCENT ET CROISSANCE ÉCONOMIQUE	
4.4.2. Diversity & Inclusion	5 ÉGALITÉ ENTRE LES SEXES		
4.4.3. Learning organization	4 ÉDUCATION DE QUALITÉ	8 TRAVAIL DÉCENT ET CROISSANCE ÉCONOMIQUE	
4.4.4. Social dialog	8 TRAVAIL DÉCENT ET CROISSANCE ÉCONOMIQUE	17 PARTENARIATS POUR LA RÉALISATION DES OBJECTIFS	
4.4.5. Talent management	4 ÉDUCATION DE QUALITÉ		
4.4.6. Compensation	8 TRAVAIL DÉCENT ET CROISSANCE ÉCONOMIQUE		
4.4.7. Faurecia Foundation and corporate citizenship	4 ÉDUCATION DE QUALITÉ	10 INÉGALITÉS RÉDUITES	17 PARTENARIATS POUR LA RÉALISATION DES OBJECTIFS
4.4.8. People performance indicators			

4.7.3. GRI Content Index and Global Compact Principles

GRI 102-54, GRI 102-55

This report has been prepared in accordance with the GRI standards: core compliance option

The elements required by the GRI standards are indicated in this report with the following logo: GRI

GRI standard	Information element	Chapter number	Global Compact
GENERAL INFORMATION			
GRI 101: Foundation 2016	Reporting principles defining the content of the report	4.1.1. Inspired to care: Faurecia's sustainable transformation strategy 4.1.2. Social and environmental responsibility integrated into the Group strategy 4.1.3. Meet and respond to stakeholder expectations 4.6.1. Procedures for dialog and discussion with stakeholders	
	Reporting principles defining the quality of the report	4.4.8. Social performance indicators 4.6.3.1. Environmental reporting scope and methodologies for calculating carbon and volatile organic compound emissions	
	Disclosures associated with the use of GRI standards	4.7. Cross-reference tables	
GRI 102: General Disclosures 2016	**Organization's profile**		
	102-1 – Name of the organization	6. Legal information	
	102-2 – Activities, brands, products and services	Introductory chapter	
	102-3 – Location of the registered office	6. Legal information	
	102-4 – Location of the business sites	Introductory chapter	
	102-5 – Ownership and legal form	6. Legal information	
	102-6 – Markets served	Introductory chapter	
	102-7 – Scale of the organization	Introductory chapter	
	102-8 – Information on employees and other workers	4.4.1. Workforce and employee commitment	
	102-9 – Supply chain	4.3.4. Responsible supply chain	
	102-10 – Significant changes to the organization and its supply chain	1. Notes to the consolidated financial statements	
	102-11 – Precautionary principle or preventive approach	2. Contributors and systems	Principle 7
	102-12 – External initiatives	4.1.3.1. International executives and external expertise	
	102-13 – Membership of associations	4.1.3.1. International executives and external expertise	
	Strategy		
	102-14 – Statement by the most senior decision-maker	Introductory chapter	
	Ethics and integrity		
	102-16 – Values, principles, standards and rules of conduct	Introductory chapter	
	Governance		
	102-18 – Governance structure	Introductory chapter 4.1.2.2. Governance and management of sustainable transformation	
	102-19 – Delegation of authority	4.1.2.2. Governance and management of sustainable transformation	
	102-20 – Executive-level responsibility for economic, environmental, and social topics.	4.1.2.2. Governance and management of sustainable transformation	

GRI standard	Information element	Chapter number	Global Compact
	Stakeholder involvement		
GRI 102: General Disclosures 2016	102-40 – List of stakeholder groups	4.6.1. Procedures for dialog and discussion with stakeholders	Principle 3
	102-41 – Collective bargaining agreements	4.4.4. Social dialog	
	102-42 – Identification and selection of stakeholders	4.6.1. Procedures for dialog and discussion with stakeholders	
	102-43 – Stakeholder engagement approach	4.6.1. Procedures for dialog and discussion with stakeholders	
	102-44 – Key topics and concerns raised	4.6.1. Procedures for dialog and discussion with stakeholders	
	Reporting practice		
	102-45 – Entities included in the consolidated financial statements	1. Subsidiaries and equity investments	
	102-46 – Definition of report content and topic boundaries	4.1.3. Meet and respond to stakeholder expectations	
	102-47 – List of material topics	4.7.1. Extra-financial Performance Declaration	
	102-48 – Restatements of information	4.6. Cross-reference tables	
	102-49 – Changes in reporting	4.7. Cross-reference tables	
	102-50 – Reporting period	4.7. Cross-reference tables	
	102-51 – Date of the most recent report	4.7. Cross-reference tables	
	102-52 – Reporting cycle	4.4.8. Social performance indicators 4.6.3.1. Environmental reporting scope and methodologies for calculating CO_2 and volatile organic compound emissions	
	102-53 – Contact point for questions regarding the report	6. Declaration by the person responsible for the Universal Registration Document and the information officer	
	102-54 – Claims of reporting in accordance with the GRI Standards	4.7.3. GRI Content Index and Global Compact Principles	
	102-55 – GRI content index	4.7.3. GRI Content Index and Global Compact Principles	
MATERIAL TOPICS			
Business ethics			
GRI 103: The management approach 2016	103-1 – Explanation of the material topic and its boundary	4.3.1. Business ethics	Principle 10
	103-2 – The management approach and its components	4.3.1. Business ethics	
	103-3 – Evaluation of the management approach	4.3.1. Business ethics	
GRI 205: Anti-corruption 2016	205-2 – Communication and training about anti-corruption policies and procedures	4.3.1.1. Ethics and compliance	
Environmental impact of production plants and climate change			
GRI 103: The management approach 2016	103-1 – Explanation of the material topic and its boundary	4.2.3. Environmental policy	Principles 8 and 9
	103-2 – The management approach and its components	4.2.3. Environmental policy	
	103-3 – Evaluation of the management approach	4.2.3. Environmental policy	
GRI 302: Energy 2016	302-1 – Energy consumption within the organization	4.2.2.2. Energy and electricity consumption of sites	
	302-3 – Energy intensity	4.2.2.2. Energy and electricity consumption of sites	
	302-4 – Reduction of energy consumption	4.2.2.2. Energy and electricity consumption of sites	
Environmental impact of production plants and climate change			
GRI 103: The management approach 2016	103-1 – Explanation of the material topic and its boundary	4.2.4.2 Production waste	
	103-2 – The management approach and its components	4.2.4.2. Production waste	
	103-3 – Evaluation of the management approach	4.2.4.2. Production waste	

GRI standard	Information element	Chapter number	Global Compact
GRI 303: Water and effluents 2018	303-1 – Interactions with water as a shared resource	4.2.4.3. Water resources	Principle 8
	303-2 – Management of impacts related to water discharge	4.2.4.2. Production waste	
	303-4 – Water discharge	4.2.4.3. Water resources	
	303-5 – Water consumption	4.2.4.3. Water resources	
Environmental impact of production plants and climate change			
GRI 103: The management approach 2016	103-1 – Explanation of the material topic and its boundary	4.2.1. Climate transition strategy 4.2.2.2. Energy and electricity consumption of sites	Principles 8 and 9
	103-2 – The management approach and its components	4.2.1. Climate transition strategy 4.2.2.2. Energy and electricity consumption of sites	
	103-3 – Evaluation of the management approach	4.2.1. Climate transition strategy 4.2.2.2. Energy and electricity consumption of sites	
GRI 305: Emissions 2016	305-1 – Direct GHG emissions (scope 1)	4.2.2.1. Greenhouse gas emissions 4.6.3.1. Environmental reporting scope and methodologies for calculating carbon and volatile organic compound emissions	
	305-2 – Indirect GHG emissions (scope 2)	4.2.2.1. Greenhouse gas emissions 4.6.3.1. Environmental reporting scope and methodologies for calculating carbon and volatile organic compound emissions	
	305-3 – Other indirect GHG emissions (scope 3)	4.2.2.1. Greenhouse gas emissions 4.6.3.1. Environmental reporting scope and methodologies for calculating carbon and volatile organic compound emissions	
	305-7 – Emissions of nitrogen oxides (NO_x), sulfur oxides (SO_x) and other significant atmospheric emissions	4.6.3.1. Environmental reporting scope and methodologies for calculating carbon and volatile organic compound emissions	
Environmental impact of production plants and climate change			
GRI 103: The management approach 2016	103-1 – Explanation of the material topic and its boundary	4.2.4.2. Production waste	
	103-2 – The management approach and its components	4.2.4.2. Production waste	
	103-3 – Evaluation of the management approach	4.2.4.2. Production waste	
GRI 306: Effluents and waste 2016	306-2 – Management of significant impacts related to waste	4.2.4.2. Production waste	
	306-3 – Waste generated	4.2.4.2. Production waste	
	306-4 – Waste not intended for disposal	4.2.4.2. Production waste	
Responsible purchasing and duty of care			
GRI 103: The management approach 2016	103-1 – Explanation of the material topic and its boundary	4.3.4. Responsible supply chain	
	103-2 – The management approach and its components	4.3.4. Responsible supply chain	
	103-3 – Evaluation of the management approach	4.3.4. Responsible supply chain	
GRI 308: Supplier environmental assessment 2016	308-1 – New suppliers that were screened using environmental criteria	4.3.4.1. Subsidiary, subcontractor and supplier assessment	
	308-2 – Negative environmental impacts in the supply chain and actions taken	4.3.4.1. Assessment of subsidiaries, subcontractors and suppliers	

GRI standard	Information element	Chapter number	Global Compact
Talent acquisition and retention			
GRI 103: The management approach 2016	103-1 – Explanation of the material topic and its boundary	4.4.5. Talent management	Principle 6
	103-2 – The management approach and its components	4.4.5. Talent management	
	103-3 – Evaluation of the management approach	4.4.5. Talent management	
GRI 401: Employment 2016	401-1 – New employee hires and employee turnover	4.4.5.1. Recruitment and onboarding 4.4.8. People performance indicators	
	401-2 - Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.4.6. Compensation	
	401-3 – Parental leave	4.4.8. People performance indicators	
Safety in the workplace			
GRI 103: The management approach 2016	103-1 – Explanation of the material topic and its boundary	4.3.2. Safety in the workplace	
	103-2 – The management approach and its components	4.3.2. Safety in the workplace	
	103-3 – Evaluation of the management approach	4.3.2. Safety in the workplace	
GRI 403: Occupational health and safety 2018	403-1 – Occupational health and safety management system	4.3.2.1. Excellence approach: Faurecia Excellence System	
	403-5 – Worker training on occupational health and safety	4.3.2.3. Workplace safety deployment	
	403-7 – Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3.2. Safety in the workplace	
	403-9 – Occupational accidents	4.3.2. Safety in the workplace 4.3.2.4. Workplace safety results for 2021 4.4.8. People performance indicators	
	403-10 – Occupational illnesses	4.4.8. People performance indicators	
Employee engagement/Talent acquisition and retention			
GRI 103: The management approach 2016	103-1 – Explanation of the material topic and its boundary	4.4.3.1. Training policy	Principle 6
	103-2 – The management approach and its components	4.4.3.1. Training policy	
	103-3 – Evaluation of the management approach	4.4.3.1. Training policy	
GRI 404: Training and education 2016	404-1 – Average number of training hours per year per employee	4.4.3.2. Training system 4.4.8. Social performance indicators	
	404-2 – Programs for upgrading employee skills and transition assistance programs	4.4.3.2. Training system 4.4.5.2. Annual appraisals and skills development	
	404-3 – Percentage of employees receiving regular performance and career development reviews	4.4.5.2 Annual appraisals and skills development	
Promotion of diversity			
GRI 103: The management approach 2016	103-1 – Explanation of the material topic and its boundary	4.4.2. Diversity & inclusion	Principle 6
	103-2 – The management approach and its components	4.4.2. Diversity & inclusion	
	103-3 – Evaluation of the management approach	4.4.2. Diversity & inclusion	
GRI 405: Diversity and equal opportunity 2016	405-1 – Diversity of governance bodies and employees	4.4.2. Diversity & inclusion 4.4.8. People performance indicators	

GRI standard	Information element	Chapter number	Global Compact
Social dialog			
GRI 103: The management approach 2016	103-1 – Explanation of the material topic and its boundary	4.4.4. Social dialog 4.3.1.3. Respect for fundamental rights	Principle 3
	103-2 – The management approach and its components	4.4.4. Social dialog 4.3.1.3. Respect for fundamental rights	
	103-3 – Evaluation of the management approach	4.4.4 Social dialog 4.3.1.3 Respect for fundamental rights	
GRI 407: Freedom of association and collective bargaining 2016	407-1 – Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.4.4. Social dialog 4.3.1.3. Respect for fundamental rights	
Business ethics			
GRI 103: The management approach 2016	103-1 – Explanation of the material topic and its boundary	4.3.1. Business ethics	Principle 5
	103-2 – The management approach and its components	4.3.1.3. Respect for fundamental rights	
	103-3 – Evaluation of the management approach	4.3.1.3. Respect for fundamental rights	
GRI 408: Child labor 2016	408-1 – Operations and suppliers at significant risk for child labor	4.3.1.3. Respect for fundamental rights	
Business ethics			
GRI 103: The management approach 2016	103-1 – Explanation of the material topic and its boundary	4.3.1. Business ethics	Principle 4
	103-2 – The management approach and its components	4.3.1.3. Respect for fundamental rights	
	103-3 – Evaluation of the management approach	4.3.1.3. Respect for fundamental rights	
GRI 409: Forced or compulsory labor 2016	409-1 – Operations and suppliers at significant risk for forced or compulsory labor	4.3.1.3. Respect for fundamental rights	
Business ethics			
GRI 103: The management approach 2016	103-1 – Explanation of the material topic and its boundary	4.3.1. Business ethics	Principles 1 and 2
	103-2 – The management approach and its components	4.3.1.3. Respect for fundamental rights	
	103-3 – Evaluation of the management approach	4.3.1.1. Ethics and compliance	
GRI 412: Human Rights Assessment 2016	412-2 – Employee training on human rights policies or procedures	4.3.1.1. Ethics and compliance 4.3.1.3. Respect for fundamental rights	
Responsible purchasing and duty of care			
GRI 103: The management approach 2016	103-1 – Explanation of the material topic and its boundary	4.3.4. Responsible supply chain	Principle 2
	103-2 – The management approach and its components	4.3.4.1. Assessment of subsidiaries, subcontractors and suppliers	
	103-3 – Evaluation of the management approach	4.3.4.2 Actions to mitigate risks or prevent serious breaches	
GRI 308: Supplier social assessment 2016	414-1 – New suppliers that were screened using social criteria	4.3.4.1. Assessment of subsidiaries, subcontractors and suppliers	
	414-2 – Negative social impacts in the supply chain and actions taken	4.3.4.1. Assessment of subsidiaries, subcontractors and suppliers 4.3.4.2 Actions to mitigate risks or prevent serious breaches	
Product Quality and Safety			
GRI 103: The management approach 2016	103-1 – Explanation of the material topic and its boundary	4.3.3.1. Safety policy: zero defect	
	103-2 – The management approach and its components	4.3.3.1. Safety policy: zero defect	
	103-3 – Evaluation of the management approach	4.3.3.1. Safety policy: zero defect	
GRI 416: Consumer Health and Safety 2016	416-1 – Assessment of the health and safety impacts of product and service categories	4.3.3.3 Safety management ■ At-risk sites rate	

4.7.4. **Cross-reference table of the Women's Empowerment Principles**

In support of
WOMEN'S EMPOWERMENT PRINCIPLES
Established by UN Women and the UN Global Compact Office

Women's Empowerment Principles	Chapter number
Principle 1: Establish high-level corporate leadership for gender equality.	4.4.2.1. Gender diversity
Principle 2: Treat all women and men fairly at work – respect and support human rights and non-discrimination.	4.4.2.1. Gender diversity 4.3.1.3. Respect for fundamental rights
Principle 3: Ensure the health, safety and well-being of all women and men employees.	4.3.2. Safety in the workplace
Principle 4: Promote education, training and professional development for women.	4.4.2.1. Gender diversity
Principle 5: Implement enterprise development, supply chain and marketing practices that empower women.	4.4.2.1. Gender diversity
Principle 6: Promote equality through community initiatives and advocacy.	4.4.2.1. Gender diversity
Principle 7: Measure and publicly report on progress to achieve gender equality.	4.4.2.1. Gender diversity

4.7.5. TCFD. cross-reference table

Topics	TCFD recommendation	Chapter number
Governance	a) Board of Directors' approach to climate-related risks and opportunities.	4.2.1.1. Climate trajectory 4.2.1.2. Climate transition risk
	b) Description of management's role in assessing and managing climate-related risks and opportunities.	4.2.1.2. Climate transition risk
Strategy	a) Description of climate-related risks and opportunities over the short, medium and long term (respectively 1 to 3 years, 3 to 5 years and 5 to 10 years).	4.2.1.2. Climate transition risk 4.6.2. Climate transition risks
	b) Description of the impact of climate-related risks and opportunities on the business model, strategy and financial planning.	4.2.1.2. Climate transition risk 4.6.2. Climate transition risks
	c) Description of the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C scenario.	4.2.1.2. Climate transition risk 4.6.2. Climate transition risks
Risk management	a) Description of the process for identifying climate-related risks.	4.2.1.2. Climate transition risk
	b) Description of the processes for managing these risks.	4.2.1.2. Climate transition risk 4.6.2. Climate transition risks
	c) Description of how these processes are integrated into a more global risk management strategy.	4.2.1.2. Climate transition risk
Indicators and targets	a) Disclosure of the indicators used to assess climate-related risks and opportunities in line with the Company's strategy and risk management.	4.2.2. Climate transition impact 4.2.7. Environmental performance indicators
	b) Disclosure of scopes 1 and 2 and, if appropriate, of scope 3 and related risks.	4.2.2. Climate transition impact 4.2.7. Environmental performance indicators
	c) Description of the objectives set by the Company to manage climate-related risks, opportunities and performance.	4.2.1.1. Climate trajectory 4.2.1.2. Climate transition risk

4.7.6. SASB cross-reference table – indicators for the transportation sector, automotive spare parts

Sustainability Disclosure Topics & Accounting Metrics

Information	Accounting metric	Category	Unity of measure	SASB Code	Chapter number
Energy Management	(1) Total energy consumed (2) Percentage of electricity from the grid (3) Percentage of renewable energy	Quantitative	Gigajoules (GJ), Percentage (%)	TR-AP-130a.1	4.2.2.2. Energy and electricity consumption of sites 4.2.7. Environmental performance indicators
Waste Management	(1) Total amount of waste from production (2) Percentage of hazardous waste (3) Percentage of waste recycled	Quantitative	Metric tons (t), Percentage (%)	TR-AP-150a.1	4.2.4.2. Production waste 4.6.3.1. Environmental reporting scope 4.2.7. Environmental performance indicators
Product Safety	Number of recalls issued, total units recalled	Quantitative	Number	TR-AP-250a.1	4.3.3.1. Safety policy: zero defect
Design for Fuel Efficiency	Sales from products designed to increase fuel efficiency and/or reduce emissions	Quantitative	Reporting currency	TR-AP-410a.1	Introductory chapter
Material Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	n/a	TR-AP-440a.1	4.3.4.1. Assessment of subsidiaries, subcontractors and suppliers 4.2.5.3. Sustainable materials: recycled, bio-sourced and low CO_2 emissions
Materials efficiency	Percentage of products sold that are recyclable	Quantitative	Percentage (%)	TR-AP-440b.1	4.2.5.3 Sustainable materials: recycled, bio-sourced and low CO_2 emissions
Materials efficiency	Percentage of input materials from recycled or remanufactured content	Quantitative	Percentage (%)	TR-AP-440b.2	
Competitive behavior	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	Reporting currency	TR-AP-520a-1	2.4.2. Contingent liabilities
Activity Metrics	Number of parts produced	Quantitative	Number	TR-AP-000.A	Introductory chapter
	Area of manufacturing plants	Quantitative	Square meters (m^2)	TR-AP-000.C	Introductory chapter

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, 2021, 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. Following the capital increase carried out in favor of the HELLA Family Pool on 31 January 2022 as part of the acquisition of HELLA (see Chapter 6, Section 6.1), the capital stocks amounts to €1,061,250,302, divided into 151,607,186 fully paid-up shares with a par value of €7 each, in the same class. It has not changed since that date.

The total number of double voting rights within the Company has remained below 2% of the total number of voting rights since the completion of the merger between PSA and FCA and the distribution of Faurecia shares held by Stellantis.

The breakdown of Faurecia's capital stock and voting rights as of February 7, 2022 and over the last three periods is as follows:

Shareholding as of February 7, 2022

	Number of shares	% capital stock	Theoretical voting rights [5] *	% theoretical voting rights	Exercisable voting rights [6] *	% exercisable voting rights
Major shareholders[1]						
HELLA Family Pool	13,571,385	8.95	13,571,385	8.84	13,751,385	8.85
Exor	7,653,004	5.05	7,653,004	4.99	7,653,004	4.99
PEUGEOT 1810	4,700,380	3.10	4,700,380	3.06	4,700,380	3.07
Bpifrance Participations	3,281,554	2.16	3,281,554	2.14	3,281,554	2.14
Dongfeng	2,984,909	1.97	2,984,909	1.95	2,984,909	1.95
SUB-TOTAL	**32,191,232**	**21.23**	**32,191,232**	**20.98**	**32,191,232**	**20.99**
Company shareholding						
Corporate officers[2]	125,767	0.08	175,110	0.11	175,110	0.11
Employee shareholding (including FCP Faur'ESO) [3]	3,729,209	2.46	4,120,711	2.69	4,120,711	2.69
Treasury stock	93,171	0.06	93,171	0.06	0	0
o/w liquidity contract	*9,000*	*0.01*	*9000*	*0.01*	*0*	*0*
SUB-TOTAL	**3,948,147**	**2.60**	**4,388,992**	**2.86**	**4,295,821**	**2.80**
Floating shareholding						
Other shareholders (registered and bearer) [4]	115,467,807	76.16	116,863,821	76.16	116,863,821	76.21
TOTAL	**151,607,186**	**100**	**153,444,045**	**100**	**153,350,874**	**100**

(1) The major shareholders mentioned are those (i) holding more than 5% of the capital or voting rights as of December 31 and/or (ii) resulting from the distribution of Faurecia shares held by Stellantis or from the HELLA acquisition.

(2) Excluding PEUGEOT 1810, Board member, whose shareholding is indicated above. This figure includes the shares held personally by Robert PEUGEOT, who was a Board member until May 31, 2021 and has been the permanent representative of PEUGEOT 1810 since that date. Taking into account the stake held by PEUGEOT 1810, the percentages of capital, theoretical voting rights and capital, theoretical voting rights and voting rights exercisable at the General Meeting would be 3.18 %.

(3) Calculated in accordance with Article L. 225-102 of the French Commercial Code. This figure includes the shares held by Faur'ESO International Employees as part of the Stock Appreciation Rights (SAR) plan.

(4) Including Stellantis.

(5) Theoretical voting rights = total number of voting rights attached to the total number of shares, including shares deprived of voting rights (including treasury shares). 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).

(6) Exercisable voting rights = number of voting rights attached to the shares with voting rights.

Changes in the main shareholders over the last three fiscal years

	Situation at December 31, 2021					Situation at December 31, 2020			Situation at December 31, 2019		
	Number of shares	% capital stock	Theoretical voting rights (6)*	% theoretical voting rights (7)*	% of voting rights exercisable at GM (8)*	Number of shares	% capital stock	% theoretical voting rights	Number of shares	% capital stock	% theoretical voting rights
Major shareholders (1)											
Stellantis (2)	1,166,434	0.85	1,166,434	0.83	0.83	54,297,006	39.34	56.02 (9)	63,960,006	46.34	63.34 (9)
Exor	7,653,004	5.54	7,653,004	5.47	5.47	-	-	-	-	-	-
PEUGEOT 1810 (3)	4,700,380	3.41	4,700,380	3.36	3.36	510,000	0.37	0.26	nc	nc	nc
Bpifrance Participations (4)	3,281,554	2.38	3,281,554	2.35	2.35	-	-	-	-	-	-
Dongfeng	2,984,909	2.16	2,984,909	2.13	2.14						
SUB-TOTAL	**19,786,281**	**14.33**	**19,786,281**	**14.14**	**14.15**	**54,807,006**	**39.71**	**56.28**	**63,960,006**	**46.34**	**63.34**
Company shareholding											
Corporate officers (5)	125,767	0.09	174,300	0.12	0.12	98 523	0.07	0.06	52,462	0.04	0.03
Employee shareholding (including FCP Faur'ESO) (6)	3,765,155	2.73	4,153,307	2.97	2.97	458,110	0.33	0.41	388,152	0.28	0.34
Treasury stock	84,171	0.06	84,171	0.06	0	499,273	0.36	0.26	1,149,994	0.83	0.57
o/w liquidity contract	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*19,000*	*0.01*	*0.01*
SUB-TOTAL	**3,975,093**	**2.88**	**4,411,778**	**3.15**	**3.10**	**1,055,906**	**0.76**	**0.73**	**1,590,608**	**1.15**	**0.94**
Floating shareholding											
Other shareholders (registered and bearer)	114,274,427	82.79	115,684,273	82.70	82.75	82,172,889	59.53	42.99	72,485,187	52.51	35.72
TOTAL	**138,035,801**	**100**	**139,882,332**	**100**	**100**	**138,035,801**	**100**	**100**	**138,035,801**	**100**	**100**

(1) The main shareholders mentioned are those (i) holding more than 5% of the share capital or voting rights as of December 31 or (ii) resulting from the distribution of Faurecia shares held by Stellantis completed on March 22, 2021.

(2) The stake in Faurecia was held by Peugeot S.A (PSA) until the completion of the merger between FCA and PSA on January 16, 2021, creating Stellantis. As part of this merger, the stake in Faurecia was transferred to Stellantis. On March 8, 2021, the General Meeting of Stellantis approved the distribution of the stake in Faurecia to the shareholders of Stellantis, it being specified that upon completion of this distribution, on March 22, 2021, Stellantis retained approximately 0.85% of the capital stock in order to be able to meet the commitments made by PSA to General Motors, and taken over at the time of the merger, upon the purchase of Opel (delivery of Faurecia shares in the event of the exercise by General Motors of share subscription warrants issued by PSA).

(3) The stake of 510,000 shares was initially held by Peugeot Invest. It was contributed to PEUGEOT 1810 as part of the internal reclassification carried out by the Peugeot family prior to the merger with Stellantis.

(4) Bpifrance Participations is controlled by Bpifrance, which is itself jointly controlled at 49.2% by CDC and at 49.2% by EPIC Bpifrance. CDC also holds, through the La Poste Group, which it controls, 1.30% of the capital stock and 1.28% of the voting rights (information as at November 10, 2021).

(5) Excluding PEUGEOT 1810, Board member since May 31, 2021, whose shareholding is indicated above. However, this figure includes the shares held personally by Robert PEUGEOT, who was an individual Board member until May 31, 2021 and then has been the permanent representative of PEUGEOT 1810 since that date. Taking into account the stake held by PEUGEOT 1810,the percentages of capital, theoretical voting rights and voting rights exercisable at the Annual Shareholders' Meeting would be 3.50%, 3.48% and 3.49% respectively

(6) Calculated in accordance with Article L. 225-102 of the French Commercial Code. This figure includes the shares held by Faur'ESO International Employees as part of the Stock Appreciation Rights (SAR) plan.

(7) Theoretical voting rights = total number of voting rights attached to the total number of shares, including shares deprived of voting rights (including treasury shares). 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).

(8) Exercisable voting rights = number of voting rights attached to the shares with voting rights.

(9) The difference between the percentage of capital held by the shareholder and the percentage of voting rights results from the holding by the shareholder of double voting rights.

Since the distribution of the stake in the Company by Stellantis to its shareholders completed on March 22, 2021, there are no longer any "related party relationships" between the Stellantis Group and the Faurecia group, the relationship between the two groups having become a simple customer/supplier relationship.

5.1.2. **Crossing of legal thresholds**

The following disclosures regarding crossing of legal thresholds have been made since the beginning of the 2021 fiscal year and until the date of this Universal Registration Document. 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. Information provided below is based on thresholds crossing notices published by the *Autorité des Marchés Financiers* (AMF).

Shareholder's name	No. and date of AMF publication	Date of the crossing	Threshold crossed	Upwards/ downwards	Number of shares/ voting rights (depending on thresholds crossed) afterwards	% capital stock after-wards	% theoretical voting rights afterwards
Peugeot S.A.	221C0091/ January 12, 2021	January 12, 2021	50% of voting rights	Downward	54,297,006 shares	39.34%	38.91%
Exor NV	221C0581/ March 17, 2021	March 15, 2021	5% of capital stock and voting rights	Upward	7,653,004 shares	5.54%	5.48%
Stellantis NV	221C0582/ March 17, 2021	March 15, 2021	1/3, 30%, 25%, 20%, 15%, 10% and 5% of capital stock and voting rights	Downward	1,167,638 shares	0.85%	0.84%
BlackRock, Inc.	221C0707/ April 6, 2021	April 1, 2021	5% of capital stock	Upward	6,935,237 shares	5.02%	4.97%
BlackRock, Inc.	221C0711/ April 6, 2021	April 2, 2021	5% of capital stock	Downward	6,880,436 shares	4.98%	4.93%
BlackRock, Inc.	221C0711/ April 6, 2021	April 5, 2021	5% of capital stock	Upward	6,954,965 shares	5.04%	4.98%
BlackRock, Inc.	221C0728/ April 8, 2021	April 6, 2021	5% of voting rights	Upward	7,131,978 shares	5.17%	5.11%
BlackRock, Inc.	221C0738/ April 9, 2021	April 7, 2021	5% of voting rights	Downward	6,947,928 shares	5.03%	4.98%
BlackRock, Inc.	221C0746/ April 12, 2021	April 8, 2021	5% of capital stock	Downward	6,657,342 shares	4.82%	4.77%
BlackRock, Inc.	221C0785/ April 14, 2021	April 13, 2021	5% of capital stock and voting rights	Upward	7,043,093 shares	5.10%	5.05%
BlackRock, Inc.	221C0799/ April 15, 2021	April 14, 2021	5% of capital stock and voting rights	Downward	6,518,313 shares	4.72%	4.67%
BlackRock, Inc.	221C1380/ June 11, 2021	June 10, 2021	5% of capital stock and voting rights	Upward	6,985,708 shares	5.06%	5.004%
BlackRock, Inc.	221C1393/ June 14, 2021	June 11, 2021	5% of capital stock and voting rights	Downward	6,505,342 shares	4.71%	4.66%
BlackRock, Inc.	221C1428/ June 17, 2021	June 15, 2021	5% of capital stock and voting rights	Upward	7,213,827 shares	5.23%	5.17%
BlackRock, Inc.	221C1445/ June 17, 2021	June 16, 2021	5% of voting rights	Downward	6,949,676 shares	5.03%	4.98%
BlackRock, Inc.	221C1454/ June 18, 2021	June 17, 2021	5% of capital stock	Downward	6,376,683 shares	4.62%	4.57%
Citadel Advisors LLC	221C1989/ August 4, 2021	July 29, 2021	5% of capital stock	Upward	6,950,330 shares	5.04%	4.98%
Citadel Advisors LLC	221C2000/ August 5, 2021	July 30, 2021	5% of voting rights	Upward	7,036,367 shares	5.10%	5.04%

Shareholder's name	No. and date of AMF publication	Date of the crossing	Threshold crossed	Upwards/ downwards	Number of shares/ voting rights (depending on thresholds crossed) afterwards	% capital stock after-wards	% theoretical voting rights afterwards
BlackRock, Inc.	221C2479/ Sept. 23, 2021	Sept. 21, 2021	5% of capital stock and voting rights	Upward	7,010,155 shares	5.08%	5.01%
BlackRock, Inc.	221C2490/ Sept. 24, 2021	Sept. 22, 2021	5% of voting rights	Downward	6,991,434 shares	5.06%	4.99%
BlackRock, Inc.	221C2507/ Sept. 27, 2021	Sept. 23, 2021	5% of capital stock	Downward	6,586,160 shares	4.77%	4.71%
Citadel Advisors LLC	221C2707/ October 13, 2021	October 7, 2021	5% of capital stock and voting rights	Downward	6,827,037 shares	4.95%	4.88%
HELLA Family Investors	222C0301/ February 4, 2022	January 31, 2022	5% of capital stock and voting rights	Upward	13,571,385 shares	8.95%	8.84%
BlackRock, Inc.	222C0706/ March 28, 2022	March 25, 2022	5% of capital stock	Upward	7,617,385 shares	5.02%	4.96%
BlackRock, Inc.	222C0723/ March 30, 2022	March 28, 2022	5% of capital stock	Downward	6,801,096 shares	4.49%	4.43%

5.1.3. Shareholdings of shareholders representing more than 5% of the capital or voting rights

To the Company's knowledge, no shareholder holds directly or indirectly, alone or in concert, more than 5% of the Company's capital or voting rights:

- at December 31, 2021, with the exception of Exor;
- at the date of this Universal Registration Document, with the exception of the HELLA Family Pool and Exor.

In accordance with applicable regulations, the Company is entitled to request at any time, either from the central custodian that maintains the issuance account for its securities or directly from one or more registered intermediaries, information on the holders of securities conferring immediate or future voting rights at its own General Meetings, such as the identity of the holder, nationality, year of birth or establishment, the postal and, where applicable, electronic address, the number of securities held by each of them and the type of securities held, the date on which they began to be held as well as, where applicable, any restrictions that may apply to the securities.

To the Company's knowledge, no shareholder has pledged the Faurecia shares it holds, with the exception of Peugeot 1810 for the amount of 536,825 Faurecia shares (for more information, see Chapter 3 "Corporate governance", Section 3.5.2 "Transactions in the Company's securities by corporate officers").

To the Company's knowledge, there are no agreements referred to in Article L. 233-11 of the French Commercial Code.

5.2. Capital

5.2.1. Authorized capital stock

The table below summarizes the financial authorizations and delegations for capital increases and cancellations of shares granted by the General Meeting held on May 31, 2021 and the use made of them during the 2021 fiscal year and from the beginning of the 2022 fiscal year until the date of the Universal Registration Document.

Type of authorization/delegation	Maximum amount/nominal value	Term	Utilization
Resolution No. 17 Delegation of authority to be granted to the Board of Directors to issue shares and/or securities giving access, immediately or in the future, to shares in the Company and/or a Subsidiary, with preferential subscription rights, or to increase the Company's capital stock through the capitalization of profits, reserves and/or premiums (suspension during tender offer periods)	■ Capital stock: €290 million (total capital stock ceiling) ■ Debt securities: €1 billion (total debt ceiling)	26 months	No
Resolution No. 18 Delegation of authority to be granted to the Board of Directors to issue shares and/or securities giving access, immediately or in the future, to shares in the Company and/or a Subsidiary, with removal of preferential subscription rights through a public offering (excluding offers referred to in 1° of Article L. 411-2 of the French Monetary and Financial Code) and/or as compensation for shares as part of a public exchange offer (suspension during tender offer periods)	■ Capital: €95 million (ceiling shared with Resolutions 19 and 21; to be deducted from the total capital ceiling) ■ Debt securities: €1 billion (deducted from the total debt ceiling)	26 months	No
Resolution No. 19 Delegation of authority to be granted to the Board of Directors to issue shares and/or securities giving access, immediately or in the future, to shares in the Company and/or a Subsidiary, with removal of preferential subscription rights through an offer exclusively targeting a restricted circle of investors acting for their own account or qualified investors (suspension during tender offer periods)	■ Capital: €95 million (ceiling shared with Resolutions 18 and 21; to be deducted from the total capital ceiling) ■ Debt securities: €1 billion (deducted from the total debt ceiling)	26 months	No
Resolution No. 20 Authorization to increase the amount of the issues provided for in Resolutions 17, 18 and 19 (suspension during tender offer periods)	■ Up to a limit of 15% of the initial issue and deducted from the maximum amounts authorized by the delegations under which the initial issue is made (Resolutions 17 to 19)	26 months	No
Resolution No. 21 Delegation to be granted to the Board of Directors to issue shares and/or securities giving access, immediately or in the future, to shares in the Company, without preferential subscription rights, for the purpose of compensating contributions in kind to the Company (suspension during tender offer periods)	■ Capital: €95 million (ceiling shared with Resolutions 18 and 19; to be deducted from the total capital ceiling) ■ Debt securities: €1 billion (deducted from the total debt ceiling)	26 months	Delegation used by the Board of Directors on December 10, 2021 as part of HELLA acquisition in order to compensate the portion of the acquisition of 60% of the capital, with sub-delegation to the Chief Executive Officer. The Chief Executive Officer has used the sub-delegationon on January 31, 2022 and noted the completion of the capital increase related to the creation of 13,571,385 new shares.
Resolution No. 22 Authorization to be granted to the Board of Directors to grant, for free, existing shares and/or shares to be issued to employees and/or certain corporate officers of the Company or of affiliated companies or economic groups, with waiver by the shareholders of their preferential subscription rights	■ Number of shares: 2,000,000 (ceiling independent of other resolutions) ■ Sub-ceiling for executive and non-executive corporate officers: 10% of the above-mentioned ceiling	26 months (with effect from July 31, 2021)	Authorization used by the Board of Directors on October 25, 2021 in the amount of 1,389,000 shares for the implementation of Plan No. 13.

Type of authorization/delegation	Maximum amount/nominal value	Term	Utilization
Resolution No. 23 Delegation of authority to be granted to the Board of Directors for the purpose of increasing the capital stock through the issue of shares and/or securities giving access to shares, with removal of preferential subscription rights for the benefit of members of a company savings plan	■ Capital: 2% (assessed on the day of the General Meeting) ■ Debt securities: €1 billion	26 months (with effect from July 31, 2021)	No
Resolution No. 24 Delegation of authority to be granted to the Board of Directors in view of carrying out capital stock increases, with removal of preferential subscription rights, in favor of one category of beneficiaries	■ Capital: 0.6% (assessed on the day of the General Meeting; ceiling of Resolution 24 of the GM of June 26, 2020 or any resolution of the same nature that may replace it, including Resolution 23 of the GM of May 31, 2021)	18 months	Delegation used by the Board of Directors on June 8, 2021 within the framework of Faur'ESO, with sub-delegation to the Chief Executive Officer. On July 28, 2021, the Chief Executive Officer noted the completion of the capital increase involving the creation of 445,468 new shares.
Resolution No. 25 Authorization to be given to the Board of Directors to reduce the capital stock by canceling shares	■ 10% of the shares comprising the Company's capital stock per period of 24 months	26 months	Authorization used by the Board of Directors on July 23, 2021, with cancellation of 2,756,942 shares to neutralize the dilution related to Faur'ESO

The table below shows the financial authorizations granted by the General Meeting of June 26, 2020 used during the 2021 fiscal year and which expired on December 31, 2021:

Type of authorization/delegation	Maximum amount/nominal value	Term	Utilization
Resolution No. 23 Authorization to be granted to the Board of Directors to grant, for free, existing shares and/or shares to be issued to employees and/or certain corporate officers of the Company or of affiliated companies or economic groups, with waiver by the shareholders of their preferential subscription rights	■ Number of shares: 2,000,000 (ceiling independent of other resolutions) ■ Sub-ceiling for executive and non-executive corporate officers: 10% of the above-mentioned ceiling	26 months – Expired on July 31, 2021	Authorization used by the Board of Directors on July 23, 2021 for 615,370 shares under the Executive Super Performance Initiative
Resolution No. 24 Delegation of authority to be granted to the Board of Directors for the purpose of increasing the capital stock through the issue of shares and/or securities giving access to shares, with removal of preferential subscription rights for the benefit of members of a company savings plan	■ Capital stock: 2% (assessed on the day of the General Meeting; ceiling independent of the other Resolutions) ■ Debt securities: €1 billion (ceiling independent of the other Resolutions)	26 months – Expired on July 31, 2021	Delegation used by the Board of Directors on December 10, 2020, as confirmed on June 8, 2021 within the framework of Faur'ESO, with sub-delegation to the Chief Executive Officer. On July 28, 2021, the Chief Executive Officer noted the completion of the capital increase involving the creation of 2,311,474 new shares.

5.2.2. **Potential capital stock**

As of December 31, 2021, 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, the members of the Executive Committee, as well as the Group Leadership Committee comprising 291 members as of December 31, 2021, is described in the Chief Executive Officer's compensation policy (Chapter 3, "Corporate Governance", Section 3.3.4.1.3 "Compensation policy for the Chief Executive Officer" of this Universal Registration Document).

Performance share plans

The tables below summarize the current performance share plans (or those expired) during the period ended December 31, 2021. 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 fulfilment of the following performance conditions:

- an internal performance condition related to the Group net income after tax, before taking into account capital gains from disposal of assets and changes in the Group's structure. This internal condition is measured by comparing the net income for the third fiscal year ending after the grant date of the performance shares with that forecast for the same fiscal year in the strategic plan. 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) [2];
- from 2019, an internal condition on corporate social and environmental responsibility related to gender equality, and more precisely the percentage of women within the "Managers & Professionals" ("management") category of the Group for the third period ending after the date on which the performance shares are granted, compared to the targets set by the Board of Directors. 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 condition is assessed against the weighted growth of a reference group made up of 12 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 weighted growth in net earnings per share of the reference group is less than or equal to -20%, i.e. negative, the external condition is reached at the minimum if the growth in net earnings per share of Faurecia is equal to 125% of this weighted growth; (ii) if the weighted growth of the reference group's net earnings per share is between -20% and +20%, the external condition is reached at the minimum if the growth of Faurecia's net earnings per share is 5% less than this weighted growth; (iii) if the weighted growth in net earnings per share of the reference group is greater than or equal to +20%, i.e. positive, the external condition is reached at the minimum if the growth in net earnings per share of Faurecia 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 weighted growth in net earnings per share of the reference group is less than or equal to -20%, i.e. negative, the external condition is reached at the maximum if the growth in net earnings per share of Faurecia is greater than or equal to 75% of this weighted growth; (ii) if the weighted growth in net earnings per share of the reference group is between -20% and +20%, the external condition is reached at the maximum if Faurecia's growth in net earnings is greater than or equal to by 5% of this weighted growth; (iii) if the weighted growth in net earnings per share of the reference group is greater than or equal to +20%, i.e. positive, the external condition is reached at the maximum if the growth in net earnings per share of Faurecia is greater than 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. 2021-02 ("History of allocations of stock options") and No. 9 of the AMF recommendation No. 2021-02 ("Stock subscription or purchase options granted during the period to the top ten non-corporate officer employees and options exercised by them during the year") are not applicable.

(2) As of Plan No. 10, the plans provide for an adjustment in the event that (i) the Group's sales for the most recent fiscal year ended of the reference period (2020 for plan No. 10, 2021 for Plan No. 11, 2022 for Plan No. 12, and 2023 for Plan No. 13) are lower or higher (in value) at +/-5% than the sales forecast for the period in question in the strategic plan approved by the Board of Directors and (ii) this variation is due to external factors such as changes in global vehicle production volumes or exchange rates. In such a case, the level of the internal Group net income criterion (after tax) target to be achieved under the plan for the most recent fiscal year ended of the reference period would remain unchanged, but the difference between the performance threshold and the maximum target would be doubled.

Depending on the achievement of the performance conditions, the definitive allocation of shares is carried out as follows:

- 50% of the number of shares expressed at target provided the minimum objective threshold of the performance condition is reached;
- 100% of the number of shares expressed at target provided the target objective threshold of the performance condition is reached;
- 130% of the number of shares expressed at target provided the maximum objective threshold of the performance condition is reached;
- between these thresholds, the progression is linear.

One-off plan

The tables below also include a non-recurring exceptional plan, called Executive Super Performance Initiative (ESPI), set up by the Board of Directors in 2021. This allocation, which is part of the strengthening of the retention of the Executive Committee at a time when the stability of this team is crucial, is made up of shares subject to performance conditions and of phantom shares subject to performance conditions and is subject to a condition of relative Total Shareholder Return (TSR), namely Faurecia's TSR compared to the TSR for the same period of a reference group made up of 12 comparable global automotive suppliers (the "Relative TSR"). This Relative TSR condition is assessed as follows:

- an annual assessment of the Relative TSR (the "Annual Relative TSR") (1), with a level of achievement recorded each year over a period of five years, giving rise to a maximum annual partial vesting of 20%. The total amount of the definitive allocation in respect of the Relative Annual TSR will be equal to the sum of the five years of partial vesting;
- an assessment of the average relative TSR at the end of the reference period of five years (the "Average Relative Five Year TSR"), not giving rise to any partial vesting, the achievement level being calculated at the end of the reference period of five years and taking into account all of the Relative Annual TSRs for the period - this valuation method only applies to the Chief Executive Officer.

The percentage of the vesting, whether partial under the Relative Annual TSR (therefore for year N) or under the Average Relative Five-Year TSR, is determined by measuring the position of the percentile of Faurecia's TSR relative to that of the reference group for the same period:

- if the TSR performance of Faurecia is below the 50th percentile: 0%;
- if the TSR performance of Faurecia is on the 50th percentile (trigger threshold): 50%;
- if the TSR performance is greater than or equal to the 75th percentile (target): 100%;
- between the trigger threshold and the target, the progression of allocation is linear.

(1) The value used to calculate the TSR is the average share price over the year (12 months) preceding the valuation.

DETAILED HISTORY OF PERFORMANCE SHARE PLANS [1]

Table No. 9 of the AFEP-MEDEF Code and table No. 10 of AMF position-recommendation No. 2021-02

Information on performance shares grant	Plan No. 9 of July 20, 2017 [1]	Plan No. 10 of July 19, 2018 [1] [2]
GM date	May 27, 2016	May 29, 2018
Board of Directors date	July 20, 2017	July 19, 2018
Total number of shares allocated during the relevant period 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
Availability 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 Group net income (after tax): vesting rate of 62% External condition on net earnings per share: vesting rate of 130% Overall vesting rate: 89%	Internal condition Group net income (after tax): 0% External condition on net earnings per share: 0% Overall vesting rate: 0% No shares will be granted under this plan.
Number of shares vested at December 31, 2021	418,876, of which 26,974 for the Chief Executive Officer	0
Accumulated number of shares cancelled or forfeited as of December 31, 2021	139,882	418,272
Performance shares outstanding at December 31, 2021	0	0

(1) As the performance conditions for Plans 9 and 10 are known, the effective number of shares vested, cancelled or forfeited and outstanding are indicated in this table.

(2) The meeting of the Board of Directors held on July 19, 2018, based on the authorization given by the General Meeting of May 29, 2018, decided to grant a complementary plan (Plan 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 to said geographical zone. The other characteristics of this complementary plan and the acquisition date are the same as the ones of plan No. 10.

(1) The tables below present the current plans (or those expired) during the 2021 fiscal year. Plans No.1 to 8, which have expired, have not been included in this Universal Registration Document. For more information on these plans (including performance conditions, objectives set and achievement of these objectives), please refer to the 2018 Universal Registration Document, page 209, the 2019 Universal Registration Document, page 330, and the 2020 Universal Registration Document, page 378. For information however, please note that for Plans No. 1 to 8, subject to performance condition(s), the performance conditions (i) were met for five Plans (Plans No. 1, 5, 6, 7 and 8), at the maximum rate for three of them (except for Plans No. 7 and 8), and (ii) were not met for three Plans (Plans No. 2, 3 and 4) and therefore no shares were definitively vested for the beneficiaries of these three plans.

Information on performance shares grant	Plan No. 11 of October 9, 2019 [3]	Plan No. 12 of October 22, 2020
GM date	May 28, 2019	June 26, 2020
Board of Directors date	October 9, 2019	October 22, 2020
Number of shares allocated during the relevant period by threshold, of which:	Min: 439,930 Target: 881,930 Max: 1,147,260	Min: 531,220 Target: 1,064,670 Max: 1,384,630
Corporate officers		
■ Michel de ROSEN	0	0
■ Patrick KOLLER	Min: 21,620 Target: 43,250 Max: 56,220	Min: 23,510 Target: 47,030 Max: 61,140
Number of beneficiaries	274	282
Acquisition date	October 9, 2023	October 22, 2024
Availability date	October 9, 2023	October 22, 2024
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% [5] Internal CSR condition related to gender equality (weighting of 10%) with an achievement rate between -1 and +2 pt, the target being 100% External condition on net earnings per share (weighting of 30%), 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 90% and 110%, the target being 100% Internal CSR condition related to gender equality (weighting of 10%) with an achievement rate between -1 and +2 pt, 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. Internal condition Group net income (after tax): 0% Internal CSR condition related to gender equality: 115% External condition net earnings per share: not known at the time of filing of this Universal Registration Document.	Plan being vested
Number of shares vested at December 31, 2021	0	0
Accumulated number of shares cancelled or forfeited as of December 31, 2021 [4]	165,870	155,030
Performance shares outstanding at December 31, 2021 [4]	716,060	909,640

(3) 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 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 to said geographical zone. The other characteristics of this complementary plan and the acquisition date are the same as the ones of plan No. 11.

(4) Plan based on the target threshold.

(5) Given the impact of the Covid-19 health crisis and the consequences on economic activity and on the Group, the internal condition numerical targets became unreachable. In this context, at a meeting held on October 22, 2020, on a recommendation of the Compensation Committee, the Board of Directors resolved, without modifying the performance conditions and their respective weighting, to make an adjustment to the internal numerical targets of Plan No. 11 to reflect the influence of the new economic and market data on the numerical targets while keeping the same achievement curve.

Information on performance shares grant	ESPI Plan of July 23, 2021	Plan No. 13 of October 25, 2021
GM date	June 26, 2020	May 31, 2021
Board of Directors date	July 23, 2021	October 25, 2021
Number of shares allocated during the relevant period by threshold, of which:	Min: 336,775 (6) Target: : 673,549 (7)	Min: 532,730 Target: 1,067,730 Max: 1,389,000
Corporate officers		
■ Michel de ROSEN	0	0
■ Patrick KOLLER	Min: 35,971 (8) Target: 71,941 (8)	Min: 36,980 Target: 73,960 Max: 96,150
Number of beneficiaries	13	298
Acquisition date	July 23, 2026	October 25, 2025
Availability date	July 23, 2026	October 25, 2025
Performance conditions	Relative Annual TSR (weighting of 50% for the Chief Executive Officer and of 100% for the members of the Executive Committee), according to the assessment methods described in the introductory section. Average Five-Year TSR (weighting of 50% for the Chief Executive Officer and 0% for the members of the Executive Committee), 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 90% and 110%, the target being 100% Internal CSR condition related to gender equality (weighting of 10%) with an achievement rate between -1 and +2 pt, 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.	Plan being vested.
Number of shares vested at December 31, 2021	0	0
Accumulated number of shares cancelled or forfeited as of December 31, 2021 (4)	0	7,640
Performance shares outstanding at December 31, 2021 (4)	673,549	1,060,090

(4) Plan based on the target threshold.
(6) Including 307,685 shares subject to performance conditions and 29,090 phantom shares subject to performance conditions
(7) including 615,370 shares subject to performance conditions and 58,179 phantom shares subject to performance conditions.
(8) Only shares subject performance conditions were granted.

Maximum number of shares allocated free of charge pending vesting as at December 31, 2021 (4,116,950 shares) represent 2.98% of the Company's capital stock at this date [1].

(1) This amount corresponds to the number of shares for Plan 10 calculated on the basis of actual performance and the maximum number of shares granted under (i) Plans 10, 10b, 11, 11b, 12, 13, and (ii) of the one-off ESPI Plan.

5.2.3. Change in capital stock over five years

Year and type of transaction	Shares created/canceled during the transaction *(in number of shares)*	Nominal amount of the transaction *(in €)*	Amounts of capital stock after the transaction *(in €)*	Shares comprising capital stock after the transaction *(in number of shares)*
07/2021 Capital increases reserved for employees and a category of beneficiaries under the Faur'ESO employee share ownership plan	2,756,942	19,298,594	985,549,201	140,792,743
07/2021 Capital reduction (cancelation of shares) intended to neutralize the dilutive effect resulting from the capital increases implemented as part of the Faur'ESO employee shareholding plan.	2,756,942	19,298,594	966,250,607	138,035,801
Capital stock at December 31, 2021			966,250,607	138,035,801

5.2.4. Employee share ownership

In 2021, Faurecia completed its first employee shareholding operation.

On March 16, 2021, Faurecia announced the launch of the non-dilutive plan known as "Faur'ESO" (Faurecia Employee Share Ownership) for up to 2% of the Company's capital stock, deployed in 15 countries and targeting up to 90% of the Group's employees. The objective of this plan was to strengthen the existing bond with employees by closely involving them in the development and performance of the Group. At the end of the subscription period, which ended on June 25, 2021, more than 22% of employees across the 15 eligible countries had expressed their desire to invest in Faur'ESO 2021, which was significantly higher than the benchmark, thus marking a large success for a first operation.

In accordance with the terms of the plan, 2,756,942 shares (approximately 2% of the capital stock) were subscribed for at a unit price of €36.15 (corresponding to the benchmark price of €45.18 after a discount of 20%). The capital increases and the settlement-delivery of the shares took place on July 28, 2021. As Faur'ESO is a non-dilutive plan, 2,756,942 shares acquired as part of the share buy-back program carried out from March 17 to April 29 (inclusive) in the context of Faur'ESO, were cancelled on July 28, 2021 to neutralize the dilution.

As of December 31, 2021, Faurecia's employee share ownership structure, within the meaning of Article L. 225-102 of the French Commercial Code, represented 3,765,155 shares, i.e. 2.73% of the capital stock.

5.3. Transactions carried out by the Company in its own shares

The General Meeting of May 31, 2021 authorized the implementation of a share buy-back program which replaced, from that date, that authorized by Resolution 17 of the General Meeting of June 26, 2020.

LIQUIDITY AGREEMENT

Description of the contract

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. 2021-01 of June 22, 2021 covering the implementation of liquidity contracts on equity securities in respect of accepted market practices, replaced the previous contract of November 20, 2015, as amended on May 24, 2018.

The liquidity contract was signed for 12 months, from November 18, 2019 and is thereafter renewable 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 set out in Article 5 of the above-mentioned AMF decision, namely (i) while 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 2021

In 2021, under the liquidity contract, cumulative purchases related to 1,928,230 shares, i.e. 1.4% of capital stock for a value of €85,538,671 and cumulative sales related to 1,928,230 shares for a value of €85,499,815. The capital loss generated in 2021 under the liquidity contract amounted to €39,116. Management fees for the liquidity contract came to €150,000 in 2021. Under this liquidity contract, as at December 31, 2021, the following assets were included in the liquidity account: 0 securitiy and €10,840,473 in cash.

SHARES ACQUIRED BY THE COMPANY (EXCLUDING THE LIQUIDITY CONTRACT)

On March 17, 2021, the Company announced that it had entrusted an investment services provider with a mandate to purchase a maximum of 2,760,716 shares, representing a maximum of 2% of the capital stock, within the framework of its share buy-back program authorized by the General Meeting of June 26, 2020. This buyback was carried out as part of the Faur'ESO employee shareholding operation and, more generally, with a view to the allocation of shares to employees. It was specified that up to the number of new shares issued under Faur'ESO, the shares bought back would be cancelled to neutralize the dilution; for the remainder, they would be kept for future allocations of shares to employees.

These purchases were to be made at a price not exceeding the limits imposed by Resolution 17 adopted by the General Meeting of June 26, 2020, during the period from March 17, 2021 to April 29, 2021.

As part of this buyback, the Company acquired a total of 2,756,942 shares at the average price of €46.186 (weighted gross price) in accordance with the authorization granted by the General Meeting of May 31, 2021 under its 25th resolution. The amount of trading fees was €644,848 excluding taxes. The value of these securities, measured at purchase price, is €127,506,318.

USE OF TREASURY SHARES DURING THE PERIOD

During the 2021 fiscal year, the Company used 3,175,818 treasury shares as follows:

- 418,876 were used for the purpose of delivering performance shares to the beneficiaries of Plan No. 9;
- 2,756,942 were cancelled in order to neutralize the dilution linked to the creation of 2,756,942 new shares in the context of Faur'ESO.

NUMBER OF TREASURY SHARES HELD AT DECEMBER 31, 2021

At December 31, 2021, the Company held 84,171 treasury shares (of which none under the liquidity contract), i.e. 0.06% of the Company's capital stock on the same date. These treasury shares are all allocated to the objective of allocating shares to employees, and more specifically to cover performance share plans.

DESCRIPTION OF THE BUYBACK 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 May 8, 2022 will be asked to authorize the Board of Directors to once again trade in the shares of the Company under the conditions described below. It is stipulated that, throughout the period of a public offer filed by a third pary on the Company's shares, repurchases may only be carried out provided that they:

- enable the Company to comply with commitments it entered into prior to the opening of the offer period;
- are carried out as a part of the continuation of a share buy-back program already underway;
- are not likely to cause the offer to fail;
- are in line with one of the first two objectives below.

This new authorization cancels the authorization granted to the Board of Directors by the General Meeting of May 31, 2021 to trade in Company shares (Resolution No. 16.).

Program objectives

Acquisitions are authorized in order to:

- hedge stock option plans and/or free share allocation plans (or similar plans) to the benefit of Group employees and/or corporate officers (including Economic Interest Groups and related companies), 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 (including Economic Interest Groups and related companies);
- cover the Company's commitments under financial contracts or cash-settled options granted to Group employees and/or corporate officers (including Economic Interest Groups and related companies);
- 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 merger, spin-off, contribution or 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 15,160,718 shares as of February 7, 2022), 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 General 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 merger, spin-off, contribution or 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 a 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 February 7, 2022 comprising 151,607,186 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 €1.667.679.046.

Program term

18 months from the General Meeting of June 8, 2022.

It is reminded, where necessary, that the breakdown by objective for the equity securities held at December 31, 2021 is indicated above.

5.4. Share price

Faurecia shares (EO:FP) are listed on Compartment A of the regulated market of Euronext Paris. It is listed on the CAC Next 20 and MSCI France indices.

At the end of 2021, the share price was € 41.83 (December 31, 2021 closing price), compared with €41.91 at the 2020 closing (December 31, 2020 closing price).

Over the course of 2021, Faurecia's share price decreased by 0.19% has to be compared with the strong increase of the CAC40 (+28.9%), SBF 120 (+26.2%) and Stoxx600 Auto & Parts (+25.1%) indices. Nevertheless, Faurecia's share has a better performance than its two French peers (Valeo -17.7% and Plastic Omnium -19%).

In 2021, the share experienced a major liquidity event in March with the exit from the capital stock of its majority shareholder Stellantis, which then held 39.3 % of the capital and 38.9% of the theorical voting rights. Faurecia's free float increased significantly from around 60% to around 85% at the end of the distribution (taking into account the commitments applicable at the time).

For most of the first half of the year, the share was supported both by the growth in global automotive production compared to the previous year, by a favorable macroeconomic environment and by this liquidity event.

From June onwards, the share was strongly affected by the impact of the semiconductor shortage on global automotive production, in the second half of the year, at lower levels than the previous year (c. -18%). It nonetheless rebounded from the announcement of the transformative acquisition of HELLA, on August 14, 2021, which significantly improves the Group's prospects for profitable growth in the coming years.

The share subsequently benefited from the market's renewed visibility on the automotive sector following the sharp revision by IHS Markit's of its estimates for global automotive production in 2021, despite Faurecia's first warning on its earnings on September 23, 2021.

Nevertheless, the share underperformed its peers in 2021 4th quarter, penalized by a second earnings warning on November 29, 2021, reflecting the more severe impact of the semiconductor shortage in Europe, operational difficulties in the US and a general rise in inflation. The market as a whole was also impacted by the emergence of the Omicron variant from December 2021.

The average price of Faurecia's share over 2021 was €42.95. The price peaked at €50.76 on April 8, 2021, and hit its lowest point of the year, €35.68, on August 9, 2021.

The average number of monthly trades was 13.623 million shares, representing €585.05 million.

5.4.1. Share price and trading volume (source Euronext)

2021 share price and trading volume	Price *(in €)*			Trading volume		
	High	Average	Low	Close	Equities	Capital *(in € thousands)*
January	45.74	41.56	37.69	43.35	10,646,237	442,476
February	47.00	44.34	42.24	42.81	8,439,662	374,216
March	50.70	46.00	41.43	45.43	23,948,682	1,101,660
April	50.76	47.58	44.60	44.90	15,096,374	718,219
May	45.68	44.33	42.28	44.23	10,370,038	459,706
June	47.43	44.46	40.99	41.37	13,295,633	591,131
July	41.96	39.00	36.12	37.63	12,991,456	506,606
August	44.16	40.20	35.68	40.84	15,900,625	639,151
September	42.02	39.30	36.04	40.90	14,506,758	570,060
October	45.14	42.45	38.71	45.05	12,472,301	529,429
November	49.06	44.07	35.94	37.90	15,237,589	671,569
December	41.83	39.40	37.20	41.83	10,566,803	416,331

2020 share price and trading volume	Price *(in €)*			Trading volume		
	High	Average	Low	Close	Equities	Capital *(in € thousands)*
January	49.49	45.40	41.57	43.17	8,880,856	403,230
February	46.86	43.51	38.00	40.88	14,266,322	620,718
March	42.17	31.13	20.58	27.30	17,502,674	544,905
April	35.59	29.44	24.05	33.06	6,893,527	202,963
May	39.21	33.24	27.87	34.66	7,838,159	260,536
June	39.39	34.78	30.93	34.77	12,220,154	424,965
July	38.66	35.04	32.78	32.89	11,301,432	395,985
August	37.89	35.48	32.15	36.51	7,146,379	253,547
September	43.40	38.18	33.77	36.92	14,621,225	558,293
October	40.50	36.58	31.05	32.54	11,141,694	407,548
November	43.01	36.80	31.26	41.70	14,149,704	520,714
December	42.74	41.35	39.07	41.91	6,708,776	277,380

5.4.2. Stock market data

	Dec. 31, 2021	Dec. 31, 2020
Stock market capitalization at end of period (in € millions)	5 774.0	5,785.1
Share price (in €):		
■ highest	50.76	49.49
■ lowest	35.68	20.58
Share price at end of period (in €)	41.83	41.91
Shareholders' equity per share (in €)	24.84	24.60
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 €)*
2018	1.25	172,544,751.25 (2)
2019 (3)	-	-
2020	1.00	138,035,801 (2)

(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.
(3) Exceptionally, due to the global crisis caused by the Covid-19 pandemic, no dividend was paid in respect of the 2019 results.

The Board of Directors will propose at the next General Meeting, to be held in Paris on June 8, 2022, the payment of a dividend of one euro per share. It will be paid in cash or shares at shareholders' option, for all shares.

This dividend is stable versus the dividend paid in 2021; it reflects Faurecia's strategy to maintain a fair and attractive remuneration to its shreholders while maintaining a sound financial structure and being fully aligned with the Group's deleveraging trajectory post-HELLA acquisition, as annouced last August (net-debt-to EBITDA ratio back to ≤ 1.5 x at the end of 2023 and at 1 x at the end of 2025).

5.4.4. Dividend payment policy

Shareholder compensation is set in accordance with the Group's net cash allocation strategy. This strategy, first presented at Capital Markets Day in November 2019 and confirmed at Capital Markets Day in February 2021, consists of allocating:

- approximately 60% of the net cash generated each year (net cash flow) to the Group's debt reduction as well as to potential non-transformative/medium-sized acquisitions (bolt-ons);
- approximately 40% to the distribution of dividends and share buy-backs, exercised in particular within the framework of performance share allocation programs, in order to avoid any dilution caused by said programs.

5.4.5. **Per share figures**

(in €)	Dec. 31, 2021	Dec. 31, 2020
Non-diluted earnings (loss) per share – Attributable to owners of the parent	(0.57)	(2.75)
Cash flow per share from operating activities	10.08	8.01

The method used to calculate the weighted average number of shares before dilution to determine per share data is detailed in Note 9, Chapter 1, "Financial and accounting information", Section 1.3.5 "Notes to the consolidated financial statements".

5.4.6. **2022 financial calendar**

February 21, 2022	Before market opening	2021 annual results announcement
April 28, 2022	Before market opening	First-quarter 2022 sales announcement
June 8, 2022	2:00 p.m.	General Meeting of shareholders
July 25, 2022	Before market opening	First-half 2022 interim results announcement
October 21, 2022	Before market opening	Third-quarter 2022 sales announcement

5.5. Relations with the financial community

Faurecia's management has made it a priority to establish a relationship of trust with financial market players as well as promoting information exchanges and meetings.

The Group therefore encourages constructive dialog, both on its financial results and on its strategy and news, through accurate, complete, regular and transparent financial reporting, in accordance with current regulations and as close as possible to financial communication best practices.

Approach

The Faurecia group provides investors with a large number of documents covering its business, strategy and all the financial information that it is required to disclose under stock market regulations. They include the Company's registration documents and Universal Registration Documents, interim financial reports, documents distributed as regulated information, as well as the Company's bylaws and the Board of Directors' internal rules, and are available online at www.faurecia.com, in French and English. Financial information is regularly supplemented by the publication of press releases announcing important events relating to the Group's operations and activities. All of these press releases are available in the "Newsroom" space on the website.

At the end of each quarter, the Group organizes a communication on its performance for the previous quarter or half year:

- in April and October of each year, the Group publishes changes to its quarterly sales by business and by region. In addition to a press release, a telephone meeting is also held for this communication, to which analysts and investors are invited;
- in February and July, the Group publishes all of its annual and half-yearly results. In addition to a press release, a meeting is then held (physical meeting or videoconference) to which analysts and investors are invited.

Throughout the year, Faurecia promotes meetings between its Executive Management and financial market players at conferences and meetings (financial roadshows) in France and worldwide, in the form of individual or group meetings.

Finally, each year, the Group organizes investor days ("Capital Markets Days") to present the medium-term strategic vision, with some of these days dedicated to specific topics.

In addition, in order to develop its relationship with individual shareholders:

- a toll-free number has been set up, which is available in France only (0805 651 206). This number allows individual shareholders to obtain information or answers to any questions they may have about the life of the Group, or about how to become a shareholder (all their requests can also be sent to the following address: actionnaires@faurecia.com);
- a digital "Letter to shareholders" is published twice a year on the Group's website;
- meetings with individual shareholders are organized in the various French regions.

The quantified elements

In 2021, in addition to meetings to present annual and half-yearly results and conference calls for Q1 and Q3 sales reporting, Faurecia met with more than 200 investors and financial analysts during financial roadshows, conferences, and individual appointments. Given the Covid-19 health crisis and the measures put in place to limit the spread of the virus, the vast majority of meetings organized in 2021 were held by conference call with the exception of some physical meetings held in Paris from September 2021, in strict compliance with preventive measures.

A physical meeting with individual shareholders was also held on December 2, 2021 in Lille.

6
Information about HELLA

6.1. Description of the HELLA acquisition

On August 14, 2021, Faurecia and HELLA publicly announced their intent to combine their businesses. The transaction represents an estimated total enterprise value of €6.7 billion for 100% of the shares in HELLA.

Prior to the acquisition, the family shareholders of HELLA (the "**HELLA Family Pool**") held together, on a pooled basis, a total of 66,666,669 HELLA shares (the "**Pooled Shares**"), representing 60% of the registered share capital of HELLA (which, for the avoidance of doubt, did not include HELLA shares that the family shareholders were holding outside the pool agreement, as the case may be). Pursuant to the acquisition documents, it was agreed that (i) Faurecia Participations GmbH, a wholly-owned subsidiary of the Company, would acquire from the HELLA Family Pool all their Pooled Shares at €60 per share and (ii) these shares would be paid through a combination of €3.4 billion in cash and up to 13,571,427 newly issued Company shares.

In parallel, on September 27, 2021, Faurecia Participations GmbH launched a voluntary public cash takeover offer *(freiwilliges öffentliches Übernahmeangebot)* within the meaning of Section 29(1) of the German Takeover Act (*Wertpapiererwerbs – und Übernahmegesetz*) for all of HELLA's outstanding shares, at €60 per share. 21,662,359 HELLA shares were tendered in the takeover offer, corresponding to approximately 19.5% of HELLA's share capital and voting rights as of November 11, 2021, the date on which the takeover offer ended.

The closing of the HELLA acquisition was subject to customary closing conditions, including approval of the competition and regulatory authorities in a number of jurisdictions and satisfying the foreign investment control procedures in Germany, New Zealand and the United States. These conditions were satisfied and the acquisition closed on January 31, 2022.

On January 31, 2022, Faurecia acquired approximately 79.5% of the HELLA shares (Pooled Shares and shares acquired through the takeover offer process), for a total amount of €5.3 billion paid (i) through a combination of €4.8 billion in cash (including €3.4 billion to the benefit of the HELLA Family Pool) and (ii) 13.571.385 newly-issued Company shares [(1)] (representing 8.95% of the Company's share capital as of January 31, 2022) issued pursuant to the 21st resolution of the Shareholders' General Meeting of May 31, 2021, as implemented by the Board of Directors on December 10, 2021 and the CEO on January 31, 2022.

The cash portion of the HELLA acquisition price (being the sum of the amounts paid to the HELLA Family Pool and in the context of the takeover offer) paid by Faurecia was secured through a €5.5 billion bridge facilities agreement signed with a syndicate of international banks. On December 31, 2021, following certain prefinancing operations for a total of €1.835 million (including the issuance of €1.2 billion principal amount of 2,75% high yield bond due 2027 and a €700 million Schuldscheindarlehen), the bridge facilities agreement amount was reduced to €3.4 billion. As indicated in the press release dated January 31, 2022, other financing transactions (including a capital increase with preferential subscription rights, the issuance of bonds and/or bank loans) will be completed to refinance the bridge facilities.

Pursuant to the acquisition documents, the HELLA Family Pool, which became a shareholder of the Company, has committed:

- during the 18-month period as from the closing date, not to sell the 13,571,385 Company Faurecia shares mentioned above, as well as any additional Faurecia shares that HELLA Family Pool may subscribe in accordance with the subscription undertakings set out in the acquisition documents;
- during the 12-month period after the expiry date of the first period set out above, not to sell more than 5% of Faurecia's share capital.

In addition, as provided under the acquisition documents, as long as the HELLA Family Pool owns at least 5% of Faurecia's share capital, Faurecia shall use its best efforts in order for a person suggested by the HELLA Family Pool to become a member of Faurecia's Board. In this context, the Governance, Nominations and Sustainability Committee and the Board of Directors reviewed the application of Dr. Jürgen Behrend submitted by the HELLA Family Pool. After reviewing such proposal, the Board of Directors, upon recommendation of the Governance, Nominations and Sustainability Committee decided to propose to the Shareholders' General Meeting to be held on June 8, 2022 the appointment of Dr. Jürgen Behrend as non-independent board member of Faurecia representing the HELLA Family Pool, emphasizing the HELLA Family Pool's strong commitment to the combined Group.

This acquisition marked a major step in Faurecia's ambition to accelerate its strategic transformation, investing in fast-growing segments with leading positions. The combination of Faurecia and HELLA creates the seventh global automotive supplier, with a highly advanced technology portfolio addressing all industry megatrends and one overriding ambition: to shape a safe, sustainable, advanced and customized mobility.

Through this combination, the newly Combined Group will:

- Develop a stronger and focused offer for Electric Mobility (BEVs + FCEVs), thus significantly increasing its "powertrain-agnostic" share of revenue;

(1) *The final exchange ratio, based on the average weighted market price of the Faurecia share on the last day before the closing of the transaction, January 28, 2022, i.e. €38.6350 per Faurecia S.E. share, was set at 1.55227 Faurecia S.E. share for one contributed share.*

- Become a major player in Electronics and Software solutions to accelerate in ADAS & Automomous Driving;
- Boots its Cockpit of the Future strategic focus thanks to the complementarity of Faurecia's leading positions in Seating and Interiors, HELLA's in Lighting and both companies' Electronics activities;
- Create a Lifecycle Solutions activity, fully aligned with growing environmental concerns and industry.

The Combined Group will also accelate innovations through strong R&D capabilities, capitalize on the complementarity of customer portfolios across all geographical areas and leverage Faurecia's strong position in China and Asia.

Besides accelerating sales growth, strong synergies will drive continuous improvement in profitability and cash generation.

As of March 18, 2022, as a result of the foregoing transactions and acquisitions carried out on the market, Faurecia holds 81.6% of HELLA’s share capital.

6.2. HELLA corporate governance

6.2.1. HELLA corporate governance presentation

6.2.1.1. General information

HELLA GmbH & Co. KGaA is a company incorporated under German law, whose registered office is located at Rixbecker Straße 75, 59552 Lippstadt, Germany, registered with the local court (Amtsgericht) in Paderborn under number HRB 6857, and whose shares are listed on the regulated market of the Frankfurt Stock Exchange.

The share capital of HELLA GmbH & Co. KGaA amounts to €222,222,224 and is divided into 111,111,112 shares.

The mnemonic code of HELLA is HLE.

The ISIN and LEI codes of HELLA shares are DE000A13SX22 and 529900PLX4ADJFWIY024, respectively.

6.2.1.2. Corporate form

HELLA is a GmbH & Co. KGaA (*Kommanditgesellschaft auf Aktien*). This legal form, which is a combination of two corporate forms under German law, the limited partnership (*Kommanditgesellschaft* - *KG*) and the stock corporation (*Aktiengesellschaft* - *AG*), comprises two different group of partners:

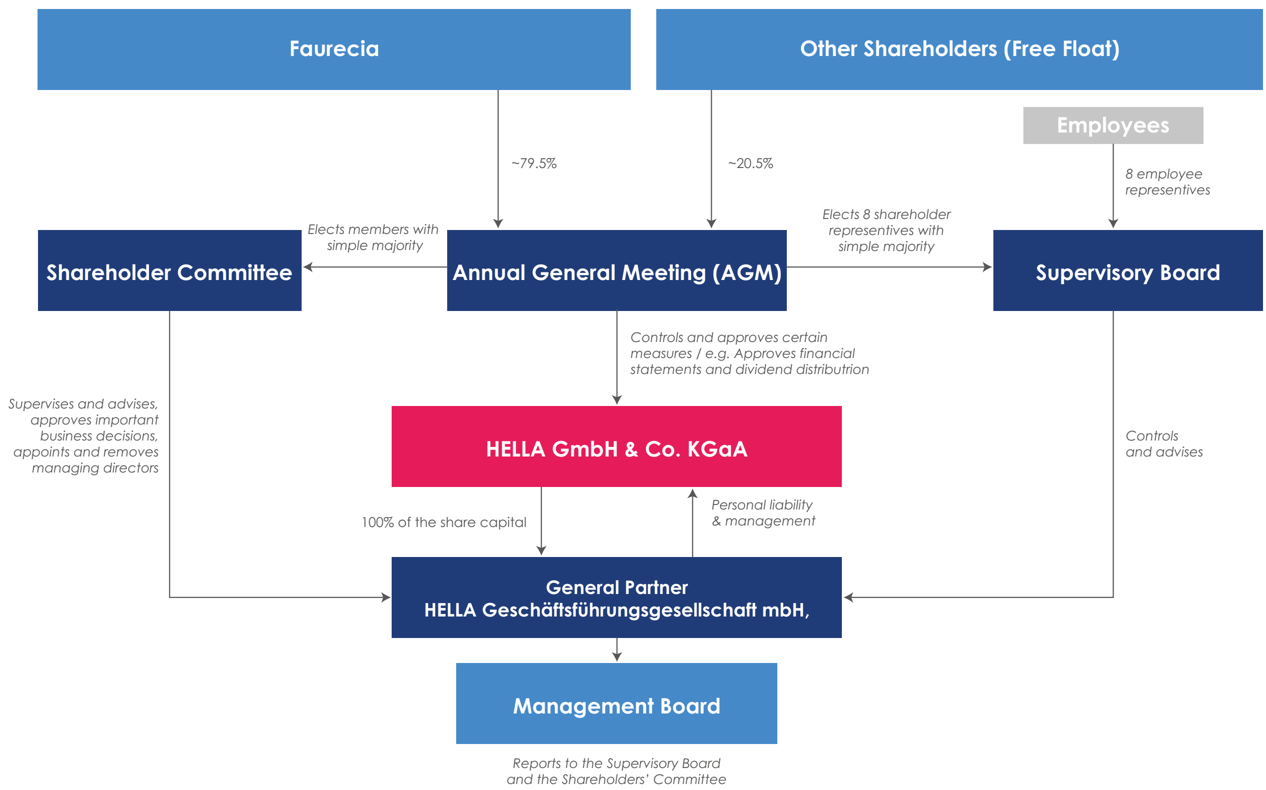
- one or more limited partners, i.e. one or more partners who are personally liable for the company's debts only to the extent of their contribution; the limited partners are the shareholders that hold an interest in the nominal capital of the KGaA; and
- one or more general partners, i.e. one or more partners who are personally liable without restrictions for the company's debts. This general partner is a limited liability company (*Gesellschaft mit beschränkter Haftung - GmbH*).

Under French law, this corporate form is similar to the French *société en commandite par actions*.

6.2.1.3. Governance bodies

HELLA's governance bodies are the General Partner, the Supervisory Board, the Shareholder Committee and the Annual General Meeting.

A summary of the functioning of the governance bodies within HELLA is presented below.



6.2.1.3.1. THE GENERAL PARTNER

HELLA is managed by the General Partner.

The General Partner is a limited liability company, HELLA Geschäftsführungsgesellschaft mbH, whose shares are held in full by HELLA. The General Partner is managed and represented by the managing directors of HELLA Geschäftsführungsgesellschaft mbH, including the Chief Executive Officer of HELLA.

As part of its management responsibilities, certain important decisions taken by the General Partner require the approval of HELLA's Shareholder Committee.

While the appointment of the General Partner falls within the competence of the Annual General Meeting of shareholders, the appointment of the members of the Management Board falls within the competence of the Shareholder Committee.

6.2.1.3.2. THE SHAREHOLDER COMMITTEE

The Shareholder Committee, established in accordance with the bylaws, currently consists of eight shareholder representatives appointed by the Annual General Meeting.

Together with the Supervisory Board, the Shareholder Committee is responsible for advising and supervising the Management Board. It is a crucial monitoring body and it may play an active role in management issues, for example by determining which business transactions require its consent.

The core duties and responsibilities of the Shareholder Committee include the following (i) supervising the consultation of the General Partner in the management of the business as the central representative body of the shareholders, (ii) deciding on establishment of rules of procedure for the General Partner, (iii) determining which of the General Partner's transaction require the prior approval of the Shareholder Committee, (iv) exercising management powers and power of representation for the legal relationship between HELLA and the General Partner as well as representing HELLA in legal disputes with the General Partner, (v) exercising all rights arising from HELLA shares detention by the General Partner (in particular the appointment and removal of the Managing Directors), (vi) executing shareholders' resolutions, (vii) reviewing the annual financial statements and the consolidated financial statements (and the related management reports), as well as the proposal for the appropriation of distributable profits (in accordance with the rules of procedure of the Shareholder Committee) and (viii) submitting resolution proposals in respect of each agenda on which the Annual General Meeting is to decide.

The decisions of the Shareholder Committee are adopted by a simple majority of the votes cast.

6.2.1.3.3. THE SUPERVISORY BOARD

The Supervisory Board consists of 16 members, including eight shareholder representatives elected by the Annual General Meeting and eight employee representatives.

Together with the Shareholder Committee, the Supervisory Board has an advisory and supervisory role, it being specified that the powers of the HELLA Supervisory Board are more limited due to the legal form of HELLA. The core duties and responsibilities of the Supervisory Board include the following: (i) reviewing and approving of the annual corporate and consolidated financial statements (including the related management reports), (ii) reviewing of the non-financial statement (CSR report), (iii) reviewing the proposal for the appropriation of distributable profits and (iv) submitting resolution proposals to the Annual General Meeting. In addition, the use of the financial delegations of authority granted to the General Partner to increase the nominal capital and to buy back shares is subject to Supervisory Board consent.

Decisions of the Supervisory Board are adopted by a simple majority of the votes.

6.2.1.3.4. THE ANNUAL GENERAL MEETING

The Annual General Meeting is the forum where shareholders' voting and supervisory rights are exercised.

With respect to the composition of the governance bodies, the Annual General Meeting elects the shareholder representatives to the Supervisory Board and the Shareholder Committee and appoints and dismisses the General Partner. In this and many other respects, HELLA closely follows the example of an ordinary stock corporation.

Decisions of the Annual General Meeting are adopted by (i) a simple majority of the votes cast for matters falling within the ordinary competence of the Annual General Meeting and (ii) a majority of three-quarters of the votes for matters falling within the extraordinary competence of the Annual General Meeting.

6.2.2. Impact of the transaction on HELLA governance

6.2.2.1. Changes in the composition of the Supervisory Board and the Shareholder Committee

The governance structure of HELLA remains unchanged following the completion of its acquisition by Faurecia, with the maintenance of (a) a Supervisory Board (with the co-determination mechanism) and (b) a Shareholder Committee. However, their composition reflects the change in the control of HELLA's shareholding:

- prior to closing of the transaction, Faurecia was not represented in the Shareholder Committee. On the first meeting of the Shareholder Committee on February 4, 2022, all seven members of the Shareholder Committee resigned. Previously, on September 30, 2021, one member of the Shareholder Committee resigned. Therefore, on February 4, 2022, there were eight vacancies in the Shareholder Committee. Via a co-optation procedure, the members of the Shareholder Committee elected in its own discretion eight new members, whereby five members are representatives of Faurecia and three are independent from Faurecia and HELLA. The term of these newly appointed members are until the next Annual General Meeting of HELLA, which decides on elections to the Shareholders Committee;

- prior to closing of the transaction, Faurecia was not represented in the Supervisory Board. After the closing of the transaction, on February 2, 2022, eight shareholder representative members resigned from office. HELLA filed an application to the court that new members of the Supervisory Board shall be appointed by the court. HELLA suggested that six out of the eight new members be representatives of Faurecia. The appointment of these new members became effective as of February 9, 2022. The term of these newly appointed members are until the next Annual General Meeting of HELLA, which decides on elections to the Supervisory Board.

6.2.2.2. Integration Committee

In order to oversee the integration process, HELLA and Faurecia have set up an Integration Committee, which is composed of members of the management of Faurecia and HELLA, on an equal basis. The Integration Committee covers both organizational and staffing aspects in relation to the combination of the companies.

In addition, HELLA and Faurecia have implemented a Monitoring Committee composed of the Chairman of the Board of Directors of Faurecia, the Chief Executive Officer of Faurecia, the Chief Executive Officer of HELLA and an additional representative of HELLA to arbitrate notably with regard to any matter not decided within the Integration Committee, and to ensure compliance with certain key clauses of the business combination agreement.

6.2.2.3. Agreement governing relations between Faurecia and HELLA

In the context of the completion of the acquisition of the control of HELLA by Faurecia, the parties desired to put in place an agreement in order to set the future governance of the Combined Group and to provide for the organizational framework of the future cooperation, including in particular:

- coordination of the performance of certain governance and control functions;
- defining the information and consultation lines to facilitate the information flow necessary for consolidated reporting and critical function operations at the level of the combined Group;
- implementation of the coordination process for certain important decisions regarding the staff; and
- alignment of certain key policies, procedures and legal frameworks to operate within the parameters of a de facto group under applicable German regulations.

This agreement, which will be entered into on during Q2 2022 and will be in line with the corporate interest of Faurecia and HELLA, is due to organize an adequate collaboration, an introduction of a structure by business, information flows at the Combined Group level and mutual cooperation on various subjects. It does not grant Faurecia any right to give instructions to HELLA.

This agreement, which is considered as related party transactions pursuant to applicable regulations, was authorized by the Board of Directors of Faurecia, subject to final negotiation with and approval by HELLA, on February 18, 2022. It complies with the corporate interests of Faurecia and HELLA, the main terms of this agreement will be described, in accordance with French law, in a document availsable on the Faurecia website (https://www.faurecia.com).

Given the Faurecia's controlling stake in HELLA's share capital, the corporate form of HELLA and the governance in place, the implementation of the identified synergies and the optimization plan began as soon as the acquisition was completed on January 31, 2022. The parties have entered into certain other agreements on commercial arms' length terms in order to execute such synergies and ensure appropriate compensation for cross-company services to be provided.

6.3. Unaudited pro forma consolidated financial information

The following unaudited pro forma consolidated financial information has been prepared to illustrate the effects of the HELLA acquisition that was completed on January 31, 2022 as if it had occurred on January 1, 2021 (with respect to the pro forma statement of income for the year ended December 31, 2021) or on December 31, 2021 (with respect to the pro forma statement of financial position as of December 31, 2021).

The unaudited pro forma consolidated financial information of Faurecia for the year ended December 31, 2021 presented below is for illustrative purposes only. This unaudited *pro forma* consolidated financial information should not be considered as indicative of the Group's profit and loss that would have been achieved if the HELLA Acquisition had been effectively completed on the date set forth above, nor it is indicative of future performance. The actual results may differ significantly from those reflected in the unaudited pro forma consolidated financial information for a number of reasons, including, but not limited to, differences in assumptions used to prepare the unaudited *pro forma* consolidated financial information.

The unaudited pro forma consolidated financial information is based upon available information and certain assumptions that Faurecia believes to be reasonable and gives effect to events that are directly attributable to the HELLA acquisition described therein and are factually supportable. Neither the assumptions underlying the pro forma adjustments, nor the resulting pro forma financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The financial data relating to HELLA included herein has been extracted or derived from publicly available information regarding HELLA, including HELLA's audited consolidated financial statements and HELLA's condensed interim consolidated financial statements.

Introduction

Information regarding the transaction

- Faurecia's unaudited pro forma financial information (including HELLA GmbH & Co KGaA and its subsidiaries, hereafter the "**combined Group**"), are composed of one balance sheet, one income statement and notes thereto (the "**Unaudited Pro Forma Financial Information**").
- Faurecia's Unaudited Pro Forma Financial Information has been prepared considering the acquisition by Faurecia of 81.6% of the share capital of HELLA and to illustrate the effect of such acquisition, as if it has been completed on January 1, 2021 for the purpose of the Unaudited Pro Forma Statement of Income and on December 31, 2021 for the purpose of the Unaudited Pro Forma Statement of Financial Position. Faurecia's Unaudited Pro Forma Financial Information was prepared on the basis of a number of assumptions as outlined in note 1 below.
- Faurecia's Unaudited Pro Forma Financial Information does not reflect the operating results or financial position which Faurecia would have had if Faurecia had actually acquired 81.6% of the share capital of HELLA at these dates. The Unaudited Pro Forma Financial Information presented below does not reflect the effect of any synergies that may result from the acquisition or any severance, integration or restructuring costs that may be incurred following the acquisition.
- The Unaudited Pro Forma Financial Information is not necessarily indicative of the results of operations in future periods or the future financial position of the combined Group and there can be no assurance that the trends indicated by the Unaudited Pro Forma Financial Information are representative of the future results or performance of the combined Group. Accordingly, Faurecia's results and financial condition may differ significantly from those portrayed by the Unaudited Pro Forma Financial Information.

Context of the publication of the Unaudited Pro Forma Financial Information

- On August 14, 2021, Faurecia has announced the signature of agreements concerning the acquisition of a block of control for 60% of HELLA's shares from the controlling family pool and a public tender cash offer on the remaining 40% of the shares of HELLA, whose shares are listed on the Frankfurt Stock Exchange, for a price of €60 per HELLA share, corresponding to a total value of €6.7 billion for 100% of HELLA's shares. 19.5% of HELLA's shares were tendered in the takeover offer by HELLA shareholders, which was launched on September 27, 2021 by Faurecia and closed on November 11, 2021.
- Following approval from the appropriate regulatory bodies, on January 31, 2022 Faurecia completed the acquisition of 79.5% of HELLA's share capital, comprising the 60% acquired from the family pool, of which 8.6% were paid through newly issued Faurecia shares, and 19.5% as a result of the public tender offer mentioned above.
- Faurecia also acquired additional shares on the market, representing 2.09% of HELLA's shares as of March 18, 2022. As a result of the foregoing, Faurecia holds 81.6% of HELLA's shares at this date.

Accounting treatment

- Based on IFRS 3 "Business Combinations" and the Share Purchase Agreement, Faurecia management established that HELLA GmbH & Co KGaA would be the acquiree and Faurecia the acquirer.
- Following the completion of the transaction on January 31, 2022, the HELLA identifiable assets acquired and liabilities assumed are being recognized at carrying value in the financial statements of HELLA as of November 30, 2021. The fair value at acquisition date will be recognized at the end the measurement period in application of IFRS 3.

Basis of preparation

- The Unaudited Pro Forma Financial Information has been prepared in accordance with (EU) Prospectus Delegated Regulation 2019/980, ESMA Guidelines on prospectuses of March 2021 and AMF Recommendations of April 2021.
- The amounts are expressed in million euros.
- The pro-forma adjustments of the Unaudited Pro Forma Financial Information are limited to the impacts:
  - directly linked to the transaction; and
  - that may reasonably be documented with regard to available information.
- Given the assumptions taken and the preliminary assessment performed for the preparation of the Unaudited Pro Forma Financial Information, the financial situation and the operating income of the combined Group might differ in the future from the amounts indicated in the Unaudited Pro Forma Financial Information, as additional information is made available and additional analysis are performed.

Note 1 Periods used as the basis for the preparation of the Unaudited Pro Forma Financial information

The Unaudited Pro Forma Financial Information has been compiled and should be read in conjunction with the financial statements described below.

Faurecia:

- the 2021 Audited Consolidated Financial Statements;

HELLA:

- HELLA closes its financial year on 31 May; in order to obtain periods comparable with Faurecia's financial statements, a 12-month income statement from December 1, 2020 to November 30, 2021 was reconstituted from:
  - HELLA's audited annual consolidated financial statements for the financial year ended May 31, 2021; and
  - HELLA's unaudited half-year consolidated financial statements for the six-month period ended November 30, 2021, by adding to HELLA's consolidated financial statements for the year ended May 31, 2021 the results of HELLA's half-year consolidated financial statements for the six-month period ended November 30, 2021 (i.e., from June 1 to November 30, 2021) and subtracting the results of HELLA's half-year consolidated financial statements for the six-month period ended November 30, 2020 (i.e., from June 1 to November 30, 2020).
- The gap of one month resulting from this reconstitution has no significant impact on the *pro forma* financial information, as no significant event for the group has occurred in each of the months concerned (December 2020 and December 2021).

For additional information see 6.3 *Introduction* hereabove.

Pro forma Combined Group - Income statement for the year 2021

(in € million)	Faurecia 2021	HELLA 12/20 -11/21 (Note 2.2)	Reciprocal operations (Note 2.4)	Financing of acquisition (Note 2.6)	Transaction costs (Note 2.10)	Non controlling interests (Note 2.11)	Faurecia pro forma 2021
SALES	**15,617.8**	**6,316.5**	**(36.4)**				**21,897.9**
Cost of sales	(13,734.4)	(5,097.1)	36.4				(18,795.1)
Research and development costs	(330.9)	(644.6)					(975.5)
Selling and administrative expenses	(690.8)	(207.2)					(898.0)
OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)	**861.7**	**367.7**	**0.0**	**0.0**	**0.0**		**1,229.4**
Amortization of intangible assets acquired in business combinations	(92.6)	(15.6)					(108.2)
OPERATING INCOME (AFTER AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)	**769.1**	**352.1**	**0.0**	**0.0**	**0.0**		**1,121.2**
Other non-recurring operating income	6.0	22.2					28.2
Other non-recurring operating expense	(244.5)	(21.3)			(6.0)		(271.8)
Finance costs net	(254.5)	125.8		(140.7)			(269.3)
INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES	**276.1**	**478.8**	**0.0**	**(140.7)**	**(6.0)**		**608.3**
Taxes	(138.8)	(104.5)		36.6	1.6		(205.2)
of which deferred taxes	*95.0*	*(1.0)*					*94.0*
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES	**137.3**	**374.3**	**0.0**	**(104.1)**	**(4.4)**		**403.1**
Share of net income of associates	(24.6)	22.7					(1.9)
NET INCOME FROM CONTINUED OPERATIONS	**112.7**	**397.0**	**0.0**	**(104.1)**	**(4.4)**		**401.2**
NET INCOME FROM DISCONTINUED OPERATIONS	**(96.5)**	**0.0**					**(96.5)**
CONSOLIDATED NET INCOME (LOSS)	**16.2**	**397.0**	**0.0**	**(104.1)**	**(4.4)**		**304.7**
Attributable to owners of the parent	**(78.8)**	**395.3**	**0.0**	**(104.1)**	**(4.4)**	**(72.8)**	**135.2**
Attributable to minority interests from continued operations	95.0	1.7	0.0	0.0	0.0	72.8	169.5
Attributable to minority interests from discontinued operations	0.0						0.0

The items in HELLA's income statement have been allocated to the equivalent lines in Faurecia's income statement, on the basis of information published by HELLA.

Pro forma Combined Group – Balance sheet

Assets

(in € million)	Faurecia 31/12/2021	HELLA 30/11/2021 (Note 2.2)	Reciprocal operations (Note 2.4)	Adjustment due to merger (Note 2.9)	Financing of acquisition (Note 2.6)	Transaction costs (Note 2.10)	Impact identified due to Change of Control clauses (Note 2.3)	Faurecia pro forma 31/12/2021
Goodwill	2,236.2	5.2		4,155.7				6,397.0
Intangible assets	2,800.4	338.7						3,139.1
Property, plant and equipment	2,802.4	1,639.7						4,442.1
Right-of-use assets	950.9	126.2						1,077.1
Investments in associates	150.8	209.5						360.3
Other equity interests	88.0	66.6		(17.9)				136.7
Other non-current financial assets	98.0	27.0						125.0
Other non-current assets	122.3	83.7						206.0
Deferred tax assets	540.6	129.0						669.6
TOTAL NON-CURRENT ASSETS	**9,789.6**	**2,625.7**	**0.0**	**4,137.8**	**0.0**	**0.0**	**0.0**	**16,553.0**
Inventories, net	1,657.6	1,060.1						2,717.7
Contract assets	273.5	89.8						363.3
Trade accounts receivables	3,468.1	1,018.3	(5.0)					4,481.4
Other operating receivables	473.6	0.0						473.6
Other receivables	1,094.9	177.1						1,272.0
Other current financial assets	11.9	440.3						452.2
Cash and cash equivalents	4,905.7	636.1			(2,006.7)			3,535.1
TOTAL CURRENT ASSETS	**11,885.3**	**3,421.7**	**(5.0)**	**0.0**	**(2,006.7)**	**0.0**	**0.0**	**13,295.3**
TOTAL ASSETS	**21,674.9**	**6,047.3**	**(5.0)**	**4,137.8**	**(2,006.7)**	**0.0**	**0.0**	**29,848.3**

Liabilities

(in € million)	Faurecia 31/12/2021	HELLA 30/11/2021 (Note 2.2)	Reciprocal operations (Note 2.4)	Adjustment due to merger (Note 2.9)	Financing of acquisition (Note 2.6)	Transaction costs (Note 2.10)	Impact identified due to Change of Control clauses (Note 2.3)	Faurecia pro forma 31/12/2021
EQUITY								
Capital	966.3	222.2		(222.2)	95.0			1,061.3
Additional paid-in capital	605.2	0.0		0.0	429.0			1,034.2
Treasury stock	(4.0)	0.0		0.0				(4.0)
Retained earnings	1,974.7	2,164.8		(2,164.8)				1,974.7
Translation adjustments	(34.3)	(34.9)		34.9				(34.3)
Net income (loss)	(78.8)	162.3		(162.3)				(78.8)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS	**3,429.1**	**2,514.5**	**0.0**	**(2,514.5)**	**524.0**	**0.0**	**0.0**	**3,953.1**
Minority interests	386.3	1.8		1,227.0				1,615.2
TOTAL SHAREHOLDERS' EQUITY	**3,815.4**	**2,516.3**	**0.0**	**(1,287.4)**	**524.0**	**0.0**	**0.0**	**5,568.3**
Non-current provisions	447.3	475.8						923.1
Non-current financial liabilities	6,333.6	1,260.9			2,894.5		0	10,489.0
Non-current lease liabilities	833.1	126.5						959.6
Other non-current liabilities	5.6	0.0						5.6
Deferred tax liabilities	44.1	5.8						49.9
TOTAL NON-CURRENT LIABILITIES	**7,663.7**	**1,869.1**	**0.0**	**0.0**	**2,894.5**	**0.0**	**0.0**	**12,427.3**
Current provisions	288.4	165.5						453.9
Current financial liabilities	1,018.8	60.4					0.0	1,079.2
Current portion of lease liabilities	198.8	27.2						226.0
Prepayments on customers contracts	740.2	97.9						838.1
Trade payables	6,693.2	839.4	(5.0)					7,527.6
Accrued taxes and payroll costs	779.1	471.5						1,250.6
Sundry payables	477.3	0.0						477.3
TOTAL CURRENT LIABILITIES	**10,195.8**	**1,662.0**	**(5.0)**	**0.0**	**0.0**	**0.0**	**0.0**	**11,852.8**
TOTAL EQUITY AND LIABILITIES	**21,674.9**	**6,047.3**	**(5.0)**	**(1,287.4)**	**3,418.5**	**0.0**	**0.0**	**29,848.3**

The items in HELLA's balance sheet have been allocated to the equivalent lines in Faurecia's balance sheet, on the basis of information published by HELLA.

Note 2 – Hella information available and main adjustments made

2.1 Available information

- Due to the nature and the date of the transaction closing - i.e., an acquisition of a listed company, involving several antitrust review processes - Faurecia only had access to HELLA's public financial information until the closing of the transaction on January 31, 2022. This date has not allowed for a detailed review of potential changes of accounting policies and further impacts on Hella's financial statements, in particular the amortization period of tangible and intangible assets, as well as the treatment of certain study costs related to customer programs.
- The notes to HELLA's half-year financial statements do not always provide the same level of detail as its annual accounts, including for some line items that were used to prepare the Unaudited Pro Forma Financial Information, such as the breakdown of restructuring costs by line of the income statement. In such cases, we had to use certain default assumptions.

2.2 HELLA financial information structure

- The items in HELLA's income statement and balance sheet have been allocated to the equivalent lines in Faurecia's income statement and balance sheet, respectively, on the basis of information published by HELLA; in particular, the financial elements of other non-current liabilities have been reclassified under financial liabilities.

2.3 Impacts of change of control clauses

- Based on the change of control clauses described in HELLA's financial statements, the following assumptions have been retained:
  - *borrowings*: following the most recent rating updates of HELLA by the rating agencies, no change of control clause in respect of borrowing agreements has been considered as triggered at this stage, such clauses being activated only in the event of rating downgrade due to the change of control;
  - *joint ventures*: a possible impact of a change of control clause on joint venture agreements has not been considered, as no information on the joint-venture partners' intention was available at this stage.

2.4 Reciprocal transactions

- The eliminated amounts were determined on the basis of the information recorded in Faurecia's accounting systems:
  - sales for €36.4 million in 2021;
  - trade accounts receivables versus trade payables for €5 million as at December 31, 2021.

2.5 Other considerations

- The Unaudited Pro Forma Financial Information is presented in accordance with the accounting principles and methods used to prepare Faurecia's annual consolidated financial statements.
- Further adjustments and reclassifications may arise once Faurecia has full access to Hella's financial information and has harmonized the two groups' accounting policies.
- Considering the points above (and in particular, note 2.1), the following potential adjustments could not be calculated and could be subject to subsequent adjustments or modifications:
  - harmonization of accounting rules and methods;
  - historical book value retained for assets acquired and liabilities assumed versus fair value; and
  - tax impacts resulting from a change of control (loss of previous deferred tax assets, etc.)

2.6 Financing

- In line with Faurecia's communication of August 14, 2021, financing of the transaction consists of:
  - a fully-underwritten €5.5 billion bridge facility was signed in August 2021. As of December 31st, 2021, the bridge facility had been reduced to €3.4 billion following prefinancing transactions for €1,835 million, including the issuance of the HY bond for €1.2 billion and the German private placement Schuldscheindarlehen, and a partial voluntary cancellation of the Bridge to Bond facility for €265 million. However, Faurecia intends, when the market conditions will be favorable, to proceed with a capital increase with preferential subscription rights for Faurecia's shareholders for an amount of up to €800 million, to replace this financial debt. Peugeot 1810 and Bpifrance, Faurecia's current material shareholders with 3.1% and 2.4% of its share capital, respectively, have expressed their intention to participate in this capital increase, up to their current ownership share, subject to the final terms thereof.
    - on January 31, 2022, €2.9 billion was drawn under the bridge facility to pay the consideration for the acquisition of 79.5% of HELLA's shares.
    - the contemplated refinancing of such €2.9 billion partially drawn bridge loan will mainly be done through:
    - long-term debt (bond issues and bank loans) for €1.6 billion;

- a long-term debt of €800 million. Faurecia aims to replace this additional debt by a capital increase with preferential subscription rights for Faurecia's shareholders for an amount of up to €800 million. In this event, the shareholders' pro forma equity would increase by €800 million in exchange for a decrease in the long-term debt.
- €500 million of long term debt set out in the bridge facility.

- as of March 18, 2022, Faurecia used the funds received in the prefinancing transactions in 2021 (€1,835 million), as well as €171.7 million of its cash for the payment of the transaction, for a total cash outflow of €2,006.7 million. To this is added €15 million of capital increase costs, in the event that Faurecia proceeds with a capital increase of €800 million.
- A reserved capital increase in the amount of €524 million (corresponding to approximately 8.95% of Faurecia's existing shares as of February 1st, 2022) for the payment of a portion of the Hella family pool shares through an exchange in kind.

- The capital increase for €524 million is presented under shareholders' equity. In the event that Faurecia proceeds with a capital increase with preferential subscription rights for €800 million, the impact of the financing, in terms of capital, will be of €1,309 million, after deduction of related expenses for €15 million.
- The balance of financing is presented for €2,894.5 million on the line Non-current financial liabilities. This balance would be decreased to €2,094.5 million in the event that Faurecia proceeds with a €800 million capital increase.
- In order to reflect these financing items, the above-mentioned adjustments have been recorded in the pro forma accounts.

2.7 Balance Sheet

- The capital increase for €524 million, is considered in equity in the pro forma balance sheet as of December 31, 2021, as follows:
  - capital for €95 million; and
  - additional paid-in capital for €429 million.
- The capital increase of up to €800 million with preferential subscription rights for shareholders, as mentioned in 2.6 Financing and if adopted, would be allocated to equity as follows :
  - capital for €175 million; and
  - additional paid-in capital for €610 million.
- Business combination adjustments have been added:
  - HELLA equity is eliminated for €2,514.5 million (group share), as well as shares already acquired as of December 31, 2021 by Faurecia for an amount of €17.9 million (other equity investments line);
  - in return, the full goodwill is added to assets for €4,155.7 million and HELLA's share corresponding to interests not yet acquired by Faurecia (18.41% of HELLA shares) is added to liabilities - minority interests for €1,227.0 million (valued at €60/share).

2.8 Income Statement

- A €(157.3) million impact on 2021 pro forma financial costs broken down as follows, including €(16.6) million which has already been accounted for in Faurecia's 2021 income statement:
  - costs associated with setting up the €5.5 billion bridge loan for €37 million;
  - financial expenses related to the €4,729.5 million debt (€1,835 million of pre-financing and €2,894.5 million of additional financing) for €115.4 million; and
  - amortization of bond issuance costs for €5.0 million.
- Corresponding tax effects were considered for €36.6 million in 2021 using a normative rate for Faurecia at 26%.
- In the event that Faurecia proceeds with a capital increase of €800 million, instead of a long-term debt, the impacts in the income statement will be as follows:
  - an impact of €(135.4) million in *pro forma* financial expenses 2021, including €(16.6) million which has already been taken into account in the 2021 income statement of Faurecia, allocated as follows :
    - costs associated with the setting up the €5.5 billion loan for €37 million;
    - financial expenses related to the €3,929.5 million debt (€1,835 million of pre-financing and €2,094 million in additional financing) for €93.8 million; and
    - amortization of bond issuance costs for €4.6 million.
  - the corresponding tax effects would be of €31 million in 2021.

2.9 Goodwill

- The Unaudited Pro Forma Financial Information assume a full goodwill assumption.
- HELLA shares already acquired on the market by Faurecia as of December 31, 2021 for €17.9 million and presented in Faurecia's balance sheet as other equity interests are eliminated in this transaction.
- The transaction is considered in the pro forma balance sheet as having been completed upon the closing date of the pro forma accounts, namely on December 31, 2021. A preliminary goodwill has been calculated on this basis as follows:

(in € million)	**Pro forma 31/12/2021**
Identifiable assets acquired – HELLA November 30, 2021	6,047.3
Liabilities assumed - HELLA November 30, 2021	(3,532.9)
Total net assets acquired	**2,514.5**
Preliminary acquisition value for 100%	(6,670.1)
Preliminary Goodwill	**(4,155.7)**

2.10 Transaction costs

- Transaction costs related to the transaction (excluding the associated financing) incurred by Faurecia were considered for €30 million in the 2021 pro forma income statement, with the corresponding tax effect. They correspond mainly to legal costs, financial and advisory services.
- Transaction costs borne by Faurecia are already reflected in the Faurecia historical income statement for the year 2021 in the amount of €24 million; costs still to be borne by Faurecia until the take-over are estimated at €6 million.

2.11 Non-controlling interests

The non-controlling interests of HELLA represents 18.41% of HELLA shares as of January 31, 2022 (see "*Introduction - Context of the publication of the Unaudited Pro Forma Financial Information*" above); the net income of HELLA for the period considered in the pro forma income statement for the year 2021 has been split accordingly between the group share and non-controlling interests.

Statutory Auditors' report on the Pro Forma Financial Information for the year ended 31 December 2021

(This is a free translation into English of the auditors' report issued in the French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional standards applicable in France)

To the Chief Executive Officer of Faurecia,

In our capacity as Statutory Auditors of your company and in accordance with Regulation (EU) n°2017/1129 supplemented by the Delegated regulation (EU) n°2019/980, we hereby report to you on the Pro Forma Financial Information of Faurecia for the year ended 31 December 2021 set out in section "6.3 Pro Forma Information on 31 December 2021" of the Universal Registration Document (D*ocument d'enregistrement universel*) (the "Pro Forma Financial Information").

The Pro Forma Financial Information has been prepared for the sole purpose of illustrating the impact that the acquisition of a majority stake in HELLA GmbH & Co. KGaA might have had on the consolidated balance sheet of Faurecia at 31 December 2021, had it taken place with effect from 31 December 2021, and on the consolidated income statement of Faurecia for the year ended 31 December 2021, had it taken place with effect from January 1st 2021. By its very nature, this information is based on a hypothetical situation and does not represent the financial position or performance that would have been reported, had the acquisition taken place at an earlier date than the actual or contemplated date.

It is your responsibility to prepare the pro forma financial information in accordance with the provisions of Regulation (EU) n°2017/1129 and ESMA's recommendations on Pro Forma Financial Information.

It is our responsibility to express an opinion, based on our work, in accordance with Annex 20, item 3 of Regulation (EU) n°2019/980, as to the proper compilation of the Pro Forma Financial Information on the basis stated.

We performed those procedures that we deemed necessary in accordance with the professional auditing standards applicable in France to such engagements. These procedures, which did not include audit or a review of the financial information used as a basis to prepare the Pro Forma Financial Information, mainly consisted in ensuring that the information used to prepare the Pro Forma Financial Information was consistent with the underlying financial information, as described in the notes to the Pro Forma Financial Information, reviewing the evidence supporting the pro forma adjustments and conducting interviews with the management of Faurecia to obtain the information and explanations that we deemed necessary.

In our opinion:

- The Pro Forma Financial Information has been properly compiled on the basis stated; and
- That basis is consistent with the accounting policies of the issuer.

This report has been issued solely for the purposes of:

- The filing the universal registration document with the French financial markets authority (*Autorité des Marchés Financiers* – AMF) and
- A public offer and the admission to trading on a regulated market of securities of Faurecia in France and in other EU member states in which the prospectus, including the Universal Registration Document and a securities note (*note d'opération*), approved by the AMF is notified; and cannot be used for any other purpose.

Courbevoie and Paris-La Défense, April 6, 2022

The Statutory Auditors

French original signed by

MAZARS		**ERNST & YOUNG Audit**	
Anne-Laure Rousselou	Grégory Derouet	Jean-Roch Varon	Guillaume Brunet-Moret

6.4. Financial information about HELLA

6.4.1. First half of fiscal year 2021/2022 financial statements

Condensed interim consolidated financial statements of HELLA for the first half year from June 1, 2021 to November 30, 2021 are attached in Schedule 1 to this Universal Registration Document.

6.4.2. Fiscal year 2020/2021 financial statements

Consolidated financial statements of HELLA for the period from June 1, 2020 to May 31, 2021 are attached in Schedule 2 to this Universal Registration Document.

7
Other infomation

7.1. Legal information

COMPANY NAME AND HEADQUARTERS

Company name: Faurecia
Registered office: 23-27, avenue des Champs-Pierreux
92000 Nanterre -France
Tel: +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

Faurecia is a European company whose shares are admitted to trading on the regulated market of Euronext Paris. The Company is governed by the provisions of Regulation (EC) No. 2157/2001 of the Council of October 8, 2001 on European Company status, by the French Commercial Code and by the texts adopted for its application; Faurecia applies the corporate governance regime provided for in 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 the AFEP-MEDEF Code.

STATUTORY AUDITORS

The Company's financial statements are audited by two Statutory Auditors appointed in accordance with Articles L. 225-228 and L. 22-10-66 of the French Commercial Code.

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 Register under number 542 005 376.

Its APE (business identifier) Code is: 7010Z.

Its NACE Code is: 7010.

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, assessments 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 Universal Registration Documents and Registration Documents (including the annual financial reports) and interim financial reports filed with the *Autorité des Marchés Financiers* (AMF) for each of the past 10 fiscal years;
b. the Group's annual and biannual presentations of the results and outlook, as well as the quarterly financial information.

The aforementioned documents, as well as the regulated information published during the last 12 months, can be consulted at the addresses indicated under the heading "Consultation address" below.

CONTACT DETAILS

Faurecia's Legal department 23-27, avenue des Champs-Pierreux, 92000 Nanterre and 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 by the automobile industry;
- to directly or indirectly participate in all financial, industrial or commercial operations that may relate 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 (including the Combined Group).

The list of consolidated companies as at December 31, 2021 is available in Chapter 1, "Financial and accounting information", Section 1.3. "Consolidated financial statements for the year ended December 31, 2021". This list does not include the companies of HELLA group insofar as the acquisition took place on January 31, 2022, i.e. after the end of the fiscal year.

A simplified organizational chart of the Group companies available in Section 7.2. "Simplified organizational chart" illustrates the Company's role within the Group.

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.

Except in the case of a capital 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 are lapsed after five years from the date of payment if uncollected. After this period, they are paid to the Treasury.

REGISTRAR AND PAYING AGENT

The registrar and paying agent for Faurecia shares is Caceis Corporate Trust, 14, rue Rouget-de-Lisle, 92130 Issy-les-Moulineaux, France.

FAURECIA STOCK MARKET DATA

Faurecia shares (EO.PA) are listed on Compartment A of the regulated market of Euronext Paris (ISIN code FR0000121147). It is listed on the CAC Next 20 and MSCI France indices.

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 convened by post or email if the e-notice process is accepted. 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

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 cancelled 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 in the cases provided for by law.

EXISTENCE OF AGREEMENTS WHOSE IMPLEMENTATION COULD RESULT IN A CHANGE OF CONTROL OF THE COMPANY OR COULD HAVE THE EFFECT OF DELAYING, DEFERRING OR PREVENTING A CHANGE OF CONTROL

To the best of the Company's knowledge, there are no agreements to date whose implementation could, at a later date, result in a change of control. 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.

CONTROL

As of the date of publication of this Universal Registration Document, the Company is not controlled within the meaning of applicable regulations.

ELEMENTS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC TENDER OFFER OR EXCHANGE OFFER

Company's capital structure

The capital structure is presented in Chapter 5 "Capital stock and shareholding structure", 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 Commercial Code that the Company has knowledge of

The direct or indirect investments in the Company's capital stock covered by Articles L. 233-7 and L. 233-12 of the French Commercial Code that the Company has knowledge of are presented in Chapter 5 "Capital stock and shareholding structure", 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, there are no securities which carry the special control rights referred to in Article L. 22-10-11, 4 of the French Commercial Code.

Statutory restrictions on the exercise of voting rights

Under the terms of Article 30 of the bylaws, in addition to the obligations for notifying thresholds provided for by law, any person or legal entity acting alone or in concert within the meaning of Article L. 233-10 of the French Commercial Code who comes to own or to cease to own a number of shares taking into account the cases of assimilation provided by the law applicable to the crossing of mandatory thresholds representing 1% or more of the capital stock or voting rights or any further multiple of this percentage, including over and above the legal thresholds, is required to notify the Company in writing of the total number of shares and voting rights held no later than four (4) business days after occurrence.

Any shareholder failing to declare ownership as required above shall be deprived of voting rights for the non-declared fraction if one or several shareholders present or represented at a general meeting, and collectively holding a share capital fraction (or voting rights) of at least 1%, make a request to this effect, logged in the minutes of the General Meeting.

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

On January 31, 2022, Faurecia acquired all of the shares held by the HELLA Family Pool in HELLA, at €60 per share, paid through a combination of €3.4 billion in cash and up to 13,571,385 newly-issued Faurecia shares. These new shares were issued on January 31, 2022.

In the context of this transaction and in accordance with the agreement entitled Investment Agreement dated August 14, 2021 (as amended thereafter), the HELLA Family Pool has undertaken not to transfer:

- during a period of 18 months starting from the date of completion of the acquisition, i.e. until July 31, 2023, the above-mentioned 13,571,385 Faurecia shares, as well as any additional Faurecia shares that HELLA Family Pool may subscribe in accordance with the subscription undertakings set out in the Investment Agreement;
- during a period of 12 months as from the expiration of the preceeding period described above, i.e. until July 31, 2024, more than 5% of the Faurecia share capital (as outstanding on July 31, 2023).

These lock-up undertakings are subject to standard exceptions for such type of agreements (e.g. in case of transfer among members of the HELLA Family Pool or estate transfer) and were set out in an agreement governed by German law entered into between Faurecia and the members of HELLA Family Pool on January 28, 2022 and entitled Blocking Agreement.

Moreover, the Company has been informed by letter received on February 3, 2022 of the execution by the HELLA Family Pool of a shareholders' agreement constituting a concert action (*action de concert*) towards Faurecia. The main terms of this shareholders' agreement were published in accordance with the provisions of Article L. 233-11 of the French Commercial Code (see notice D&I AMF 222C0301 of February 4, 2022). Among others, this shareolders' agreement provides for preemptive rights to the benefit of the other members of the HELLA Family Pool on shares held by a member excluded from the shareholders' agreement.

For more information on the description of the acquisition, see Chapter 6 “Information about HELLA”, Section 6.1. "Description of the HELLA acquisition”.

Rules applicable to the appointment and replacement of members of the Board of Directors

As part of the HELLA acquisition, Faurecia made a commitment to represent the HELLA Family Pool on the Company’s Board of Directors. In accordance with HELLA's acquisition documents, Faurecia must make its best efforts to ensure that a candidate proposed by the HELLA Family Pool is represented on the Board of Directors of Faurecia. This commitment continues as long as the HELLA Family Pool holds at least 5% of the Company’s capital stock.

For further information on the description of the acquisition, please refer to Chapter 6 “Information about HELLA”, Section 6.1 “Description of the HELLA acquisition”.

Powers of the Board of Directors

In accordance with the resolutions approved by the shareholders during the General Meeting of May 31, 2021, the Board of Directors cannot, without prior authorization of the General Meeting, implement the Company share buy-back program nor issue shares and/or securities giving access to capital stock with or without preferential subscription rights, with the exception of free performance share grants and the issue of shares and/or securities giving access to capital stock reserved for employees and a category of beneficiaries.

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. 22-10-11, 10 of the French Commercial Code in favor of members of the Board of Directors or employees. For the commitments applicable in the event of the departure of the Chief Executive Officer, please refer to Chapter 3 “Corporate Governance”, Sections 3.3.1.2.2.5. “Termination payment”, 3.3.1.2.2.7 “Notice and non-solicitation” and 3.3.4.1.3 “Compensation policy for 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 significant bank facility agreements (including the syndicated loan and the *Schuldscheindarlehen*), along with the bond issues of the Group, amounting to € 6.003 million as of December 31, 2021, include early repayment clauses in the event of a change of control of the Company.

MAJOR CONTRACTS

To date, Faurecia has not entered into any major contracts, other than (i) those entered into in the normal course of business and (ii) HELLA's acquisition documents, conferring a major obligation or commitment on the entire Group.

For more information on the description of the obligations and major commitments made in HELLA's acquisition-related documents, please refer to Chapter 1 “Financial and accounting information”, Section 1.1. “Review of the Group’s business and consolidated results”.

DEPENDENCE

See Chapter 2, “Risk factors & Risk management”, and especially risks associated with the automotive supplier business, supplier default and intellectual property.

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:

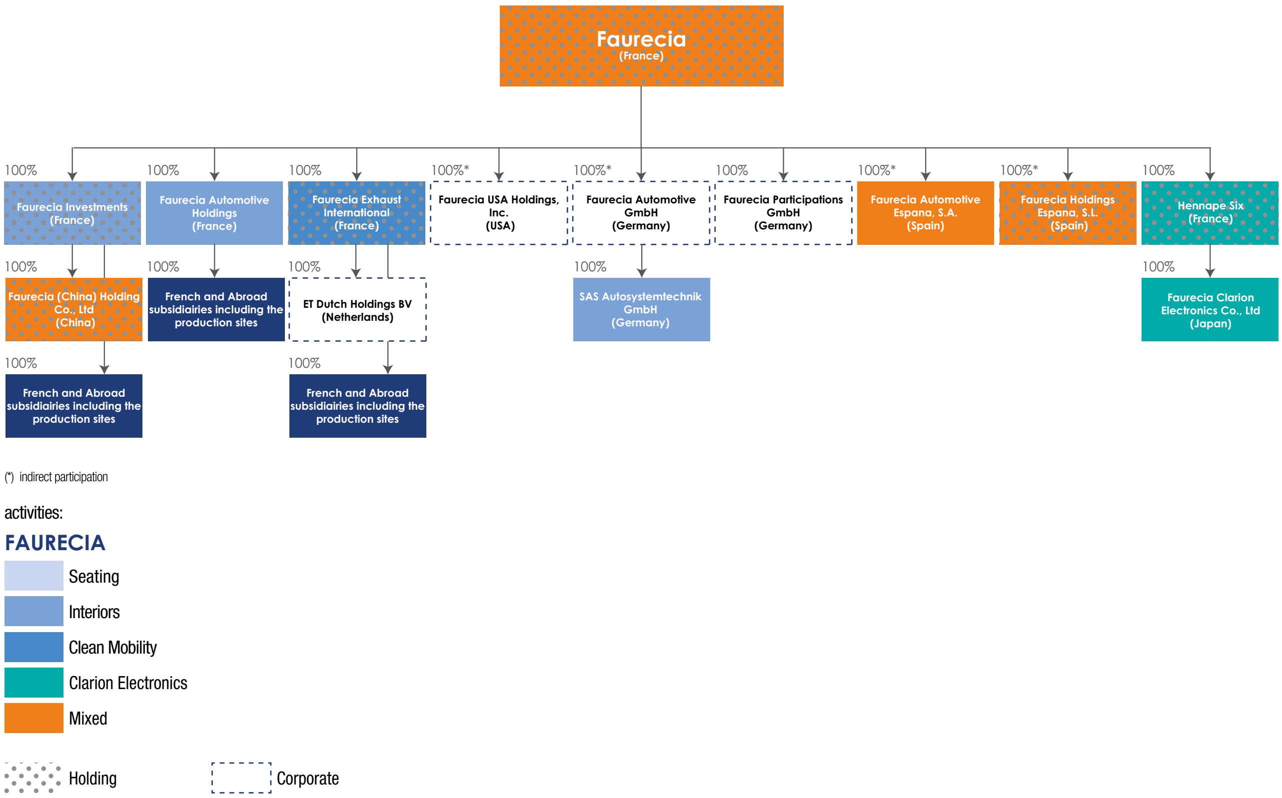
- the consolidated financial statements, the financial statements, the corresponding audit reports and the comments on the consolidated financial statements, significant events by business segment and at Company level and Statutory Auditors' special report on related-party agreements appearing respectively on pages 69 to 132, 143 to 164, 133 to 140, 165 to 169, 56 to 67, 140 to 142 and 284 of the Universal Registration Document for the 2020 fiscal year filed with the AMF on March 11, 2021 under number D.21-0112 (https://www.faurecia.com/sites/groupe/files/newgroupe/ pararelateddocs/Faurecia%20-%20URD%202020%20EN%20%28 version%20MEL%29_0.pdf);
- the consolidated financial statements, the financial statements, the corresponding audit reports and the comments on the consolidated financial statements, significant events by business segment and at Company level and Statutory Auditors' special report on related-party agreements appearing respectively on pages 59 to 117, 130 to 149, 118 to 124, 150 to 152, 48 to 58, 125 to 129 and 258 to 259 of the Universal Registration Document for the 2019 fiscal year filed with the AMF on April 30, 2020 under number D.20-0431 (https://www.faurecia.com/sites/groupe/files/investisseurs/ FAURECIA%20-%20URD%202019.pdf).

7.2. Simplified organizational chart

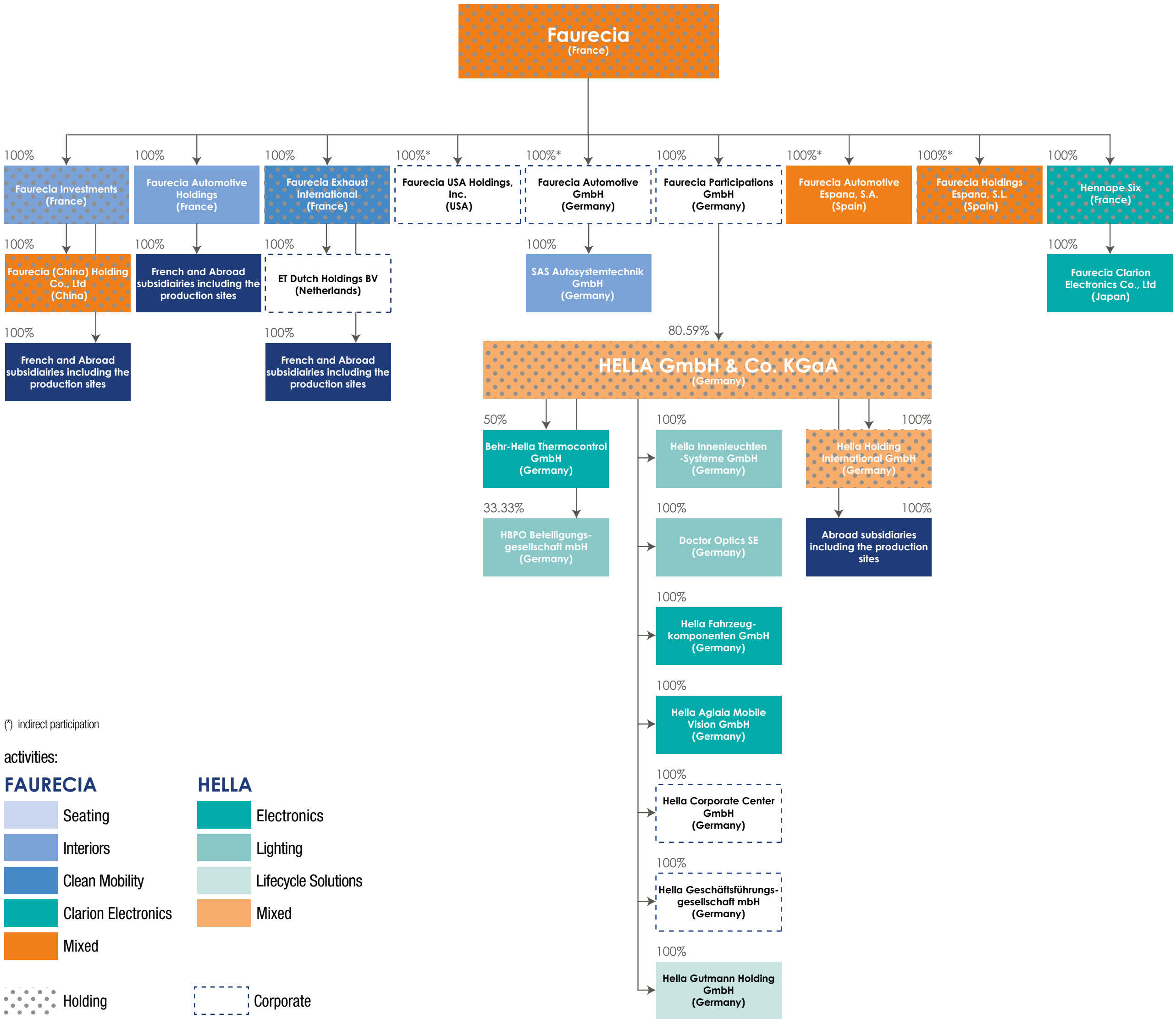
The simplified organizational chart below shows the general legal organization (i) of the Group as at December 31, 2021 and (ii) of the Group at the date of this Universal Registration Document.

The full list of companies in the Group's scope of consolidation as of December 31, 2021 is provided in Chapter 1 "Financial and accounting information", Section 1.3.6 "List of consolidated companies at December 31, 2021".

Group Simplified organizational chart as at December 31, 2021



Group Simplified organizational chart as of February 4, 2022



7.3. History

1891. The first automobiles, in the modern sense, are made, powered by gasoline engines. The first steel tubes follow, patented by Peugeot and manufactured primarily in Audincourt (Doubs, France).

1929. Bertrand Faure acquires the patent for the Epeda process. The patent allows the Company to perfect its seats for the automotive industry. After the Second World War, Bernard Faure's 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, invests in an injection molding machine from the United States to mold large plastic parts from a single clamping unit. He moves into the automotive industry.

1955. A Peugeot subsidiary starts manufacturing automotive equipment (seats, exhausts, steering columns) and expands internationally.

1972. François Sommer merges his automotive floor coverings company with Bernard Deconinck's company, Allibert. They combine their know-how in textiles and plastics to found the Sommer Allibert group.

1982. Epeda Bertrand Faure is listed on the Paris stock exchange on May 4, 1982. The Group goes on to specialize in the automotive industry (interior design). It also experiences strong international growth.

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. Epeda Bertrand Faure is the European leader in automotive seating trades and components following the acquisition of the Rentrop Group in Germany. It opts to focus on its expertise as an automotive supplier.

1992. Ecia sells its cycle business, then its tool business the following year and makes significant acquisitions in European 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 Spanish automotive supplier Irausa to create Ardasa. Its customers include Volkswagen, Renault, Daimler Chrysler, Opel, Honda and Mitsubishi.

1997. In December, Ecia makes a friendly takeover bid for Bertrand Faure, bringing its direct and indirect stake in the Group to 99%.

1998. While Bertrand Faure sells his luggage and aeronautics businesses, Ecia sells its motorcycle business to the PSA Peugeot Citroën group.

1999. Ecia and Bertrand Faure merge to form Faurecia on June 1. Bertrand Faure brings to Ecia a broader geographical and commercial presence, particularly in Germany, where the Company forges strong partnerships with automakers such as Volkswagen and BMW. The merged entity generates sales of more than €4 billion with a workforce of 32,000. By the end of 1999, the PSA Peugeot Citroën Group is its main shareholder with a stake of 52.6%. At the end of 1999, the Faurecia group develops its exhaust systems business in North America by acquiring the US company AP Automotive Systems.

2000-2001. Faurecia purchases Sommer Allibert. The PSA Peugeot Citroën Group finances the transaction, thus increasing its shareholding in Faurecia to 71.5%. Now fully established in Germany and Spain, the Group has significant market shares in Europe in the vehicle interior sector. It then achieves sales of €9.6 billion.

2002-2007. Faurecia strengthens its operations in Asia. In 2002, it creates a joint venture with GSK, a Taiwanese automotive supplier, to produce seats in Wuhan, China, and in 2003 it acquires the South Korean company Chang Heung Precision, which specializes in exhaust systems. In 2005, Faurecia increases its stake in Daeki, a company specializing in exhaust systems acquired in 2002, from 49 to 100%. It signs a joint-venture agreement with the South Korean company Kwang Jin Sang Gong, dedicated to the production of door modules for Hyundai Motors and Kia Motors.

In Europe, the Group signs an agreement with Siemens-VDO, which strengthens and expands their joint venture (a joint stock company): this company assembles cockpits for BMW, Daimler Chrysler, the Ford group, Renault-Nissan and the Volkswagen group.

2009. Faurecia acquires Emcon Technologies (formerly Arvin Industries), and becomes the world leader in exhaust systems. Faurecia boosts both (i) its position with German and American automakers (notably Ford), and (ii) its operations in South America, India and Thailand. Faurecia also ventures into the specialized commercial vehicles market (trucks and off-road). Following 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 external automotive parts by acquiring Plastal's German and Spanish businesses. It was able to expand internationally, setting up a joint venture in China with Huaxiang, supplier of exterior parts to FAW-Volkswagen.

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 Europe, Faurecia Automotive Seating acquires the "seat comfort technology" business of Hoerbiger Automotive Komfortsysteme GmbH, while Faurecia Interior Systems acquires Angell-Demmel Europe GmbH, world leader in metal interior trim parts for the automotive sector.

2011. Faurecia boosts its business in China by (i) signing a new joint-venture agreement with Ningbo Huazhong Plastic Products Co., Ltd to manufacture external automotive parts and (ii) extending its cooperation agreement with Changchun Xuyang group signed in 2010 whereby Faurecia takes an 18.75% stake in the company. This allows the Group to expand the range of products and services it provides in the following strategic areas: complete seats, interior systems, acoustic modules and interior linings.

2012. Faurecia acquires the interior components plant belonging to Ford ACH located in Saline, Michigan (United States) and signs a joint venture agreement with Rush Group Ltd. This joint venture, Detroit Manufacturing Systems (DMS), takes on activities such as the assembly and sequencing of interior parts in a new plant in Detroit.

2013. As part of its development in Asia, Faurecia Interior Systems signs a joint venture agreement with Thai supplier Summit Auto Seats to support Ford. Faurecia also signs a joint-venture agreement with Chang'an Automobile Group, one of China's largest automakers.

Faurecia and Magneti Marelli sign a cooperation agreement for the design, development and manufacture of human-machine interface (HMI) products for vehicle interiors.

2014. Faurecia sets up a joint venture, Faurecia Howa Interiors, with Japanese automotive supplier Howa, for the Mexican production 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.

Faurecia sets up a joint venture, Automotive Performance Materials (APM), with Interval, a major French farming cooperative, to develop and produce bio-sourced raw materials in order to continue Faurecia's drive to make vehicles lighter while protecting the environment.

2015. Faurecia continues to expand in China and signs a global partnership agreement with Dongfeng Hongtai (a majority-owned subsidiary of Dongfeng Motor Corporation, one of China's largest automotive groups) covering all of the Faurecia group's businesses. 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).

Faurecia and Beijing WKW Automotive Parts Co., Ltd, one of China's leading manufacturers of automotive interior and exterior trim parts, sign a joint-venture agreement. Together, the two partners aim to unlock synergies in the area of aluminum interior trim parts for light vehicles.

2016. Faurecia and the Italian company Tabu S.p.A., which is specialized in the production of flexible wood trims, sign a partnership agreement that results in the creation of the Ligneos S.r.l. joint venture. The two partners have developed a patented technology aimed at extending automotive wood trim applications to a wider range of surfaces.

In line with the agreement signed in December 2015, in July 2016, Faurecia sells its Automotive Exteriors bumpers and front-end modules business to Plastic Omnium (excluding the Faurecia Smart plant in Hambach and two joint ventures in Brazil and China).

Faurecia and German premium automaker Borgward sign a partnership agreement to create 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.

2017. Faurecia expands its innovation ecosystem and forges technological and industrial partnerships with:

- Parrot Automotive, a leading provider of connectivity and infotainment solutions for the automotive industry. Faurecia gradually acquires shareholdings in the company, thereby enabling it to accelerate the development of electronic solutions for the connected car;
- ZF, for the development of advanced seat-integrated safety solutions for various cockpit applications;
- Mahle, to develop innovative technologies for thermal management of the passenger compartment.

Faurecia acquires a majority interest in Chinese company Jiangxi Coagent Electronics Co. Ltd, renamed Faurecia Coagent Electronics S&T Co. Ltd, which develops integrated and innovative in-car infotainment solutions.

In November 2017, Faurecia terminates its Tier-1 US-listed ADR program launched in November 2012 on the over-the-counter (OTC) market. Each Faurecia ordinary share (listed on the NYSE Euronext Paris market) comprises two ADR shares.

2018. Faurecia continues to develop in the field of new technologies:

By entering into new partnerships with:

- Accenture, one of the world's leading consulting and technology companies, to develop connected on-board services for vehicles, as well as new tools based on artificial intelligence to improve Faurecia's operational efficiency;
- FAW Group, one of China's leading automakers, focusing on the development of Sustainable Mobility solutions and technologies for the Cockpit of the Future;
- HELLA, the lighting and electronics specialist, focusing on the development of innovative interior lighting solutions;

By making acquisitions or investments, which include:

- finalizing its 100% acquisition of Parrot Faurecia Automotive;
- creating a new joint venture with Liuzhou Wuling Automotive Industry Co., Ltd (China's leading automotive parts supplier);
- investing in the French HumanFab center (formerly ESP Consulting), an innovative laboratory which uses cognitive sciences to optimize human well-being and performance in different situations;
- acquiring 100% of Swiss company Hug Engineering, one of the market leaders in complete exhaust gas purification systems for very high power engines (over 750 hp);
- investing in French start-up Enogia to enhance its technological expertise in the field of energy efficiency;
- investing in Powersphyr, a Silicon Valley-based start-up, to accelerate its solutions for a user-friendly, connected Cockpit of the Future.

On December 26, Faurecia changes its corporate form to become a European company.

2019. Faurecia consolidates its expansion in the field of new technologies by founding a fourth business dedicated to electronics and software in the cockpit.

Faurecia acquires 100% of Japanese company Clarion Ltd, after launching a public offer and a squeeze-out on the Tokyo Stock Exchange and creating a fourth business, "Faurecia Clarion Electronics", based in Saitama, Japan, with the aim of becoming a world leader in electronics for cockpits and low-speed ADAS systems (Advanced Driving Assistance Systems). This new business combines the capabilities of Clarion, Parrot Automotive and Faurecia Coagent Electronics.

As part of the development of this fourth business, Faurecia:

- acquires all of the Chinese company Faurecia Coagent Electronics S&T Co., in which the Group already had a 51% stake since 2017;
- takes a majority interest in the Swedish company Creo Dynamics, which offers innovative acoustic and active noise control solutions which complement the audio expertise of Faurecia Clarion Electronics;
- invests in Israeli company Guardknox, a specialist in automotive cybersecurity, to enhance occupant and data security in connected vehicles and for new user experiences;
- creates a 50/50 joint venture with Portuguese company Aptoide, with one of the largest independent Android app stores, to develop and operate Android app store solutions for the global automotive market;
- enters into partnerships with Japan Display Inc. to enhance the digital user experience inside the cockpit by collaborating on the development and integration of large displays within automotive interiors, and with Microsoft to create innovative, connected and personalized services for the Cockpit of the Future.

Faurecia and Michelin create a joint venture around Symbio, which brings together all Michelin and Faurecia hydrogen fuel cell activities. Symbio is held equally by Faurecia and Michelin.

Faurecia is creating a global center of expertise dedicated to the development of 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.

2020. Faurecia acquires:

- the remaining 50% of its joint venture SAS with Continental. This joint venture 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;
- 100% of IRYStec Inc., a Canadian start-up that developed the world's first software platform using perception and physiology to optimize the display system within the cockpit, and consequently the user experience.

As part of the implementation of the Group's carbon neutrality project, Faurecia has chosen Schneider Electric as its preferred partner to support the Group in achieving its carbon neutrality strategy by 2025 (scopes 1 and 2). Faurecia's trajectory for scopes 1 and 2 has been validated by the Science Based Targets initiative according to the most demanding scenario of warming to 1.5° C, as well as the roadmap for scope 3 by 2030, which is considered ambitious and in line with current best practices.

2021. As part of the merger between PSA and FCA announced in November 2019, Stellantis (a company resulting from the merger between FCA and PSA, former benchmark shareholder) distributed in March 2021 the shares it held in Faurecia up to 39.3% of its share capital. Following this distribution, Faurecia's free float increased significantly to represent approximately 95% of its share capital as of December 31, 2021. This distribution enabled Faurecia to assert its strategy as an independent company. In the context of the change in its shareholding structure, Faurecia also successfully completed an initial employee shareholding plan covering 2% of the capital stock, bringing employee shareholding to over 2.6%.

Following the completion of the distribution, Faurecia embarked on a major and transformative external growth operation. Faurecia took control of the German equipment manufacturer HELLA, by acquiring 60% of the share capital of HELLA from the shareholder family pool and 19.5% of the share capital following the voluntary takeover bid launched with all HELLA shareholders. The acquisition transaction, including the settlement-delivery of the public offer, took place on January 31, 2022. This transaction allows the Combined Group to become the 7th global automotive supplier with a technological portfolio meeting all major trends in the automotive industry (see Chapter 6, Section 6.1 "Description of the HELLA acquisition" of this Universal Registration Document).

In 2021, Faurecia carried out the following transactions to support its strategy focused on the Cockpit of the Future and Sustainable Mobility:

- development of partnerships with Renault, SAIC and Air Liquide in the field of hydrogen;
- the acquisition of (i) a majority stake in CLD, one of the main Chinese manufacturers of hydrogen tanks, (ii) the intellectual property assets of uMist Ltd, a Swedish start-up specializing in biomimetic spraying technology, (iii) designLed, a Scottish company specializing in advanced backlighting technologies, thus strengthening its display technology offering and enriching its immersive experiences, and (iv) a 50% stake in Beijing BAIC DAS Automotive System Co., main supplier of seats for BAIC Hyundai;
- the sale of the AST (Acoustics and Soft Trim) division to the Adler Pelzer group, the world leader in acoustic and thermal components and systems for the automotive industry;
- the construction of a new 4.0 industrial platform in Allenjoie (Bourgogne-Franche Comté region), which will eventually accommodate more than 750 people and will produce seats, sophisticated emission reduction solutions and hydrogen storage systems.

From a sustainable development standpoint, Faurecia has continued and accelerated its approach to carbon neutrality by setting up partnerships with Palantir Technologies Inc., Engie (to support the deployment of an energy performance program in Europe, China, Brazil and Mexico to reduce site consumption by 15%), Schneider Electric (for off-site energy production) and KPMG (for on-site energy production) to accelerate its CO_2 neutrality program. The Group has also secured from the Swedish steel company SSAB the supply of a steel developed without fossil fuels and with a very low CO_2 footprint. This partnership makes Faurecia the first automotive supplier to explore fossil-free steel and marks a major step forward in its ambition to become CO_2 neutral. Under the terms of the partnership :

- SSAB will provide Faurecia with the most ambitious and advanced fossil-free steel in the industry, using hydrogen and decarbonized electricity instead of coking coal and other fossil fuels traditionally used to traditionally used to make steel;
- Faurecia will develop, test, validate and industrialize seat structures with a very low CO_2 footprint.

7.4. Additional information on audits of financial statements

AUDIT OF 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.

For the 2021 fiscal year, Ernst & Young Audit received €5.3 million for its audit assignments; while Mazars also received €4.9 million for its audit assignments.

The table showing the breakdown of fees that Faurecia and its fully consolidated subsidiaries recognized in their 2021 financial statements for work assigned to the Statutory Auditors appears in Chapter 1 "Financial and accounting information", Note 34 to Section 1.3.5 "Notes to the consolidated financial statements".

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	OGM in 2025
Mazars represented by Anne-Laure ROUSSELOU member of the Versailles Regional Association of Statutory Auditors Tour Exaltis 61, rue Henri Regnault 92400 Courbevoie France	May 28, 2019	OGM in 2025

7.5. 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 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 442, provides a true and fair picture of the changes in the business, the 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

Nanterre, April 6, 2022

Information officer

Michel Favre

Executive Vice President, Group Chief Financial Officer

Faurecia
23-27, avenue des Champs-Pierreux
92000 Nanterre
France
Tel.: +33 (1) 72 36 70 00
Fax: +33 (1) 72 36 70 07

7.6. 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	Reference
1	PERSONS RESPONSIBLE, INFORMATION FROM THIRD PARTIES, EXPERT REPORTS AND APPROVAL BY THE COMPETENT AUTHORITY	
1.1	Persons responsible for the information	7.5
1.2	Statement by the persons responsible for the document	7.5
1.3	Expert statement	N/A
1.4	Other statements if information comes from third parties	N/A
1.5	Statement on the document's approval	N/A
2	STATUTORY AUDITORS	7.4
3	RISK FACTORS	2.2
4	INFORMATION ABOUT THE ISSUER	
4.1	Legal and commercial name	7.1
4.2	Registration with the trade and companies register (RCS) and legal entity identifier (LEI)	7.1
4.3	Date of incorporation and term	7.1
4.4	Registered office – legal form – applicable legislation – website – other	7.1
5	BUSINESS OVERVIEW	
5.1	Principal activities	Introductory chapter; 1.1.1; 1.5
5.2	Principal markets	Introductory chapter
5.3	Important events	Introductory chapter; 1.1.1 to 1.1.6; 1.2; 1.5
5.4	Financial and non-financial strategy and objectives	Introductory chapter; 1.1.2; 1.1.3; 1.2; 1.6.3, Note 2; 4.1.1; 4.1.2; 4.2 (introductory paragraph); 4.2.1; 4.3 ; 4.3.2.3; 4.4 (introductory paragraph)
5.5	Level of dependence	7.1
5.6	Competitive position	Introductory chapter
5.7	Investments	
5.7.1	Material investments made	Introductory chapter; 1.1.6.2; 1.3.5, Notes 4, 11, 12 A and 26.3; 1.5; 1.6.3, Note 17; 7.3
5.7.2	Ongoing material investments or firm commitments	1.1.6.2; 1.3.3; 1.3.5, Notes 4, 11 and 12A
5.7.3	Joint ventures and significant interests	1.3.6; 1.6.5; 7.2
5.7.4	Environmental impact of the use of property, plant and equipment	4.2
6	ORGANIZATIONAL STRUCTURE	
6.1	Brief description of the Group/Organizational chart	1.3.6; 1.6.5; 7.2
6.2	List of significant subsidiaries	1.3.6; 1.6.5

Information	Headings	Reference
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, 1.1.3 to 1.1.5; 1.3.5, Note 4
7.1.2	Future changes and activities in research and development	1.1.1.2; 1.2; introductory chapter; 1.3.5, Note 5.4
7.2	Net operating income	Introductory chapter; 1.1.4
7.2.1	Significant factors	1.1.1; 1.3.5, Note 2; 1.5
7.2.2	Significant changes in sales or net income	Section 1.3.5, Note 2
8	**CAPITAL RESOURCES**	
8.1	Issuer's capital	1.3.4; 1.3.5, Note 22; 1.6.3, Note 15
8.2	Cash flows	Introductory chapter (figures); 1.1.6.2; 1.3.3; 1.3.5, Note 21
8.3	Borrowing requirements and funding structure	1.1.6; 1.3.5, Note 26; 1.5 (financial structure and debt); 1.6.3, Note 17
8.4	Restriction on the use of capital	1.5; 1.3.5, Note 26; 1.6.3, Note 17
8.5	Anticipated sources of funds	1.1.1.2; 1.3.5, Note 26; 1.6.3, Note 17
9	**REGULATORY ENVIRONMENT**	**2.2.1.2; 2.2.1.11; 2.2.3.1**
9.1	Description of the regulatory environment and influencing exterior factors	
10	**TREND INFORMATION**	
10.1	a) Main recent trends	Introductory chapter
	b) Significant change in the Group's financial performance since the closing or a negative statement	1.1.1.2; 1.2
10.2	Factor likely to have a material effect on the outlook	Introductory chapter; 1.1.1.2; 1.2
11	**PROFIT FORECASTS OR ESTIMATES**	**1.2.1**
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
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	1.3.5, 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; 4.4.1; 4.4.8
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; 4.4.6

Information	Headings	Reference
16	**MAJOR SHAREHOLDERS**	
16.1	Breakdown of capital or appropriate statement	5.1
16.2	Different voting rights or appropriate statement	5.1.1; 7.1
16.3	Control of the issuer	5.1; 7.1
16.4	Shareholders' agreement	7.1
17	**RELATED-PARTY TRANSACTIONS**	
17.1	Details of transactions	1.3.5, Note 32
18	**FINANCIAL INFORMATION CONCERNING THE ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS OF THE ISSUER**	
18.1	Historical financial information	
18.1.1	Audited historical financial information	1.3; 1.4; 1.6; 1.7; 7.1
18.1.2	Change of accounting reference date	N/A
18.1.3	Accounting standards	1.3.5, Note 1; 1.6.3, Note 1
18.1.4	Change of accounting framework	1.3.5, Note 1
18.1.5	Minimum content of audited financial information	1.3; 1.6; 7.1
18.1.6	Consolidated financial statements	1.3
18.1.7	Date of latest financial information	1.3
18.2	Interim and other financial information	
18.2.1	Quarterly or half-yearly financial information	1.1.1.2
18.3	Audit of historical annual financial information	
18.3.1	Audit report	1.4; 1.7; 7.1
18.3.2	Other audited information	N/A
18.3.3	Unaudited financial information	N/A
18.4	Pro forma financial information	
18.4.1	Significant change in gross values	N/A
18.5	Dividend policy	
18.5.1	Description or negative statement	5.4.4; 7.1
18.5.2	Amount of dividend per share	5.4.3
18.6	Legal and arbitration proceedings	1.3.5, Note 24.2; 2.2.3.2
18.7	Significant change in the issuer's financial position	1.1.1.2; 1.2; 1.6.3, 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	N/A
19.1.3	Treasury shares	5.1.1; 5.3
19.1.4	Securities	N/A
19.1.5	Vesting conditions and/or any obligations	N/A
19.1.6	Option or agreement	N/A
19.1.7	History of the capital stock	5.2.3
19.2	Memorandum and bylaws	
19.2.1	Registration and corporate purpose	7.1
19.2.2	Existing share categories	5.1.1
19.2.3	Provisions affecting a change in control	7.1

Information	Headings	Reference
20	**MAJOR CONTRACTS**	
20.1	Summary of each contract	7.1
21	**DOCUMENTS AVAILABLE**	
21.1	Statement on documents available for consultation	7.1

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.

No.	Information	Reference
1.	Financial statements	1.6
2.	Consolidated financial statements	1.3
3.	Management report (minimum information within the meaning of Article 222-3 of the AMF General Regulation)	See cross-reference table of the management report below.
4.	Declaration by the persons responsible for the annual financial report	7.5
5.	Statutory Auditors' reports on the parent company and consolidated financial statements	1.7; 1.4

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 (including the corporate governance report), pursuant to Article L. 225-100 of the French Commercial Code.

No.	Information	Reference texts	Sections
1.	**GROUP SITUATION AND BUSINESS**		
1.1	Situation of the Company during the past fiscal year and objective and exhaustive analysis of changes to the business, the results and the financial position of the Company and the Group, in particular its debt position, with regard to the volume and complexity of business	Articles L. 225-100-1, I., 1, L. 232-1, II, L. 233-6 and L. 233-26 Comm. Code	Introductory chapter; 1.1.1 to 1.1.6; 1.2; 1.5; 1.6.3, Note 2
1.2.	Key financial performance indicators	Article L. 225-100-1, I., 2 Comm. Code	Introductory chapter; 1.1.1 to 1.1.6; 1.2; 1.5
1.3.	Key non-financial performance indicators relating to the specific business of the Company and the Group, in particular information relating to environmental and personnel issues	Article L. 225-100-1, I., 2 Comm. Code	4.1.1.2; 4.2.1.1; 4.2.2.1; 4.2.2.2; 4.2.4; 4.2.7; 4.3; 4.4.8
1.4.	Significant events occurring between the closing date and the date on which the management report was prepared	Articles L. 232-1, II. and L. 233-26 Comm. Code	1.1.1; 1.3.5, Notes 2 and 3; 1.6.3, Note 2
1.5.	Identity of the main shareholders and holders of voting rights at General Meetings, and changes made during the financial year	Article L. 233-13 Comm. Code	5.1
1.6.	Existing branches	Article L. 232-1, II Comm. Code	1.3.6
1.7.	Significant equity investments in companies with their registered office in France	Article L. 233-6 par. 1 Comm. Code	1.3.5, Note 2; 1.6.5
1.8	Cross-shareholdings	Articles L. 233-29, L. 233-30 and R. 233-19 Comm. Code	N/A
1.9.	Foreseeable changes in the situation of the Company and the Group and future outlook	Articles L. 232-1, II and L. 233-26 Comm. Code	1.2
1.10.	Research and development activities	Articles L. 232-1, II and L. 233-26 Comm. Code	Introductory chapter; 1.3.5 notes 5.4 and 11
1.11	Table showing the Company's results for each of the last five fiscal years	Article R. 225-102 Comm. Code	1.6.4
1.12	Information on supplier and customer payment terms	Article D. 441-4 Comm. Code	1.5
1.13.	Amount of inter-company loans granted and statement by the Statutory Auditor	Articles L. 511-6 and R. 511-2-1-3 Mon. and Fin. Code	N/A
2.	**INTERNAL CONTROL AND RISK MANAGEMENT**		
2.1.	Description of the main risks and uncertainties facing the Company	Article L. 225-100-1, I., 3 Comm. Code	2.2
2.2	Information on the financial risks related to the effects of climate change and presentation of the measures taken by the Company to reduce them by implementing a low-carbon strategy in all aspects of its activity.	Article L. 22-10-35, 1 Comm. Code	2.2.1.2; 4.2.1.2; 4.2.2; 4.2.4
2.3	Main characteristics of the internal control and risk management procedures implemented by the Company and the Group relating to the preparation and processing of accounting and financial information	Article L. 22-10-35, 2 Comm. Code	2.1
2.4.	Information on the objectives and policy regarding the hedging of each main category of transactions and on exposure to price, credit, liquidity and cash risks, including the use of financial instruments	Article L. 225-100-1., 4 Comm. Code	1.3.5, Note 30; 1.6.3, Note 21; 2.2.2;
2.5	Anti-corruption system	Law No. 2016-1691 of December 9, 2016 known as "Sapin II"	2.1.2.4
2.6	Vigilance plan and report on its effective implementation	Article L. 225-102-4 Comm. Code	2.2.3.3; 4.1.3; 4.3.4

No.	Information	Reference texts	Sections
3.	CORPORATE GOVERNANCE REPORT		
COMPENSATION INFORMATION			
3.1	Compensation policy for corporate officers	Articles L. 22-10-8, I., paragraph 2 and R. 22-10-14 Comm. Code	3.3
3.2	Compensation and all benefits paid during the financial year or allocated for the financial year to each corporate officer	Articles L. 22-10-9, I., 1 and R. 22-10-15 Comm. Code	3.3.1; 3.3.2;
3.3	Relative proportion of fixed and variable compensation	Article L. 22-10-9, I., 2 Comm. Code	3.3.1
3.4	Use of the option to request the return of variable compensation	Article L. 22-10-9, I., 3 Comm. Code	N/A
3.5	Commitments of any kind made by the Company for the benefit of its corporate officers, corresponding to elements of compensation, indemnities or benefits due or likely to be due as a result of the assumption, termination or change of their duties or after the exercise of these	Article L. 22-10-9, I., 4 Comm. Code	3.3.1; 3.3.4
3.6	Compensation paid or allocated by a company included in the scope of consolidation within the meaning of Article L. 233-16 Comm. Code	Article L. 22-10-9, I., 5 Comm. Code	N/A
3.7	Ratios between the level of compensation of each executive corporate officer and the average and median compensation of employees of the Company	Article L. 22-10-9, I., 6 Comm. Code	3.3.1.3
3.8	Annual change in compensation, Company performance and average Company employee compensation and the above-mentioned ratios over the five most recent fiscal years	Article L. 22-10-9, I., 7 Comm. Code	3.3.1.3
3.9	Explanation of how the total compensation complies with the adopted compensation policy, including how it contributes to the long-term performance of the Company and how the performance criteria were applied	Article L. 22-10-9, I., 8 Comm. Code	3.3.1
3.10	Method of taking into account the vote of the last Ordinary General Meeting provided for in I of Article L. 22-10-34 Comm. Code	Article L. 22-10-9, I., 9 Comm. Code	3.3.4
3.11	Deviation from the procedure for implementing the compensation policy and any exceptions	Article L. 22-10-9, I., 10 Comm. Code	3.3.1
3.12	Application of the provisions of the second paragraph of Article L. 225-45 (suspension of payment of compensation to directors in case of non-compliance with gender equality on the Board of Directors)	Article L. 22-10-9, I., 11 Comm. Code	N/A
3.13	Allocation and retention of options by corporate officers	Articles L. 225-185 and L. 22-10-57 Comm. Code	3.3.1.4.1; 3.3.1.4.2
3.14	Allocation and retention of free shares to executive corporate officers	Articles L. 225-197-1 and L. 22-10-59 Comm. Code	3.3.1.2.2.3; 3.3.1.2.3; 3.3.1.4.2; 3.3.4.1.3
GOVERNANCE INFORMATION			
3.15	List of all mandates and functions exercised in any company by each of the corporate officers during the fiscal year	Article L. 225-37-4, 1 Comm. Code	3.1.2.2
3.16	Agreements entered into between an officer or a significant shareholder and a subsidiary	Article L. 225-37-4, 2 Comm. Code	N/A
3.17	Table summarizing the current delegations of authority granted by the General Meeting to increase the capital	Article L. 225-37-4, 3 Comm. Code	5.2.1
3.18	Modalities of the Executive management	Article L. 225-37-4, 4 Comm. Code	3.1.2.4
3.19	Members, conditions for the preparation and organization of the work of the Board of Directors	Article L. 22-10-10, 1 Comm. Code	3.1.3
3.20	Application of the principle of balanced representation of women and men on the Board	Article L. 22-10-10, 2 Comm. Code	3.1.2.5
3.21	Any limitations that the Board places on the powers of the Chief Executive Officer	Article L. 22-10-10, 3 Comm. Code	3.1.2.4; 3.1.3.3

No.	Information	Reference texts	Sections
3.22	Reference to a Corporate Governance Code and application of the comply or explain principle	Article L. 22-10-10, 4 Comm. Code	Chapter 3 (introductory paragraph); 3.4
3.23	Procedures for shareholder participation in the General Meeting	Article L. 22-10-10, 5 Comm. Code	7.1
3.24.	Assessment procedure for current agreements - Implementation	Article L. 22-10-10, 6 Comm. Code	3.8.2
3.25.	Information likely to have an impact in the event of a public tender offer or exchange offer: ■ Company's capital structure ■ 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; ■ Direct or indirect shareholdings in the Company of which it is aware pursuant to Articles L. 233-7 and L. 233-12; ■ List of holders of any securities with special control rights and a description of these rights; ■ Agreements between shareholders that, if the Company becomes aware of them, may give rise to restrictions on share transfers and the exercise of voting rights; ■ Rules on the appointment and replacement of members of the Board of Directors and the amendment of the Company's bylaws; ■ Powers of the Board of Directors, especially regarding share issues or buybacks; ■ Agreements entered into by the Company which are amended or terminated in the event of a change in control of the Company; ■ 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.	Article L. 22-10-11 Comm. Code	7.1
4.	**CAPITAL STOCK AND SHAREHOLDING STRUCTURE**		
4.1	Structure, change in the Company's share capital and crossing of thresholds	Article L. 233-13 Comm. Code	5.1.1; 5.1.2; 5.2.3
4.2	Acquisition and disposal by the Company of its own shares	Articles L. 225-211 and R. 225-160 Comm. Code	5.3
4.3	Statement of employee shareholding on the last day of the period (proportion of capital stock represented)	Article L. 225-102, paragraph 1 Comm. Code	5.1.1; 5.2.4
4.4	Statement of any adjustments for securities giving access to the capital stock in the event of share buy-backs or financial transactions	Articles R. 228-90 and R. 228-91 Comm. Code	N/A
4.5	Information on transactions by executives and related persons on the Company's shares	Article L. 621-18-2 Mon. and Fin. Code	3.5.2
4.6	Amounts of dividends distributed in respect of the three previous fiscal years	Article 243 a of the French General Tax Code	5.4.3
5	**NON-FINANCIAL PERFORMANCE DECLARATION (NFPD)**		
5.1	Business model	Articles L. 225-102-1 and R. 225-105, I Comm. Code	Introductory chapter
5.2	Description of the main risks ensuing from the Company's or the Group's business, including, when relevant and proportionate, risks generated by business relationships, products, or services	Articles L. 225-102-1 and R. 225-105, I. 1 Comm. Code	Chapter 2, 4.2.1.2; 4.3.1; 4.3.3.3; 4.3.4

No.	Information	Reference texts	Sections
5.3	Information about how the Company or the Group takes into account the social and environmental consequences of its business, the impacts of its business on human rights and the fight against corruption and tax evasion (description of the policies implemented and reasonable diligence procedures carried out in order to prevent, identify and mitigate the main risks linked to the Group's or the Company's business)	Articles L. 225-102-1, III, L. 22-10-36 and R. 22-10-29, R. 225-104 and R. 225-105, I. 2° Comm. Code	4.1; 4.2; 4.3; 4.4.2; 4.3.1.1; 4.3.1.3; 4.3.4
5.4	Results of the policies implemented by the Company or the Group, including key performance indicators	Articles L. 225-102-1 and R. 225-105, I. 3 Comm. Code	4.1; 4.2; 4.3; 4.4
5.5	Social information (employment, work organization, health and safety, social relationships, trainings, equality of treatment)	Articles L. 225-102-1 and R. 225-105, II. A. 1 Comm. Code	4.1; 4.4
5.6	Environmental information (general environment policy, pollution, circular economy, climate change)	Articles L. 225-102-1 and R. 225-105, II. A. 2 Comm. Code	4.1; 4.2
5.7	Societal information (societal commitments in favor of a sustainable development, subcontracting and suppliers, practices loyalty)	Articles L. 225-102-1 and R. 225-105, II. A. 3 Comm. Code	4.1; 4.3
5.8	Information on the fight against corruption and tax evasion	Articles L. 225-102-1, L. 22-10-36 and R. 22-10-29 and R. 225-105, II. B. 1 Comm. Code	4.3.1; 4.3.4
5.9	Information related to actions in favor of fundamental human rights	Articles L. 225-102-1, L. 22-10-36 and R. 22-10-29 and R. 225-105, II. B. 2 Comm. Code	4.3.1.3; 4.3.4
5.10	Specific information: ■ Technological accident risk prevention policy implemented by the Company; ■ Capacity of the Company to cover its civil liability towards persons and goods as a result of such facilities exploitation; ■ Means provided for by the Company to ensure the management of victim compensation should it be held liable in the event that a technological accident occurs.	Article L. 225-102-2 Comm. Code	N/A
5.11	Collective Agreements executed within the Company and their impacts on the Company's economic performance and employee labor conditions	Articles L. 225-102-1, III and R. 225-105 Comm. Code	4.3.1.3; 4.4; 4.4.4
5.12	Statement of the independent third party on the information contained in the NFPD	Articles L. 225-102-1, III and R. 225-105-2 Comm. Code	4.5
6	**OTHER INFORMATION**		
6.1	Additional tax information	Articles 223 quarter and quinquies of the French General Tax Code	N/A
6.2	Injunctions or financial penalties for anti-competitive practices	Article L. 464-2 Comm. Code	N/A

Cross-reference table on information constituting the Group's Extra-financial performance statement required by the Article L. 225-102-1 of the French Commercial Code

Information	Reference
Business model	**Introductory chapter**
Description of the main risks ensuing from the Company's or the Group's business, including, when relevant and proportionate, risks generated by business relationships, products, or services	**Chapter 2, Chapter 4, sections** ■ 4.2.1.2 Climat transition risk ■ 4.3.3 Product safety ■ 4.3.3.3 Safety management ■ 4.3.4 Responsible supply chain ■ 4.3.1 Business ethics
Information about how the Company or the Group takes into account the social and environmental consequences of its business, the impacts of its business on human rights and fight against corruption (description of the policies implemented and reasonable diligence procedures carried out in order to prevent, identify and mitigate the main risks linked to the Group's or the Company's business)	**Chapter 4, sections** ■ 4.1 Faurecia's Corporate Social Responsability and Environmental strategy ■ 4.4 People: contribute to society ■ 4.2 Planet: care for the planet ■ 4.3.4 Responsible supply chain ■ 4.3.1.1 Ethics and compliance ■ 4.3.1.3 Respect for fundamental rights
Results of the policies implemented by the Company or the Group, including key performance indicators	**Chapter 4, sections** ■ 4.1.1 Inspired to care: Faurecia's sustainable transformation strategy ■ 4.1.3.3 Ongoing dialog with stakeholders ■ 4.1.3.2 Extra-Financial Performance Declaration and duty of care ■ 4.4 People: contribute to society ■ 4.2 Planet: care for the planet ■ 4.3 Business: perform in a responsible way
Social information (employment, work organization, health and safety, social relationships, trainings, equality of treatment)	**Chapter 4, sections** ■ 4.1 Faurecia's Corporate Social responsability and Environmental strategy ■ 4.4 People: creating a positive impact on the Company
Environmental information (general environment policy, pollution, circular economy, climate change)	**Chapter 4, sections** ■ 4.1 Faurecia's Corporate Social Responsability and Environmental strategy ■ 4.2 Planet: care for the planet
Societal information (societal commitments in favor of a sustainable development, subcontracting and suppliers, practices loyalty)	**Chapter 4, sections** ■ 4.1 Faurecia's Corporate Social Responsability and Environmental strategy ■ 4.3: Business: perform in a responsible way
Information related to the fight against corruption	**Chapter 4, sections** ■ 4.3.4 Responsible supply chain ■ 4.3.1 Business ethics
Information related to actions in favor of fundamental human rights	**Chapter 4, sections** ■ 4.3.4 Responsible supply chain ■ 4.3.1.3 Respect for fundamental rights
Specific information: ■ Technological accident risk prevention policy implemented by the Company ■ Capacity of the Company to cover its civil liability towards persons and goods as a result of exploiting such facilities ■ Means provided for by the Company to ensure the management of victim compensation should it be held liable in the event that a technological accident occurs	**N/A**

Information	Reference
Collective Agreements executed within the Company and their impacts on the Company's economic performance and employee labor conditions	**Chapter 4, sections** ■ 4.4 People: creating a positive impact on the Company ■ 4.4.4 Social dialog ■ 4.3.1.3 Respect of fundamental rights
Report by the independent third-party	**Chapter 4, section** ■ 4.5 Report by the independent third party on the Non-Financial Performance Declaration included in the management report

Appendice 1

Condensed interim consolidated financial statements Consolidated income statement of **HELLA GmbH & Co. KGaA**

Condensed interim consolidated financial statements

Consolidated income statement of HELLA GmbH & Co. KGaA

	First half-year June 1 to November 30		2nd quarter September 1 to November 30	
(in € thousands)	**2021/2022**	**2020/2021**	**2021/2022**	**2020/2021**
SALES	**3,037,137**	**3,100,358**	**1,563,655**	**1,756,003**
Cost of sales	(2,302,084)	(2,326,629)	(1,206,591)	(1,299,000)
GROSS PROFIT	**735,053**	**773,729**	**357,064**	**457,003**
Research and development expenses	(333,719)	(438,392)	(167,138)	(152,550)
Distribution expenses	(164,725)	(156,280)	(84,452)	(83,212)
Administrative expenses	(117,357)	(137,416)	(57,844)	(60,393)
Other income	30,133	36,189	23,296	27,161
Other expenses	(11,822)	(2,285)	(9,780)	4,293
Earnings from investments accounted for using the equity method	11,161	18,182	8,494	16,746
Other income from investments	352	2	352	0
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	**149,076**	**93,730**	**69,993**	**209,049**
Financial income	7,165	17,953	(683)	11,268
Financial expenses	(14,519)	(23,924)	(2,089)	(17,362)
NET FINANCIAL RESULT	**(7,354)**	**(5,970)**	**(2,772)**	**(6,094)**
EARNINGS BEFORE INCOME TAXES (EBT)	**141,722**	**87,760**	**67,221**	**202,954**
Income taxes	(38,123)	(21,238)	(20,169)	(49,115)
EARNINGS FOR THE PERIOD	**103,599**	**66,522**	**47,053**	**153,839**
of which attributable:				
to the owners of the parent company	102,680	65,634	46,385	153,312
to non-controlling interests	919	888	668	528
BASIC EARNINGS PER SHARE IN €	**0.92**	**0.59**	**0.42**	**1.38**
DILUTED EARNINGS PER SHARE IN €	**0.92**	**0.59**	**0.42**	**1.38**

Consolidated statement of comprehensive income (after-tax analysis) of HELLA GmbH & Co. KGaA

(in € thousands)	First half-year June 1 to November 30 2021/2022	2020/2021	2nd quarter September 1 to November 30 2021/2022	2020/2021
EARNINGS FOR THE PERIOD	**103,599**	**66,522**	**47,053**	**153,839**
Currency translation differences	76,446	(26,783)	55,628	23,798
Changes recognised in equity	76,446	(28,051)	55,628	22,530
Profits (-)/losses (+) reclassified to profit or loss	0	1,268	0	1,268
Financial instruments for cash flow hedging	(8,409)	8,359	(4,038)	3,104
Changes recognised in equity	(7,489)	10,119	(5,378)	5,777
Profits (-)/losses (+) reclassified to profit or loss	(920)	(1,760)	1,340	(2,673)
Change in fair value of debt capital instruments held	(2,268)	5,110	(3,450)	(833)
Changes recognised in equity	(1,991)	5,471	(3,177)	(671)
Profits (-)/losses (+) reclassified to profit or loss	(277)	(361)	(272)	(163)
Share of other comprehensive income attributable to associates and joint ventures	9,067	678	9,458	7,670
ITEMS THAT WERE OR CAN BE TRANSFERRED TO PROFIT OR LOSS	**65,769**	**(13,314)**	**48,140**	**26,069**
Remeasurements of defined benefit plans	(6,976)	(22,325)	(19,538)	(27,292)
Share of other comprehensive income attributable to associates and joint ventures	0	(250)	0	0
ITEMS NEVER TRANSFERRED TO PROFIT OR LOSS	**(6,976)**	**(22,325)**	**(19,538)**	**(27,292)**
OTHER EARNINGS FOR THE PERIOD	**58,793**	**(35,639)**	**28,602**	**(1,223)**
COMPREHENSIVE INCOME FOR THE PERIOD	**162,392**	**30,883**	**75,655**	**152,616**
of which attributable:				
to the owners of the parent company	162,344	30,478	76,020	152,230
to non-controlling interests	48	405	(365)	386

Consolidated statement of financial position of HELLA GmbH & Co. KGaA

(in € thousands)	**November 30, 2021**	**May 31, 2021**	**November 30, 2020**
Cash and cash equivalents	636,113	979,495	802,301
Financial assets	440,341	442,404	435,401
Trade receivables	1,018,259	958,507	1,050,653
Other receivables and non-financial assets	177,079	196,279	191,955
Inventories	1,060,120	900,416	866,841
Current tax assets	20,698	36,148	35,068
Contract assets	40,547	39,307	21,810
Assets held for sale	0	0	44,076
CURRENT ASSETS	**3,393,157**	**3,552,555**	**3,448,105**
Intangible assets	343,872	311,157	249,816
Property, plant and equipment	1,765,905	1,711,474	1,554,761
Financial assets	93,603	63,862	63,805
Investments accounted for using the equity method	209,537	199,170	175,165
Deferred tax assets	108,342	92,670	108,001
Contract assets	49,236	32,848	46,198
Other non-current assets	83,692	94,453	68,299
NON-CURRENT ASSETS	**2,654,189**	**2,505,634**	**2,266,046**
ASSETS	**6,047,346**	**6,058,190**	**5,714,150**
Financial liabilities	87,655	77,934	149,735
Trade payables	839,427	939,836	711,579
Current tax liabilities	48,159	27,879	41,178
Other liabilities	423,330	433,439	404,211
Provisions	165,527	197,514	201,259
Contract obligations	97,887	94,899	118,396
CURRENT LIABILITIES	**1,661,984**	**1,771,501**	**1,626,357**
Financial liabilities	1,283,575	1,240,584	1,255,660
Deferred tax liabilities	5,839	9,429	8,167
Other liabilities	103,823	119,337	115,560
Provisions	475,821	456,762	570,852
NON-CURRENT LIABILITIES	**1,869,059**	**1,826,112**	**1,950,239**
Subscribed capital	222,222	222,222	222,222
Reserves and unappropriated surplus	2,292,252	2,236,574	1,913,748
EQUITY BEFORE NON-CONTROLLING INTERESTS	**2,514,474**	**2,458,797**	**2,135,970**
Non-controlling interests	1,829	1,781	1,585
EQUITY	**2,516,303**	**2,460,578**	**2,137,555**
EQUITY AND LIABILITIES	**6,047,346**	**6,058,190**	**5,714,150**

Consolidated statement of changes in equity of HELLA GmbH & Co. KGaA

(in € thousands)	Subscribed capital	Capital reserve	Reserve for currency translation differences	Reserve for financial instruments for cash flow hedging	Reserve for debt capital instruments
AS AT: JUNE 1, 2020	**222,222**	**250,234**	**(92,701)**	**(66,797)**	**(1,236)**
Earnings for the period	0	0	0	0	0
Other earnings for the period	0	0	(26,300)	8,359	5,110
Comprehensive income for the period	**0**	**0**	**(26,300)**	**8,359**	**5,110**
Distributions to shareholders	0	0	0	0	0
Transactions with shareholders	**0**	**0**	**0**	**0**	**0**
AS AT: NOVEMBER 30, 2020	**222,222**	**250,234**	**(119,001)**	**(58,438)**	**3,874**
AS AT: 0JUNE 1, 2021	**222,222**	**250,234**	**(112,202)**	**(56,283)**	**1,052**
Earnings for the period	0	0	0	0	0
Other earnings for the period	0	0	77,317	(8,409)	(2,268)
Comprehensive income for the period	**0**	**0**	**77,317**	**(8,409)**	**(2,268)**
Distributions to shareholders	0	0	0	0	0
Transactions with shareholders	**0**	**0**	**0**	**0**	**0**
AS AT: NOVEMBER 30, 2021	**222,222**	**250,234**	**(34,884)**	**(64,692)**	**(1,215)**

See also Chapter 16 for notes on equity.

Consolidated statement of changes in equity of HELLA GmbH & Co. KGaA

Remeasurements of defined benefit plans	Other retained earnings/profit carried forward	Reserves and unappropriated surplus	Equity before non-controlling interests	Non-controlling interests	Equity
(115,796)	1,909,565	1,883,270	2,105,492	1,180	2,106,672
0	65,634	65,634	65,634	888	66,522
(22,325)	0	(35,156)	(35,156)	(483)	(35,639)
(22,325)	65,634	30,478	30,478	405	30,883
0	0	0	0	0	0
0	0	0	0	0	0
(138,120)	1,975,200	1,913,748	2,135,970	1,585	2,137,555
(114,069)	**2,267,842**	**2,236,574**	**2,458,797**	**1,781**	**2,460,578**
0	**102,680**	**102,680**	**102,680**	**919**	**103,599**
(6,976)	**0**	**59,664**	**59,664**	**(871)**	**58,793**
(6,976)	**102,680**	**162,344**	**162,344**	**48**	**162,392**
0	**(106,667)**	**(106,667)**	**(106,667)**	**0**	**(106,667)**
0	**(106,667)**	**(106,667)**	**(106,667)**	**0**	**(106,667)**
(121,045)	**2,263,855**	**2,292,252**	**2,514,474**	**1,829**	**2,516,303**

See also Chapter 16 for notes on equity.

Consolidated cash flow statement of HELLA GmbH & Co. KGaA for the period from June 1 to November 30

(in € thousands)	2021/2022	2020/2021
EARNINGS BEFORE INCOME TAXES (EBT)	**141,722**	**87,760**
Depreciation and amortisation	199,092	182,954
Change in provisions	(17,541)	178,069
Other non-cash income and cash flows not attributable to operating activities	(37,446)	(44,593)
Losses/profits from the sale of property, plant and equipment and intangible assets	2,953	462
Net financial result	7,354	5,970
Change in trade receivables and other assets not attributable to investing or financing activities	(39,604)	(443,699)
Change in inventories	(139,333)	(1,613)
Change in trade payables and other liabilities not attributable to investing or financing activities	(61,916)	272,663
Tax refunds received	25,387	19,184
Taxes paid	(29,482)	(30,363)
Dividends received	9,864	647
NET CASH FLOW FROM OPERATING ACTIVITIES	**61,049**	**227,442**
Cash receipts from the sale of intangible assets and property, plant and equipment	10,785	9,247
Payments for the purchase of intangible assets and property, plant and equipment	(297,381)	(270,377)
Change in financing receivables and liabilities from investments	(4,989)	(4,100)
Payments for capital increases in investments	(6,816)	(8,223)
Acquisition of investments and companies	(18,084)	(8,150)
Cash receipts from the sale of investments	13,259	4,955
Net payments made for the purchase and sale of securities	15,755	24,419
Interest received	4,061	3,956
NET CASH FLOW FROM INVESTING ACTIVITIES	**(283,410)**	**(248,272)**
Payments for the repayment of financial liabilities	(18,311)	(369,809)
Cash receipts from changes in financial liabilities	5,686	2,285
Interest paid	(9,932)	(10,994)
Dividends paid	(106,667)	0
NET CASH FLOW FROM FINANCING ACTIVITIES	**(129,225)**	**(378,517)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(351,586)**	**(399,347)**
Cash and cash equivalents as at June 1	979,495	1,202,794
Effect of exchange rate changes on cash and cash equivalents	8,204	(1,146)
CASH AND CASH EQUIVALENTS AS AT NOVEMBER 30	**636,113**	**802,301**

Contents

Further information

01 Basic information

HELLA GmbH & Co. KGaA and its subsidiaries (collectively referred to as the "Group") develop and manufacture lighting technology and electronics components and systems for the automotive industry. In addition to the development and manufacture of components, joint-venture companies produce complete vehicle modules and climate control systems. The Group's production and manufacturing sites are located across the globe; its most significant markets are in Europe, the USA and Asia, particularly China. In addition, HELLA has its own international sales network for all kinds of vehicle accessories.

The company is a listed stock corporation, which was founded and is based in Lippstadt, Germany. The address of the Company's registered office is Rixbecker Str. 75, 59552 Lippstadt. HELLA GmbH & Co. KGaA is registered in Commercial Register B of Paderborn district court under number HRB 6857 and prepares the consolidated financial statements for the smallest and largest group of companies.

This interim report has been prepared as a condensed interim report in accordance with the requirements of the International Financial Reporting Standards (IFRS) applicable as at November 30, 2021 and as adopted by the European Union. The interim report was created in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are accompanied by an interim management report. The comparative values of the prior year have been determined according to the same principles. The condensed interim consolidated financial statements and the interim group management report have neither been reviewed pursuant to Section 37w (5) WpHG nor audited in accordance with Section 317 HGB.

The interim financial statements are prepared in euros (€). Amounts are stated in thousands of euros (€ thousand). The interim financial statements are prepared using accounting policies and measurement methods that are applied consistently within the Group on the basis of amortised historical cost. This does not apply to assets that are available for sale and derivative financial instruments, which are measured at fair value. The consolidated income statement is prepared using the cost-of-sales method. The current/non-current distinction is observed in the consolidated statement of financial position. The amounts stated under current assets and liabilities are for the most part due for settlement within twelve months. Accordingly, non-current items are mainly due for settlement in more than twelve months. In order to enhance the clarity of the presentation, items of the consolidated statement of financial position and consolidated income statement have been grouped together where this is appropriate and possible. Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

02 Scope of consolidation

In addition to HELLA GmbH & Co. KGaA, all significant domestic and foreign subsidiaries that are directly or indirectly controlled by HELLA are consolidated. Material joint ventures are included in the consolidated financial statements using the equity method of accounting.

In the current fiscal year 2021/2022, mergers were performed with eight companies, three companies were founded and one company was liquidated.

Number

	November 30, 2021	May 31, 2021	November 30, 2020
Fully consolidated companies	81	86	86
Companies accounted for using the equity method	46	46	49

The mergers took place in Mexico, Germany, the Czech Republic and Slovakia. As a result of the mergers, the following companies no longer exist: Grupo Administración Técnica S.A. de C.V., Petosa S.A. de C.V., BHTC Servicios S.A. de C.V., HBPO Management Services MX S.A., HBPO Services MX S.A., HORTUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neustadt/Orla KG, HELLA CZ, s.r.o., HELLA Slovakia Front-Lighting s.r.o.

All of the newly established companies –Faway Hainu Automotive Technology (Changzhou) Co., Ltd., HELLA BHAP (Tianjin) Automotive Lighting Co., Ltd., Changzhou Branch and HBPO Shanghai Ltd.– have their registered office in China and are accounted for using the equity method.

In addition, the Finnish company HELLA Lighting Finland Oy was liquidated at the beginning of the fiscal year. The company's operative business was already discontinued in the prior fiscal year.

03 Accounting policies and measurement methods

The accounting policies and measurement methods used in the interim report are the same as those used in the consolidated financial statements as at May 31, 2021. These accounting policies and measurement methods were explained in the annual report 2020/2021.

Application of the other IFRS amendments that are mandatory as at November 30, 2021 does not materially influence the presentation of the condensed interim consolidated financial statements.

To simplify interim reporting, IAS 34.41 allows greater use of estimates and assumptions than in the annual financial statements, provided all material financial information that is relevant for understanding the net assets, financial position and results of operations is appropriately disclosed.

04 Currency translation

Currency translation differences arising from the translation of earnings and balance sheet items of all Group companies which have a functional currency deviating from the euro are reported within the currency translation differences reserves.

The exchange rates used to translate the main currencies for HELLA were as follows:

	Average		Reporting date		
	2021/2022	2020/2021	November 30, 2021	May 31, 2021	November 30, 2020
€1 = US dollar	1.1737	1.1657	1.1363	1.2201	1.1980
€1 = Czech koruna	25.4730	26.6326	25.5260	25.4540	26.1920
€1 = Japanese yen	130.5308	123.4298	128.2000	133.7900	124.7900
€1 = Mexican peso	23.7400	25.3068	24.5059	24.3131	24.0499
€1 = Chinese renminbi	7.5599	7.9950	7.2395	7.7722	7.8798
€1 = South Korean won	1,362.8093	1,365.2807	1,350.2900	1,352.0400	1,326.0800
€1 = Romanian leu	4.9361	4.8534	4.9510	4.9195	4.8732
€1 = Indian rupee	87.0770	86.7350	85.3274	88.5414	88.7322

05 Notable events

At the beginning of fiscal year 2020/2021, HELLA announced its intention to enhance the Company's competitive standing through a new strategy programme. This was developed against the backdrop of lowered market expectations, resulting in growing pressure from competitors and costs. In terms of its projections for the period following resolution of the Covid-19 pandemic and the significant global resource bottlenecks within global supply and logistics chains, arising in particular for electronic components such as microchips and semiconductors, the Company still only anticipates moderate market growth rates in the medium to long term.

The programme for the sustained improvement of competitiveness will entail structural changes within the global HELLA network. As part of such, there were related structural expenses amounting to €7,420 thousand taken into account in the first half of fiscal year 2021/2022. This includes €5,133 thousand in restructuring expenses as personnel expenses, which have not yet been fully paid for in cash.

The Chinese real estate developer Evergrande is currently experiencing a liquidity crisis. The HELLA Group also carries out business in China. In this context, impairments were recognised on receivables from the joint venture HELLA Evergrande Electronics due to anticipated payment defaults of €9,072 thousand as well as on the investment in the amount of €2,449 thousand with the existing joint venture HELLA Evergrande Electronics.

In the current reporting period, income was generated from the disposal of venture capital activities in the amount of €7,817 thousand as well as other income in the amount of €6,457 thousand from the remeasurement of investments in venture capital activities.

HELLA signed an exclusive licence and development agreement with Gapwaves, a technology company listed on the Nasdaq First North Growth Market Stockholm, and purchased 10 percent of the company's shares on June 18, 2021 for a purchase price of €18,084 thousand. Gapwaves is one of the world's leading providers of waveguide-based antennas. HELLA will deploy this technology in the next generation of 77 GHz-based corner radar sensors, thus further increasing the performance of HELLA's own sensors.

06 Sales

Sales for the first half of fiscal year 2021/2022 amounted to €3,037,137 thousand (prior year: €3,100,358 thousand). Sales are attributable entirely to the sale of goods and performance of services.

They can be classified as follows:

(in € thousands)	2021/2022	2020/2021
Sales from the sale of goods	2,878,416	2,985,510
Sales from the rendering of services	158,721	114,848
TOTAL SALES	**3,037,137**	**3,100,358**

Sales by region (based on the headquarters of HELLA's customers)

(in € thousands)	2021/2022	2020/2021
Europe	1,742,139	1,878,193
North, Central and South America	611,795	679,908
Asia/Pacific/RoW	683,203	542,257
CONSOLIDATED SALES	**3,037,137**	**3,100,358**

07 Income taxes

(in € thousands)	November 30, 2021	November 30, 2020
Effective income tax expense	(40,064)	(45,796)
Deferred income tax expense	1,940	24,558
TOTAL INCOME TAXES	**(38,123)**	**(21,238)**

A statement on the reported income taxes is provided in the interim reporting period on the basis of the best estimate of the weighted average annual income tax rate which is expected for the entire fiscal year. This takes into account that deferred tax assets are recognised only to the extent that the use of the underlying temporary differences and loss carryforwards against future taxable profits is probable based on the Group's planning.

08 Earnings per share

Basic earnings per share are calculated by dividing the share of earnings attributable to the shareholders of HELLA GmbH & Co. KGaA by the weighted average number of ordinary shares issued.

Basic earnings per share amounted to €0.92 (prior year: €0.59) and correspond to the diluted earnings.

of units	November 30, 2021	November 30, 2020
Weighted average number of shares in circulation during the period		
Basic ordinary shares	111,111,112	111,111,112
Diluted ordinary shares	111,111,112	111,111,112

(in € thousands)	2021/2022	2020/2021
Share of profit attributable to owners of the parent company	102,680	65,634

(in €)	2021/2022	2020/2021
Basic earnings per share	**0.92**	**0.59**
Diluted earnings per share	**0.92**	**0.59**

09 Adjustment of special effects in earnings before interest and taxes

The HELLA Group is managed by the Management Board through financial key performance indicators. The key performance indicators of adjusted sales growth and adjusted operative operating result margin (adjusted EBIT margin) take on prominent importance compared to the other financial key performance indicators in the management of the HELLA Group. A major guideline in assessing the suitability of management indicators is that they have to provide a transparent picture of operational performance. In this process, effects of a non-recurring or exceptional nature in type or size, referred to as special effects, can lead to distortions with regard to the EBIT margin, for example, and thus adversely affect the ability to assess the Company's performance.

Special effects essentially comprise income and expenses in connection with changes in the legal structure of the Group, site closures or restructuring measures.

For this reason, the adjusted EBIT margin has been defined as one of the most important key performance indicators for management of the Group. The adjusted EBIT margin as a key performance indicator is not defined in the International Financial Reporting Standards. Rather, it is reported by the HELLA Group as additional information in its financial reporting because it is also used for internal management and because, from the Company's perspective, it presents the results of operations in a more transparent form and facilitates a comparison over time.

Costs of €9,442 thousand (prior year: €175,325 thousand) for structural measures have been adjusted out of reported earnings before interest and taxes in the reporting period. This includes, in particular, other performance-related or unexpected expenses for the strategy programme initiated in August 2020 (see Chapter 05). Expenses in the amount of €11,521 thousand are also adjusted due to expected bad debts of a Chinese customer and the devaluation of the shares in the joint venture HELLA Evergrande Electronics. Adjustments to the opposite effect were performed for income for the sale of shares in the context of venture capital activities in the amount of €7,817 thousand and from the remeasurement of investments in the amount of €6,457 thousand (also venture capital).

The corresponding reconciliation statement for the first half year of fiscal year 2021/2022 is as follows:

(in € thousands)	2021/2022 as reported	Adjustment	2021/2022 adjusted
Sales	3,037,137	0	3,037,137
Cost of sales	(2,302,084)	9,458	(2,292,626)
Gross profit	**735,053**	**9,458**	**744,511**
Research and development expenses	(333,719)	(4,148)	(337,867)
Distribution expenses	(164,725)	1,691	(163,034)
Administrative expenses	(117,357)	6,207	(111,150)
Other income	30,133	(17,337)	12,796
Other expenses	(11,822)	8,370	(3,452)
Earnings from investments accounted for using the equity method	11,161	2,449	13,610
Other income from investments	352	0	352
Earnings before interest and taxes (EBIT)	**149,076**	**6,689**	**155,765**

The corresponding reconciliation statement for the first half year of fiscal year 2020/2021 is as follows:

(in € thousands)	2020/2021 as reported	Adjustment	2020/2021 adjusted
Sales	3,100,358	0	3,100,358
Cost of sales	(2,326,629)	7,698	(2,318,930)
Gross profit	**773,729**	**7,698**	**781,427**
Research and development expenses	(438,392)	141,800	(296,592)
Distribution expenses	(156,280)	283	(155,997)
Administrative expenses	(137,416)	25,544	(111,872)
Other income	36,189	0	36,189
Other expenses	(2,285)	0	(2,285)
Earnings from investments accounted for using the equity method	18,182	0	18,182
Other income from investments	2	0	2
Earnings before interest and taxes (EBIT)	**93,730**	**175,325**	**269,055**

10 Segment reporting

External segment reporting is based on internal reporting ("management approach"). Segment reporting is based solely on financial information used by the Company's decision makers for the internal management of the Company and to make decisions regarding the allocation of resources and measurement of profitability.

THE HELLA GROUP'S BUSINESS ACTIVITIES ARE DIVIDED INTO THREE SEGMENTS: AUTOMOTIVE, AFTERMARKET AND SPECIAL APPLICATIONS:

The Lighting business division and the Electronics business division are reported together in the Automotive segment. Both business divisions serve a similar customer base worldwide. Consequently, both segments are subject to broadly similar economic cycles and industry developments. In addition, the individual products have comparable lifecycles. Original Equipment provides lighting and electronics components to automotive manufacturers and other tier-1 suppliers worldwide through an integrated distribution network. The product portfolio of the Lighting business division includes headlamps, rear lamps, interior lighting and body lighting. The Electronics business division focuses on the product areas of body and lighting electronics, energy management, driver assistance systems and components (e.g. sensors and engine compartment actuators). The Automotive segment develops, produces and sells vehicle-specific solutions, and develops and brings to market technological innovations. The margins attainable within the segment are mainly dependent on the respective technology used and, to a lesser extent, on customers, regions and products.

The Aftermarket business segment produces and sells automotive parts and accessories, primarily in the areas of lighting, electrics and electronics, as well as workshop solutions in the areas of diagnostics and calibration. Furthermore, wholesalers and workshops receive support for their business via a state-of-the-art and fast information and order system as well as via comprehensive services, such as hotlines, training, technical information, sales support and efficient logistics. Strategic focal points of the segment include the stronger alignment of the aftermarket business with the Company's original equipment expertise and the closer dovetailing of original equipment expertise and workshop equipment expertise.

The Special Applications segment comprises original equipment for special-purpose vehicles such as buses, caravans, agricultural and construction machinery, municipal vehicles and trailers. Technological competence is closely linked to the Automotive business, which means that the range of applications in LED and electronic products can be expanded appropriately and synergies leveraged at the same time.

All other Group segments are subordinate in terms of their economic significance and are therefore not segmented further. Their functions relate mainly to Group financing.

Sales as well as adjusted earnings before interest and taxes (EBIT) are the key performance indicators used to manage the business segments; assets and liabilities are not reported. The internal reporting applies the same accounting and measurement principles as the consolidated financial statements. Special items that are not included in the segment results are identified for the individual reporting periods. These special items are presented in the reconciliation table.

The segment information for the first six months (June 1 to November 30) of the fiscal years 2021/2022 and 2020/2021 is as follows:

	Automotive		**Aftermarket**		**Special Applications**	
(in € thousands)	**2021/2022**	**2020/2021**	**2021/2022**	**2020/2021**	**2021/2022**	**2020/2021**
Sales with third-party entities	2,552,100	2,682,128	281,418	240,190	185,959	163,632
Intersegment sales	25,960	28,034	1,234	1,191	3,031	3,391
Segment sales	**2,578,060**	**2,710,162**	**282,652**	**241,381**	**188,990**	**167,023**
Cost of sales	(2,037,923)	(2,103,333)	(160,995)	(133,461)	(110,018)	(103,409)
Gross profit	**540,137**	**606,829**	**121,657**	**107,920**	**78,971**	**63,615**
Research and development expenses	(318,770)	(279,376)	(10,077)	(8,995)	(8,037)	(8,027)
Distribution expenses	(63,504)	(67,340)	(70,691)	(62,429)	(28,806)	(26,093)
Administrative expenses	(86,655)	(89,137)	(9,565)	(11,270)	(10,885)	(12,870)
Other income	11,526	31,945	1,686	3,842	1,316	4,835
Other expenses	(4,576)	(2,492)	(193)	(612)	(309)	(2,644)
Earnings from investments accounted for using the equity method	13,436	17,939	174	243	0	0
Other income from investments	0	0	352	2	0	0
Earnings before interest and taxes (EBIT)	**91,594**	**218,368**	**33,343**	**28,700**	**32,250**	**18,816**
Additions to property, plant and equipment and intangible assets	210,744	178,783	12,289	6,254	4,592	4,987

Sales with external third parties for the first six months of fiscal years 2021/2022 and 2020/2021 are as follows:

	Automotive		**Aftermarket**		**Special Applications**	
(in € thousands)	**2021/2022**	**2020/2021**	**2021/2022**	**2020/2021**	**2021/2022**	**2020/2021**
Sales from the sale of goods	2,438,369	2,604,750	258,595	219,439	181,452	161,320
Sales from the rendering of services	113,731	77,378	22,823	20,751	4,507	2,311
Sales with third-party entities	2,552,100	2,682,128	281,418	240,190	185,959	163,632

Sales reconciliation

(in € thousands)	2021/2022	2020/2021
Total sales of the reporting segments	**3,049,702**	**3,118,566**
Sales in other divisions	45,667	35,914
Elimination of intersegment sales	(58,233)	(54,122)
Consolidated sales	**3,037,137**	**3,100,358**

Reconciliation of the segment results with consolidated net profit

(in € thousands)	2021/2022	2020/2021
EBIT of the reporting segments	**157,187**	**265,884**
EBIT of other divisions	(1,422)	3,171
EBIT adjustments	(6,689)	(175,325)
Consolidated EBIT	**149,076**	**93,730**
Net financial result	(7,354)	(5,970)
Consolidated EBT	**141,722**	**87,760**

The non-allocated earnings contain one-time effects not reported in the segments that have been adjusted for operational comparison purposes.

11 Financial assets

	November 30, 2021		May 31, 2021	
(in € thousands)	Non-current	Current	Non-current	Current
Securities	26,504	430,169	26,404	437,096
Other investments	66,629	0	36,862	0
Loans	437	7,914	548	4,305
Other financial assets	34	2,257	47	1,003
TOTAL	**93,603**	**440,341**	**63,862**	**442,404**

12 Other receivables and non-financial assets

(in € thousands)	November 30, 2021	May 31, 2021
Other current assets	9,753	7,792
Receivables from finance leases	17,278	17,970
Insurance receivables	6,294	6,468
Positive market value of currency hedges	4,778	15,521
SUBTOTAL OTHER FINANCIAL ASSETS	**38,104**	**47,750**
Advance payments for services	4,383	3,682
Advance payments for insurances	12,282	11,138
Advance payments for licences	18,426	14,441
Other advance payments	24,593	22,244
Receivables for partial retirement	535	564
Advance payments to employees	1,184	1,564
Other tax receivables	77,572	94,894
TOTAL	**177,079**	**196,279**

13 Other non-current assets

(in € thousands)	November 30, 2021	May 31, 2021
Receivables from finance leases	35,651	38,312
Other non-current assets	2,797	3,039
SUBTOTAL OF OTHER FINANCIAL ASSETS	**38,449**	**41,351**
Advance payments	28,322	28,795
Plan assets	16,921	24,307
TOTAL	**83,692**	**94,453**

14 Other liabilities

	November 30, 2021		May 31, 2021	
(in € thousands)	Non-current	Current	Non-current	Current
Derivatives	81,380	23,489	95,885	7,614
Other financial liabilities	22,430	197,296	23,439	185,009
SUBTOTAL OTHER FINANCIAL LIABILITIES	**103,810**	**220,785**	**119,324**	**192,624**
Other taxes	13	58,571	13	43,121
Accrued personnel liabilities	0	143,974	0	197,695
TOTAL	**103,823**	**423,330**	**119,337**	**433,439**

15 Financial liabilities

Current financial liabilities maturing within a year amount to €87,655 thousand (May 31, 2021: €77,934 thousand). This amount includes €27,228 thousand (May 31, 2021: €29,580 thousand) from finance leases.

Non-current financial liabilities come to €1,283,575 thousand (May 31, 2021 year: €1,240,584 thousand) and include two bonds. The first bond of €299,530 thousand (May 31, 2021: €299,441 thousand) with a nominal volume of €300,000 thousand and an interest rate of 1.0% has a term ending on May 17, 2024. The second bond was issued on September 3, 2019 and has a seven-year term, lasting until January 26, 2027. It has a value of €498,799 thousand (May 31, 2021: €498,686 thousand) with a nominal volume of €500,000 thousand and an interest rate of 0.5%. Financial liabilities also include €93,604 thousand (May 31, 2021: €89,693 thousand) attributable to notes certificates denominated in yen issued in fiscal years 2002 and 2003 with a 30-year maturity, and €83,820 thousand (May 31, 2021: €79,584 thousand) attributable to a loan granted in yen with a 30-year maturity, both of which are fully currency-hedged to a value totalling €175,177 thousand (May 31, 2021: €175,177 thousand). This also includes two loans denominated in US dollars in the amount of €110,006 thousand (May 31, 2021: €102,451 thousand) with a term until January 29, 2023 and in the amount of €66,004 thousand (May 31, 2021: €61,470 thousand) with a term until January 29, 2026. Capital from profit participation certificates of €5,000 thousand (May 31, 2021: €5,000 thousand) and finance lease liabilities amounting to €126,501 thousand (May 31, 2021: €103,943 thousand) are also recognised.

In August 2021, HELLA signed an additional agreement to extend the term of a syndicated credit facility amounting to €450 million by one year. The term of the credit facility will now run until June 2023. The facility was originally agreed in June 2015 with a consortium of international banks and a five-year term (including the possibility for two one-year extensions). In addition, another syndicated credit line of €500 million expiring in June 2022 was established as a precaution in May 2020 in view of the economically challenging environment.

(in € thousands)	**November 30, 2021**	**May 31, 2021**
Cash and cash equivalents	636,113	979,495
Financial assets	440,341	442,404
Current financial liabilities	(87,655)	(77,934)
Non-current financial liabilities	(1,283,575)	(1,240,584)
Net financial debt	(294,776)	103,381

16 Equity

On the liabilities side, nominal capital is recognised at its nominal value under the “Subscribed capital” item. The nominal capital amounts to €222,222 thousand. The no-par value shares are issued to the bearer. All issued shares are fully paid up. Each share confers a right to vote and a right to dividends if distributions are agreed.

In addition to “Other retained earnings/profit carried forward” and the capital reserve, “reserves and unappropriated surplus” include the differences stemming from the currency translation of the annual financial statements of foreign subsidiaries not recognised in the income statement and the impact arising from the measurement of derivative financial instruments acquired for hedging purposes also not recognised in the income statement, as well as the reserve for debt capital instruments (IFRS 9). Also included are the results from the remeasurement of defined benefit plans, recognised directly in equity. A detailed overview of the composition and changes in the results recognised directly in equity is presented in the consolidated statement of changes in equity.

Actuarial losses after taxes of €6,976 thousand were recognised during the reporting period (prior year: losses after taxes of €22,325 thousand). The change in value of the defined benefit liabilities or of the assigned plan assets is attributable to calculation parameters and in particular the discount rate of 0.87% used here as at the end of November 2021(May 2021: 0.98%).

The owners of the parent company will receive a dividend of €106,667 thousand (€0.96 per no-par value share) for the fiscal year 2020/2021 (June 1, 2020 to May 31, 2021), which has already been distributed in full. In the prior year, the payment of dividends was suspended.

The Group aims to maintain a strong equity base. The Group strives to strike a balance between a higher return on equity, which would be possible through greater external financing, and the advantages and security offered by a sound equity position. The Group is aiming for a ratio of less than 1.0 for net financial debt to earnings before interest, taxes, depreciation and amortisation (EBITDA) in the long term. The ratio was 0.3 on November 30, 2021 (prior year: 0.4).

17 Notes to the cash flow statement

As at May 31, 2021, the cash funds comprise exclusively cash and cash equivalents.

In the current reporting period, payments in the amount of €18,084 thousand were made to acquire 10% of shares in the technology company Gapwaves. Gapwaves is one of the world's leading providers of waveguide-based antennas. HELLA will deploy this technology in the next generation of 77 GHz-based corner radar sensors, thus further increasing the performance of HELLA's own sensors.

In the current reporting period, sales of shares continued as part of venture capital activities and resulted in revenues of €13,259 thousand.

After the Annual General Meeting on September 30, 2021, dividends totalling €106,667 thousand (€0.96 per no-par value share) were distributed to owners of the parent company.

In the reporting period, depreciation in the amount of €199,092 thousand (prior year: €182,954 thousand) was recorded, including €165,551 thousand (prior year: €142,733 thousand) for property, plant and equipment and €33,541 thousand (prior year: €40,221 thousand) for intangible assets.

In the same period of the prior year, company shares in FWB Kunststofftechnik GmbH, based in Pirmasens, were acquired for a purchase price of €8,150 thousand.

In addition, a material portion (€350 million) of the loan facility drawn on in April 2020 was repaid in the first half of the prior year and reported in payments in connection with the repayment of financial liabilities.

18 Adjustment of special effects in cash flow

Adjusted free cash flow from operating activities was used as a performance indicator for internal HELLA Group management. Adjusted free cash flow from operating activities is a key performance indicator that is not defined in the International Financial Reporting Standards. Rather, it is reported by the HELLA Group as additional information in its financial reporting because it is also used for internal management and because, from the Company's perspective, it presents the cash flows from the operating activities –adjusted for special effects– in a more transparent form and facilitates a comparison over time.

Cash flow from operating activities after capital expenditure and cash inflows from the sale or liquidation of investments is used for this purpose and adjusted for non-recurring cash flows.

In this reporting period, free cash flow from operating activities was adjusted for payments made for restructuring measures amounting to €22,326 thousand (prior year: €12,115 thousand).

Shares in the joint venture Behr HELLA Service were sold in fiscal year 2019/2020. In the past fiscal year 2020/2021, the free cash flow from operating activities was adjusted to take account of the dividend of €4,955 thousand attributable to the period, which was collected in the form of a subsequent purchase price adjustment.

The performance of the adjusted free cash flow from operating activities for the first six months of fiscal year 2021/2022 is shown in the following table:

(in € thousands)	2021/2022 as reported	Adjustment	2021/2022 adjusted
Earnings before income taxes (EBT)	**141,722**	**6,689**	**148,411**
Depreciation and amortisation	199,092	(969)	198,123
Change in provisions	(17,541)	13,776	(3,765)
Other non-cash income and cash flows not attributable to operating activities	(37,446)	3,722	(33,725)
Losses/profits from the sale of property, plant and equipment and intangible assets	2,953	0	2,953
Net financial result	7,354	0	7,354
Change in trade receivables and other assets not attributable to investing or financing activities	(39,604)	0	(39,604)
Change in inventories	(139,333)	0	(139,333)
Change in trade payables and other liabilities not attributable to investing or financing activities	(61,916)	(892)	(62,808)
Tax refunds received	25,387	0	25,387
Taxes paid	(29,482)	0	(29,482)
Dividends received	9,864	0	9,864
Net cash flow from operating activities	**61,049**	**22,326**	**83,375**
Cash receipts from the sale of intangible assets and property, plant and equipment	10,785	0	10,785
Payments for the purchase of intangible assets and property, plant and equipment	(297,381)	0	(297,381)
Free cash flow from operating activities	**(225,547)**	**22,326**	**(203,221)**

The performance of the adjusted free cash flow from operating activities for the first six months of fiscal year 2020/2021 is shown in the following table:

(in € thousands)	2020/2021 as reported	Adjustment	2020/2021 adjusted
Earnings before income taxes (EBT)	**87,760**	**175,325**	**263,084**
Depreciation and amortisation	182,954	0	182,954
Change in provisions	178,069	(161,330)	16,739
Other non-cash income and cash flows not attributable to operating activities	(44,593)	0	(44,593)
Losses/profits from the sale of property, plant and equipment and intangible assets	462	0	462
Net financial result	5,970	0	5,970
Change in trade receivables and other assets not attributable to investing or financing activities	(443,699)	0	(443,699)
Change in inventories	(1,613)	0	(1,613)
Change in trade payables and other liabilities not attributable to investing or financing activities	272,663	(1,880)	270,783
Tax refunds received	19,184	0	19,184
Taxes paid	(30,363)	0	(30,363)
Dividends received	647	4,955	5,602
Net cash flow from operating activities	**227,442**	**17,070**	**244,512**
Cash receipts from the sale of intangible assets and property, plant and equipment	9,247	0	9,247
Payments for the purchase of intangible assets and property, plant and equipment	(270,377)	0	(270,377)
Free cash flow from operating activities	**(33,687)**	**17,070**	**(16,617)**

19 Disclosures on financial instruments

The carrying amounts and fair values of classes of financial instruments and the carrying amounts in accordance with IFRS 9 measurement categories as at November 30, 2021 and May 31, 2021 are set out below.

(in € thousands)	Measurement category under IFRS 9	Carrying amount November 30, 2021	Fair value November 30, 2021	Carrying amount May 31, 2021	Fair value May 31, 2021	Fair value hierarchy
Cash and cash equivalents	Amortised cost	636,113	636,113	979,495	979,495	
Trade receivables	Amortised cost	1,018,259	1,018,259	958,507	958,507	
Financial assets						
Equity instruments	FVPL	148,799	148,799	156,459	156,459	Level 1
Debt capital instruments	FVOCI	281,371	281,371	280,637	280,637	Level 1
Loans	Amortised cost	7,914	7,914	4,305	4,305	
Other bank balances	Amortised cost	2,257	2,257	1,003	1,003	
Other financial assets						
Derivatives used for hedging	n.a.	4,247	4,247	15,414	15,414	Level 2
Derivatives not used for hedging	FVPL	531	531	107	107	Level 2
Other receivables associated with financing activities	Amortised cost	33,326	33,326	32,229	32,229	
CURRENT FINANCIAL ASSETS		**2,132,817**	**2,132,817**	**2,428,156**	**2,428,156**	
Financial assets						
Equity instruments	FVPL	66,629	66,629	36,862	36,862	Level 3
Debt capital instruments	FVPL	26,504	26,504	26,404	26,404	Level 2
Loans	Amortised cost	437	437	548	548	Level 2
Other receivables associated with financing activities	Amortised cost	34	34	47	47	Level 2
Other financial assets						
Trade receivables	Amortised cost	38,449	38,449	41,351	41,351	Level 2
NON-CURRENT FINANCIAL ASSETS		**132,052**	**132,052**	**105,213**	**105,213**	
FINANCIAL ASSETS		**2,264,869**	**2,264,869**	**2,533,369**	**2,533,369**	
Financial liabilities						
Financial liabilities to banks and bond	Amortised cost	60,427	60,427	48,354	48,354	
Trade payables	Amortised cost	839,427	839,427	939,836	939,836	
Other financial liabilities						
Derivatives used for hedging	n.a.	20,796	20,796	6,333	6,333	Level 2
Derivatives not used for hedging	FVPL	2,693	2,693	1,281	1,281	Level 2
Other financial liabilities	Amortised cost	197,296	197,296	185,009	185,009	
CURRENT FINANCIAL LIABILITIES		**1,120,639**	**1,120,639**	**1,180,813**	**1,180,813**	
Financial liabilities						
Financial liabilities to banks	Amortised cost	265,141	315,099	248,821	295,204	Level 2
Bonds	Amortised cost	891,933	913,420	887,820	910,243	Level 1
Other financial liabilities						
Derivatives used for hedging	n.a.	81,380	81,380	87,668	87,668	Level 2
Derivatives not used for hedging	FVPL	0	0	8,216	8,216	Level 2
Other financial liabilities	Amortised cost	22,430	22,430	23,439	23,439	
NON-CURRENT FINANCIAL LIABILITIES		**1,260,884**	**1,332,329**	**1,255,965**	**1,324,771**	
FINANCIAL LIABILITIES		**2,381,524**	**2,452,968**	**2,436,778**	**2,505,584**	

(in € thousands)	Carrying amount November 30, 2021	Fair value November 30, 2021	Carrying amount May 31, 2021	Fair value May 31, 2021
Of which aggregated under IFRS 9 measurement categories:				
Financial assets				
FVPL	242,463	242,463	219,832	219,832
Amortised cost	1,736,788	1,736,788	2,017,486	2,017,486
FVOCI	281,371	281,371	280,637	280,637
Financial liabilities				
Amortised cost	2,276,655	2,348,099	2,333,279	2,402,085
FVPL	2,693	2,693	9,498	9,498

NOTES ON THE ABBREVIATIONS USED:

- FVPL: Fair Value through Profit or Loss.
- FVOCI: Fair Value through Other Comprehensive Income, with reclassification to profit or loss.

The valuation technique used for financial assets and financial liabilities measured at fair value depends on the available inputs. If quoted prices can be accessed for identical assets in active markets, those prices are used to measure fair value (Level 1). If this is not possible, fair value is measured using the fair values of comparable market transactions as well as financial methods based on observable market data (Level 2). Fair values not based on observable market data are measured using generally recognised financial modelling methods or observable achievable prices from recent qualified funding rounds while taking account of the entity's life and development cycle (Level 3).

The Group reports possible transfers between different levels of the fair value hierarchy at the end of the reporting period in which the change occurred. As in the prior year, no transfers were made between different levels of the fair value hierarchy during the current 2021/2022 reporting period. The carrying amounts of current financial instruments at the balance sheet date correspond to the market value owing to their short residual term and the fact that they are recognised at market value.

Non-current financial instruments on the assets side are mainly determined by the other investments, securities as covering assets for pension provisions and loans. The fair values of these shares of equity measured at acquisition costs could not be determined as no stock exchange or market prices were available. The long-term equity instruments are interests in other entities and non-consolidated affiliates, are recognised as FVPL and measured at cost because the fair values cannot be reliably determined. In isolated cases, the investments can be valued by way of stock exchange listings.

20 Information on leases

The HELLA Group as lessee

The HELLA Group regularly operates as a lessee.

The Group has leases for various buildings, motor vehicles and pieces of office equipment. Leases are usually fixed for a particular period –generally four years for motor vehicles and between five and 15 years for buildings– but may include extension options. Some leases for buildings and office equipment include extension and termination options for the Group as a whole. These terms are utilised to maximise operational flexibility. Most extension and termination options can only be exercised by the Group, not by the lessor.

Leases are negotiated individually and cover a wide range of different terms and contract conditions. The HELLA Group is not subject to any obligations or restrictions from leases.

Usufructuary rights to assets:

(in € thousands)	Land and buildings	Machinery	Operating and office equipment	Total
AS AT: JUNE 1, 2020	**95,106**	**3,028**	**14,934**	**113,068**
Additions	6,637	2,819	1,964	11,420
Depreciation/amortisation	(10,560)	(945)	(2,995)	(14,500)
Disposals	(1,522)	(2)	(175)	(1,699)
Currency translation	(2,944)	(350)	(15)	(3,309)
AS AT: NOVEMBER 30, 2020	**86,718**	**4,549**	**13,714**	**104,980**

(in € thousands)	Land and buildings	Machinery	Operating and office equipment	Total
AS AT: JUNE 1, 2021	**90,332**	**4,662**	**10,115**	**105,109**
Additions	29,150	124	2,537	31,810
Depreciation/amortisation	(11,160)	(939)	(2,777)	(14,876)
Disposals	(44)	0	(15)	(59)
Reclassifications	0	(267)	267	0
Currency translation	4,122	35	64	4,222
AS AT: NOVEMBER 30, 2021	**112,400**	**3,615**	**10,190**	**126,205**

The right-of-use assets are measured at amortised cost and so do not require additional notes on remeasurement.

Lease liabilities

(in € thousands)	November 30, 2021	May 31, 2021
Up to 1 year	27,228	29,580
Between 1 and 5 years	90,762	77,913
More than 5 years	35,740	26,029
TOTAL	**153,729**	**133,522**

Amounts recognised in profit or loss

(in € thousands)	November 30, 2021	November 30, 2020
Interest expenses for lease liabilities	(1,634)	(1,664)
Variable lease payments that are not included in the valuation of the lease liability	(1,474)	(1,007)
Expenses from current leases	(7,606)	(4,984)
Expenses from leases of low-value assets	(315)	(630)

Interest expenses for lease liabilities are reported within financing costs in the income statement and other comprehensive income.

Payments of €17,638 thousand (prior year: €18,219 thousand) are recognised in the cash flow statement.

The portfolio of short-term leases is identical to the portfolio "up to one year". There are no additional lease liabilities.

There are no leases with residual value guarantees or pending leases that the Group has committed to.

The HELLA Group has not entered into any sale-and-lease back transactions.

In order to simplify how lessees account for lease agreements over the coronavirus pandemic, the International Accounting Standards Board (IASB) extended IFRS 16 to include an option. This option permits the lessee, in the event of changes to the lease relationship resulting from the coronavirus pandemic, to remeasure the agreement or to apply relief. HELLA opted not to exercise this option.

The HELLA Group as lessor

In the Aftermarket segment, HELLA concludes finance lease agreements with workshops for its portfolio of diagnostic testing equipment and workshop equipment. These agreements generally have five-year terms. All lease agreements are concluded in euros and relate exclusively to business within the EU.

To reduce the risk associated with the transactions, HELLA conducts a credit check for each potential customer and, if needed, obtains bank guarantees for the full term of the lease. There are no variable lease payments that depend on an index or rate. Financial income from net capital expenditure in leasing for the period amounts to €1,509 thousand (prior year: €1,727 thousand).

Distribution of minimum lease payments (not discounted)

(in € thousands)	November 30, 2021	May 31, 2021
Up to 1 year	20,189	20,860
Between 1 and 5 years	39,705	42,219
More than 5 years	0	0
Future financing costs under finance leases	(6,964)	(6,797)
TOTAL	**52,930**	**56,282**

Distribution of the present values of minimum lease payments

(in € thousands)	November 30, 2021	May 31, 2021
Up to 1 year	17,278	17,970
Between 1 and 5 years	35,651	38,312
More than 5 years	0	0
TOTAL	**52,930**	**56,282**

As at November 30, 2021, impairments for unrecoverable receivables from leases amounted to €431 thousand (May 31, 2021: €458 thousand).

21 Events after the balance sheet date

No events or developments occurred after the end of the fiscal half-year that could have led to a material change to the recognition or the valuation basis of individual assets or liabilities as at November 30, 2021 or that would have had to be reported.

Lippstadt, January 6, 2022

Appendice 2

Consolidated financial statements of **HELLA GmbH & Co. KGaA** Fiscal year 2020/2021

Consolidated income statement
of HELLA GmbH & Co. KGaA. for the period from June 1 to May 31

(in € thousands)	Notes	2020/2021	2019/2020
SALES	*09*	**6,379,734**	**5,829,416**
Cost of sales	*10*	(4,846,776)	(4,490,912)
GROSS PROFIT		**1,532,958**	**1,338,505**
Research and development expenses	*11*	(670,372)	(622,696)
Distribution expenses	*12*	(319,190)	(353,382)
Administrative expenses	*13*	(225,238)	(219,764)
Impairment of non-current assets	*20*	(30,268)	(532,620)
Other income	*14*	183,688	52,391
Other expenses	*14*	(46,658)	(17,855)
Earnings from investments accounted for using the equity method	*31*	29,730	14,347
Other income from investments		(1,032)	(1,933)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)		**453,618**	**(343,007)**
Financial income	*15*	45,206	18,193
Financial expenses	*15*	(51,247)	(57,219)
NET FINANCIAL RESULT	*15*	**(6,041)**	**(39,026)**
EARNINGS BEFORE INCOME TAXES (EBT)		**447,577**	**(382,033)**
Income taxes	*16*	(87,622)	(49,633)
EARNINGS FOR THE PERIOD		**359,954**	**(431,666)**
of which attributable:			
to the owners of the parent company		358,276	(431,012)
to non-controlling interests		1,678	(654)
BASIC EARNINGS PER SHARE IN €	*18*	**3.22**	**(3.88)**
DILUTED EARNINGS PER SHARE IN €	*18*	**3.22**	**(3.88)**

Consolidated statement of comprehensive income (after-tax analysis) of HELLA GmbH & Co. KGaA.; for the period from June 1 to May 31

(in € thousands)	2020/2021	2019/2020
EARNINGS FOR THE PERIOD	**359,954**	**(431,666)**
Currency translation differences	(20,215)	(36,486)
Changes recognised in equity	(17,731)	(34,078)
Profits (-)/losses (+) reclassified to profit or loss	(2,483)	(2,409)
Financial instruments for cash flow hedging	10,514	(2,326)
Changes recognised in equity	6,790	(10,158)
Profits (-)/losses (+) reclassified to profit or loss	3,724	7,832
Change in fair value of debt capital instruments held	2,288	(5,110)
Changes recognised in equity	3,460	(3,167)
Profits (-)/losses (+) reclassified to profit or loss	(1,172)	(1,943)
Share of other comprehensive income attributable to associates and joint ventures	1,737	(5,175)
ITEMS THAT WERE OR CAN BE TRANSFERRED TO PROFIT OR LOSS	**(7,412)**	**(43,922)**
Remeasurements of defined benefit plans	1,731	(11,288)
Share of other comprehensive income attributable to associates and joint ventures	(42)	(644)
ITEMS NEVER TRANSFERRED TO PROFIT OR LOSS	**1,731**	**(11,288)**
OTHER EARNINGS FOR THE PERIOD	**(5,682)**	**(55,210)**
COMPREHENSIVE INCOME FOR THE PERIOD	**354,273**	**(486,876)**
of which attributable:		
to the owners of the parent company	353,305	(485,831)
to non-controlling interests	968	(1,045)

Consolidated statement of financial position of HELLA GmbH & Co. KGaA. as at May 31

(in € thousands)	Notes	May 31, 2021	May 31, 2020
Cash and cash equivalents	23	979,495	1,202,794
Financial assets	24	442,404	445,631
Trade receivables	25	958,507	596,356
Other receivables and non-financial assets	26	196,279	206,774
Inventories	27	900,416	881,524
Current tax assets		36,148	70,075
Contract assets	28	39,307	18,284
CURRENT ASSETS		**3,552,555**	**3,421,438**
Intangible assets	29	311,157	252,186
Property, plant and equipment	30	1,711,474	1,593,425
Financial assets	24	63,862	51,867
Investments accounted for using the equity method	31	199,170	176,744
Deferred tax assets	32	92,670	81,511
Contract assets	28	32,848	55,046
Other non-current assets	33	94,453	60,554
NON-CURRENT ASSETS		**2,505,634**	**2,271,334**
ASSETS		**6,058,190**	**5,692,771**
Financial liabilities	37	77,934	503,673
Trade payables	34	939,836	601,793
Current tax liabilities		27,879	40,684
Other liabilities	35	433,439	372,679
Provisions	36	197,514	129,063
Contract obligations	28	94,899	111,858
CURRENT LIABILITIES		**1,771,501**	**1,759,750**
Financial liabilities	37	1,240,584	1,284,562
Deferred tax liabilities	32	9,429	14,775
Other liabilities	35	119,337	95,913
Provisions	36	456,762	431,100
NON-CURRENT LIABILITIES		**1,826,112**	**1,826,350**
Subscribed capital	38	222,222	222,222
Reserves and unappropriated surplus	38	2,236,574	1,883,270
EQUITY BEFORE NON-CONTROLLING INTERESTS	38	**2,458,797**	**2,105,492**
Non-controlling interests	38	1,781	1,180
EQUITY		**2,460,578**	**2,106,672**
EQUITY AND LIABILITIES		**6,058,190**	**5,692,771**

Consolidated cash flow statement of HELLA GmbH & Co. KGaA. for the period from June 1 to May 31

(in € thousands)	2020/2021	2019/2020
EARNINGS BEFORE INCOME TAXES (EBT)	**447,577**	**(382,033)**
Depreciation and amortisation	440,485	918,580
Change in provisions	99,035	4,715
Other non-cash income/expenses and cash flows not attributable to operating activities	(185,366)	9,834
Profits/losses from the sale of property, plant and equipment and intangible assets	1,523	765
Net financial result	6,041	39,026
Change in trade receivables and other assets not attributable to investing or financing activities	(372,034)	405,287
Change in inventories	(30,639)	(99,219)
Change in trade payables and other liabilities not attributable to investing or financing activities	383,936	(219,884)
Tax refunds received	24,753	3,491
Taxes paid	(112,132)	(91,492)
Dividends received	650	46,735
NET CASH FLOW FROM OPERATING ACTIVITIES	**703,828**	**635,804**
Cash receipts from the sale of property, plant and equipment	8,603	27,177
Cash receipts from the sale of intangible assets	11,921	14,940
Payments for the purchase of property, plant and equipment	(498,524)	(406,991)
Payments for the purchase of intangible assets	(152,095)	(66,009)
Cash receipts from the loss of control of subsidiaries or other business units, minus transferred cash	128,586	7,294
Repayments from loans granted to investments	2,050	3,126
Payments for loans granted to investments	(7,800)	(33)
Payments for capital contributions to associated companies, joint ventures and unconsolidated companies	(24,772)	(9,041)
Cash receipts from the sale of associate investments and joint ventures	66,216	41,031
Payments for the acquisition of subsidiaries, less cash and cash equivalents received	0	(548)
Payments made for acquiring non-consolidated subsidiaries	(8,150)	0
Net payments for the purchase and sale of securities	21,236	99,959
Interest received	8,158	10,411
NET CASH FLOW FROM INVESTING ACTIVITIES	**(444,571)**	**(278,685)**
Payments received from the issuance of a bond	0	498,515
Repayment of a bond	0	(500,000)
Payments for the repayment of financial liabilities	(485,432)	(61,882)
Cash receipts from changes in financial liabilities	29,206	449,992
Interest paid	(26,173)	(37,876)
Dividends paid	(367)	(372,453)
NET CASH FLOW FROM FINANCING ACTIVITIES	**(482,765)**	**(23,704)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(223,508)**	**333,415**
Cash and cash equivalents as at June 1	1,202,794	876,763
Effect of exchange rate changes on cash and cash equivalents	209	(7,384)
CASH AND CASH EQUIVALENTS AS AT MAY 31	**979,495**	**1,202,794**

In the reporting period, the presentation of interest received was adjusted (see also Chapter 08).

Consolidated statement of changes in equity of HELLA GmbH & Co. KGaA.

(in € thousands)	Subscribed capital	Capital reserve	Reserve for currency translation differences	Reserve for financial instruments for cash flow hedging
AS AT: JUNE 1, 2019	**222,222**	**250,234**	**(54,197)**	**(64,471)**
Earnings for the period	-	-	-	-
Other earnings for the period	-	-	(36,099)	(2,326)
Comprehensive income for the period	**0**	**0**	**(36,099)**	**(2,326)**
Distributions to shareholders	0	0	0	0
Disposal of non-controlling interests	0	0	(2,405)	0
Transactions with shareholders	**0**	**0**	**(2,405)**	**0**
AS AT: MAY 31, 2020	**222,222**	**250,234**	**(92,701)**	**(66,797)**
AS AT: JUNE 1, 2020	**222,222**	**250,234**	**(92,701)**	**(66,797)**
Earnings for the period	-	-	-	-
Other earnings for the period	-	-	(19,501)	10,514
Comprehensive income for the period	**0**	**0**	**(19,501)**	**10,514**
Distributions to shareholders	0	0	0	0
Transactions with shareholders	**0**	**0**	**0**	**0**
AS AT: MAY 31, 2021	**222,222**	**250,234**	**(112,202)**	**(56,283)**

See also Chapter 38 for notes on equity.

Reserve for debt capital instruments	Remeasurements of defined benefit plans	Other retained earnings/ profit carried forward	Reserves and unappropriated surplus	Equity before non-controlling interests	Non-controlling interests	Equity
3,874	(104,511)	2,712,732	2,743,660	2,965,882	2,609	2,968,491
-	-	(431,012)	(431,012)	(431,012)	(654)	(431,666)
(5,110)	(11,284)	0	(54,819)	(54,819)	(391)	(55,210)
(5,110)	**(11,284)**	**(431,012)**	**(485,831)**	**(485,831)**	**(1,045)**	**(486,876)**
0	0	(372,222)	(372,222)	(372,222)	(231)	(372,453)
0	0	68	(2,337)	(2,337)	(153)	(2,490)
0	**0**	**(372,154)**	**(374,559)**	**(374,559)**	**(384)**	**(374,943)**
(1,236)	(115,796)	1,909,565	1,883,270	2,105,492	1,180	2,106,672
(1,236)	(115,796)	1,909,565	1,883,270	2,105,492	1,180	2,106,672
-	-	358,276	358,276	358,276	1,678	359,954
2,288	1,727	0	(4,972)	(4,972)	(710)	(5,682)
2,288	**1,727**	**358,276**	**353,305**	**353,305**	**968**	**354,273**
0	0	0	0	0	(367)	(367)
0	0	0	0	0	(367)	(367)
1,052	(114,069)	2,267,842	2,236,574	2,458,797	1,781	2,460,578

See also Chapter 38 for notes on equity.

Contents

01 Basic information

HELLA GmbH & Co. KGaA. and its subsidiaries (collectively referred to as the "Group") develop and manufacture lighting technology and electronics components and systems for the automotive industry. In addition to the development and manufacture of components, the Group also produces complete vehicle modules and air-conditioning systems in joint venture undertakings. The Group's production and manufacturing sites are located across the globe; its most significant markets are in Europe, the USA and Asia, particularly South Korea and China. In addition, HELLA has its own international sales network for all kinds of vehicle accessories.

The company is a listed stock corporation, which was founded and is based in Lippstadt, Germany. The address of the Company's registered office is Rixbecker Str. 75, 59552 Lippstadt. HELLA GmbH & Co. KGaA. is registered in Commercial Register B of Paderborn district court under number HRB 6857 and prepares the consolidated financial statements for the smallest and largest group of companies.

The consolidated financial statements of HELLA GmbH & Co. KGaA. for the fiscal year 2020/2021 (June 1, 2020 to May 31, 2021) were prepared in accordance with all IFRS and IAS standards subject to mandatory application for the period as well as the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) and the Standing Interpretations Committee (SIC), as adopted by the EU. The consolidated financial statements are accompanied by a Group management report and the additional disclosures required by Section 315e of the German Commercial Code (Handelsgesetzbuch – HGB). The comparative values of the prior year have been determined according to the same principles. The consolidated financial statements are prepared in euros (€). Amounts are stated in thousands of euros (€ thousand).

The consolidated financial statements are prepared using accounting and measurement methods that are applied consistently within the Group on the basis of amortised historical cost. This does not apply to assets that are available for sale and derivative financial instruments, which are measured at fair value. The consolidated income statement is prepared using the cost-of-sales method. The current/non-current distinction is observed in the consolidated statement of financial position. The amounts stated under current assets and liabilities are for the most part due for settlement within 12 months. Accordingly, non-current items are mainly due for settlement in more than 12 months. In order to enhance the clarity of the presentation, items of the consolidated balance sheet and consolidated income statement have been grouped together where this is appropriate and possible. These items are broken down and explained in the notes to the consolidated notes. Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

The Management Board released the consolidated financial statements for submission to the Supervisory Board on July 28, 2021. It is the responsibility of the Supervisory Board to review the consolidated financial statements and declare its approval. A resolution by the Supervisory Board approving the consolidated financial statements is expected to be passed at the ordinary Supervisory Board meeting to be held on August 18, 2021.

02 Scope of consolidation

In addition to HELLA GmbH & Co. KGaA., all significant domestic and foreign subsidiaries that are directly or indirectly controlled by HELLA are consolidated.

Associates and joint ventures are included in the consolidated financial statements using the equity method of accounting. Due to sales and start-ups, the number of associates and joint ventures remained constant.

Number	May 31, 2021	May 31, 2020
Fully consolidated companies	86	85
Companies accounted forusing the equity method	46	47

Four entities were founded in the current fiscal year 2020/2021. The company HELLA eMobionics Ltd in India is to develop product solutions, inter alia, for electric rickshaws, in order to bring even more targeted value to the growth market of two-and three-wheeled vehicles, which are characteristic of Indian road traffic.

Three further companies were founded in China. HELLA and the MINTH Group have agreed to establish a joint venture.

HELLA MINTH Jiaxing Automotive Parts Co. Ltd is intended to promote the development, manufacture and marketing of radomes and illuminated logos.

The most important subsidiaries are set out below:

			Share of equity *(%)*	
Company	**Country**	**City**	**May 31, 2021**	**May 31, 2020**
HELLA Shanghai Electronics Co., Ltd	China	Shanghai	100	100
HELLA Fahrzeugkomponenten GmbH	Germany	Bremen	100	100
HELLA Automotive Mexico S.A. de C.V.	Mexico	Tlalnepantla	100	100
HELLA Romania s.r.l.	Romania	Ghiroda-Timișoara	100	100
HELLA Slovakia Front-Lighting s.r.o.	Slovakia	Kočovce	100	100
HELLA Slovakia Signal-Lighting s.r.o.	Slovakia	Bánovce nad Bebravou	100	100
HELLA Saturnus Slovenija d.o.o.	Slovenia	Ljubljana	100	100
HELLA Autotechnik Nova s.r.o.	Czech Republic	Mohelnice	100	100
HELLA Electronics Corporation	USA	Plymouth, MI	100	100
Jiaxing HELLA Lighting Co., Ltd	China	Jiaxing	100	100

A complete listing of the shares held by the Group can be found in an attachment to the consolidated notes.

Furthermore, HELLA and the Chinese company Evergrande New Energy Automobile signed an agreement to form another business entity. The plans are for the company emerging from this agreement, HELLA Evergrande Electronics (Shenzhen) Co., Ltd to assume business operations in the Automotive segment. Subsequently, a subsidiary with its registered office in Yangzhou was founded with the name HELLA Evergrande Electronics (Yangzhou) Co., Ltd.

03 Principles of consolidation

If the balance sheet date of a subsidiary is not the same as that of HELLA GmbH & Co. KGaA., interim financial statements are prepared effective May 31.

Business combinations

Acquired subsidiaries are accounted for using the purchase method. The acquisition costs correspond to the fair value of the assets acquired, the equity instruments issued and the liabilities arising or assumed on the transaction date. They also include the fair values of all recognised assets and liabilities arising from contingent consideration. Acquisition-related costs are recognised as expenses upon arising. Upon first consolidation, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value on the date of acquisition. Goodwill is recognised as the amount by which the business combination costs, the amount of the non-controlling shares in the acquired company and the equity components already held on the acquisition date and measured at fair value, exceed the net assets measured at fair value. If this figure is negative, the difference is recognised directly in the income statement after reassessment.

Non-controlling interests

In the case of each business combination, the Group determines whether the non-controlling interests in the acquired company are to be measured at their fair value or in accordance with the share which they hold in the net assets of the acquired company at the date of acquisition. Transactions for the purchase or sale of non-controlling interests that do not result in a loss of control are recorded as equity transactions. Any difference between the figure by which the carrying amount of the non-controlling interests is adjusted to match the current share held in the company and the fair value of the consideration rendered or received is recognised directly within equity.

Any binding put options (for minority shareholders) that have been agreed for non-controlling interests are recognised within financial liabilities and measured at their fair value on the basis of the agreed purchase price. If the put option is related to the purchase of a majority holding in the company concerned, its value is recognised as part of the business combination costs.

Subsidiaries

Subsidiaries are entities that are controlled by the Group. The Group is deemed to control a subsidiary if it is exposed to varying returns from its involvement with the subsidiary or has rights to returns and has the ability to use its power over the subsidiary to affect these returns. The financial statements of subsidiaries are included in the consolidated financial statements as of the date on which the Group gains control over them and until the date on which control over them ends.

Investments accounted for using the equity method

Investments accounted for using the equity method comprise shares in joint ventures and associates.

Joint ventures are joint arrangements in which HELLA exercises joint control together with other partners and also has rights to the arrangement's equity.

Associates are entities over which the Group exercises material influence, but no control, and in which it usually holds 20% to 50% of the voting rights.

Shares in joint ventures and associates are accounted for using the equity method and are recorded at historical cost upon initial recognition. The Group's share also includes the goodwill arising on acquisition (less cumulative impairments).

The Group's share in the profits and losses is recognised in the income statement from the acquisition date. The cumulative changes following acquisition are deducted from or added to the carrying amount of the investment. If losses have reduced the fair value of the Group's share to zero, additional losses are only allowed for and recognised as liabilities to the extent that HELLA is subject to legal or constructive obligations to settle such losses. Gains at a later period are not taken into account until they are sufficient to cover the unrecognised loss.

Intra-group transactions

Intra-group transactions, balances and unrealised gains or losses from intra-group transactions are eliminated. However, the existence of unrealised losses is viewed as an indication that the transferred asset must be examined for impairment.

04 Currency translation

Foreign currency gains and losses from monetary assets and monetary liabilities are taken to profit or loss. One exception to this rule is a monetary item designated as a hedging item in a cash flow hedge, a net investment hedge or a fair value hedge of an equity instrument. The company has elected to present the changes in the fair value of this item in other comprehensive income.

Currency translation differences for non-monetary items, changes which are recognised at fair value in the income statement (for example, equity instruments measured at fair value through profit or loss), are reported in the income statement as part of the gain or loss from measurement at fair value. However, currency translation differences for non-monetary items, changes which are recognised at fair value within equity (for example, equity instruments measured at fair value through other comprehensive income), are included in the revaluation reserve as part of other reserves.

Functional currency and reporting currency

The items included in the financial statements of each of the Group companies are measured using the currency of the primary economic environment in which the company operates (functional currency).

The consolidated financial statements are prepared in euros, the functional and reporting currency of HELLA GmbH & Co. KGaA.

The net profit/loss and balance sheet items of all Group companies that have a functional currency other than the euro are treated as follows:

- assets and liabilities are translated into euros for each balance sheet date using the spot exchange rate;
- income and expenses are translated for each income statement using the average exchange rate (unless this fails to give an appropriate approximation of the cumulative effects that would have arisen from currency translation at the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates prevailing on the transaction dates);
- any currency translation differences are recognised in equity as separate items within the currency translation reserve and, hence, in other comprehensive income.

Transactions and outstanding balances

Foreign currency transactions are translated into the functional currency at the spot exchange rate applicable on the transaction date. Gains and losses from the settlement of such transactions as well as from the translation of financial assets and liabilities held in foreign currencies at the spot exchange rate are recognised in the income statement unless they are designated as qualified cash flow hedges, in which case they are recognised within equity.

Currency translation differences arising in connection with consolidation from the conversion of net investments in economically independent foreign operations, financial liabilities, and other foreign currency instruments designated as hedges of such investments, are recognised within equity. If a foreign business is sold, any currency translation differences hitherto recognised within equity are recycled to profit and loss as part of the profit or loss derived from the sale. Goodwill arising from business combinations and from disclosed hidden reserves and liabilities that are recognised as adjustments to the carrying amounts of the assets and liabilities of the company concerned are translated using the end-of-year spot exchange rate in the same way as that applied to assets and liabilities.

The exchange rates used to translate the main currencies for HELLA were as follows:

	Average		Reporting date	
	2020/2021	2019/2020	2020/2021	2019/2020
€1 = US dollar	1.1864	1.1058	1.2201	1.1136
€1 = Czech koruna	26.3212	25.9036	25.4540	26.9210
€1 = Japanese yen	126.0953	119.6121	133.7900	119.2900
€1 = Mexican peso	24.8291	22.3738	24.3131	24.5580
€1 = Chinese renminbi	7.9154	7.7571	7.7722	7.8804
€1 = South Korean won	1354.6129	1318.5810	1352.0400	1363.7600
€1 = Romanian leu	4.8727	4.7740	4.9195	4.8493
€1 = Indian rupee	87.6385	79.5342	88.5414	83.4635

05 New accounting standards

The following amendments, which were endorsed by the EU as European law as at the balance sheet date, were applied for the first time in the fiscal year 2020/2021:

CHANGES TO THE CONCEPTUAL FRAMEWORK

The IASB issued its revised and expanded Conceptual Framework on March 29, 2018. It includes revised definitions of assets and liabilities and new guidance for measurement and derecognition, presentation and disclosure. The changes to the Conceptual Framework do not necessarily result in changes to existing standards. However, specific application cases may occur if there are omissions in the provisions. Because the Conceptual Framework is not a standard or interpretation, there are no plans to adopt it as European law. The application did not have any impact on the HELLA consolidated financial statements.

AMENDMENTS TO IAS 1 “PRESENTATION OF FINANCIAL STATEMENTS” AND IAS 8 “ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS”: DEFINITION OF MATERIAL

The amendments to IAS 1 and IAS 8 “Definition of Materiality (Amendments to IAS 1 and IAS 8)” clarify the definition of “material” and align the definition used in the IFRS conceptual framework and the IFRS standards themselves. To avoid duplication of the definition of “material” in IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, the definition will only be contained in IAS 1 in future. There was no impact on the consolidated financial statements.

AMENDMENTS TO IFRS 3 “BUSINESS COMBINATIONS”: DEFINITION OF A BUSINESS

The amendments to IFRS 3 “Definition of a business (Amendments to IFRS 3)” pertain to modifications of the definition, application guidance and examples of IFRS 3 “Business combinations” and clarify the definition of a business with the goal of making it easier to identify whether a transaction should be recognised as a business combination or as an acquisition of assets. To be considered a business, an acquisition of activities and assets would have to include inputs and a substantive process that together significantly contribute to the ability to create outputs. The modifications include explanatory examples to help identify whether a substantive process was acquired. An optional concentration test was added as well. The test provides a simplified way to assess whether the acquisition constitutes a business. If substantially all of the fair value of the acquired gross assets is concentrated in an asset or a group of similar assets, the assumption is made that a business was not acquired. This change had no impact on HELLA’s consolidated financial statements.

IFRS 9 "FINANCIAL INSTRUMENTS", IAS 39 "FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT" AND IFRS 7 "FINANCIAL INSTRUMENTS: DISCLOSURES": INTEREST RATE BENCHMARK REFORM

The IASB announcement on the interest rate benchmark reform of September 26, 2019 provides for amendments to the standards IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" as well as IFRS 7 "Financial Instruments: Disclosures".

These amendments relate in particular to certain simplifications with regard to hedge accounting regulations in reporting periods prior to the replacement of an existing reference interest rate by an alternative rate and are mandatory for all hedging positions affected by the interest rate benchmark reform. Moreover, further disclosures are required on the extent to which the companies' hedging positions are affected by the amendments. There was no material impact on HELLA's consolidated financial statements.

The following new or amended IFRS have already been endorsed by the EU as European law as at the balance sheet date and will become effective at a later date:

IFRS 9 "FINANCIAL INSTRUMENTS", IAS 39 "FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT", IFRS 7 "FINANCIAL INSTRUMENTS: DISCLOSURES", IFRS 4 "INSURANCE CONTRACTS" AS WELL AS IFRS 16 "LEASES": REFORM OF THE REFERENCE INTEREST RATES (PHASE 2)

On August 27, 2020, the IASB published amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 upon IASB's finalising the second phase of its IBOR reform project. They supplement the requirements from the project's first phase and generally start with the reference interest rate being replaced by another reference interest rate. In the event of changes in contractual cash flows, it may not be necessary to adjust or derecognise the carrying amount of financial instruments on the basis of the adjustments, but the effective interest rate may be adjusted under certain conditions to reflect the change in the alternative reference interest rate. No profit or loss is then directly recorded. Similarly, when accounting for hedges, under certain circumstances, it is not necessary to terminate a hedging relationship designated for hedge accounting purposes due to adjustments brought about by the IBOR reform. In addition, it is mandatory for companies to disclose information on new risks arising from the reform, as well as the handling of the transition to alternative reference rates. There are also necessary adjustments to IFRS 16 and IFRS 4. These amendments must be applied to financial statements for fiscal years commencing on or after January 1, 2021, retrospectively. No material impact on the consolidated financial statements is expected.

The following new or amended IFRS had not yet been endorsed by the EU as at the balance sheet date and will not be applicable until a later date:

The HELLA Group plans to apply the newly issued standards and amendments from the date of mandatory application subject to endorsement for application in the EU.

IMPROVEMENTS TO IFRS 2018-2020

Amendments have been made to four standards as part of the annual improvement project. Adjustments to the wording of individual IFRS serve the purpose of clarifying the existing guidance. The standards affected are IFRS 9 "Financial Instruments", IFRS 16 "Leases", IFRS 1 "First-Time Adoption of International Financial Reporting Standards" and IAS 41 "Agriculture". These amendments must be applied to fiscal years commencing on or after January 1, 2022, retrospectively. No impact on the consolidated financial statements is expected.

IAS 1 "PRESENTATION OF FINANCIAL STATEMENTS": CLASSIFICATION OF LIABILITIES AS SHORT-TERM OR LONG-TERM

On January 23, 2020, the IASB issued a narrow-scope amendment to IAS 1 "Presentation of Financial Statements" to clarify that liabilities are classified as either current or non-current, depending on the rights that exist for the entity on the balance sheet date. Accordingly, the classification no longer refers to unconditional rights. Rather, liabilities are classified as non-current if, at the end of the reporting period, the entity has a substantive right to defer settlement of the liability for at least 12 months after the balance sheet date. These amendments must be applied to fiscal years commencing on or after January 1, 2023, retrospectively.

In addition, the IASB published further amendments to IAS 1 on February 12, 2021. According to this, it is only necessary in future to present the "material" accounting methods in the notes and thus to emphasise company-specific instead of standardised execution. To be considered "material", the accounting policy must be related to material transactions or other events, and there must be an occasion for presentation. For example, the reason may be that the method has been changed, it is a voting right, the method is complex or highly discretionary or it has been developed in accordance with IAS 8.10-11. These amendments must also be applied to fiscal years commencing on or after January 1, 2023. The initial application of these amendments is not expected to have any material impact on the consolidated financial statements.

IAS 8 "ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMANTES AND ERRORS": DEFINITION OF ACCOUNTING ESTIMATES

On February 12, 2021, the IASB published an amendment to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" that clarifies how companies can better distinguish changes in accounting policies from changes in estimates. For this purpose, the definition states that an accounting estimate is always related to an uncertain valuation of a financial value in the financial statements. In addition to input parameters, a company also uses valuation methods to establish an estimate. Valuation methods can entail valuation methods or techniques. These amendments must be applied to fiscal years commencing on or after January 1, 2023. HELLA does not anticipate a material impact on the consolidated financial statements.

IAS 16 "PROPERTY, PLANT AND EQUIPMENT": PROCEEDS BEFORE INTENDED USE

In October 2019, the IASB made amendments to IAS 16 "Property, plant and equipment". Accordingly, it will no longer be permissible to deduct proceeds from the sale of goods that are already being produced while property, plant and equipment is brought to the site and into the operational state intended by management from the acquisition or production costs of said property, plant and equipment. An example of such is samples produced in test runs. Instead, these proceeds are recognised in profit or loss.

The envisaged initial application must be applied to fiscal years commencing on or after January 1, 2022. No material impact on the HELLA consolidated financial statements is expected.

IAS 37: "PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS": COSTS OF FULFILLING A CONTRACT

On May 14, 2020, the IASB published the amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" that clarify which costs are to be regarded as settlement costs. According to IAS 37, a contract in which the unavoidable costs of fulfilling the contractual obligations are higher than the expected economic benefits is an onerous contract for which a corresponding provision must be recorded. With the amendment, the IASB clarifies that the cost of fulfilment includes costs directly related to the contract. These include, on the one hand, the additional costs incurred for the fulfilment of the contract ("incremental costs") and, on the other hand, an allocation of other costs that are directly attributable to the fulfilment of the contract – such as depreciation of property, plant and equipment used in the fulfilment of the contract.

The initial application is planned for fiscal years commencing on or after January 1, 2022. No material impact on the HELLA consolidated financial statements is expected.

IFRS 17 "INSURANCE CONTRACTS"

On May 18, 2017, the IASB published IFRS 17 "Insurance Contracts". IFRS 17 sets out the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The new standard supersedes the current IFRS 4 "Insurance Contracts". Under IFRS 4, reporting entities currently have the option to apply a large number of financial reporting practices that are heavily influenced by national accounting laws and regulations. The new standard will therefore result in a standard and credible presentation of the accounting of insurance contracts. In June 2020, the IASB published a number of amendments and clarifications in eight areas of IFRS 17 with the aim of facilitating the application, implementation and transition, which are not intended to change the fundamental principles of the standard. The new standard must be applied to fiscal years commencing on or after January 1, 2023. The application of these amendments is not expected to have any impact on the consolidated financial statements.

06 Basis of preparation and accounting

Revenue recognition

In accordance with IFRS 15, the HELLA Group recognises as revenue from contracts with customers the amount of consideration that it receives in exchange for transferring goods or services to a customer. The revenue is recognised when the customer, either at a point in time or over a period of time, obtains control of that good or service. In the case of the sale of goods, this generally applies when the goods have been delivered.

Five steps are applied to determine whether and in what amount revenue should be recognised. When applying the five steps to contracts with customers, the existing distinct performance obligations are identified. The transaction price for the customer contract is determined pursuant to IFRS 15. Variable amounts such as discounts, customer bonuses or other concessions are recognised during the year as sales deductions. Revenue is recognised in accordance with the allocated pro rata transaction price when and as the agreed performance obligation is satisfied or control is passed to the customer.

There is no significant financing component, as the average payment term agreed in the market is 60 days. A receivable is reported upon delivery of the goods, since at that point in time, claims for consideration are unconditional.

Income from the provision of services is recognised in accordance with the terms of the contract in question, provided the service has been rendered and expenses have arisen.

Functional costs

Cross-functional costs contained in the consolidated income statement are reported in accordance with internal reporting requirements. Operating expenses are always initially allocated to the functional division in which they are primarily incurred. If the functional division performs services for which the economic benefit arises in another functional area, such expenses are allocated on a pro rata basis to the functional division for which the services were performed.

Earnings per share

Basic earnings per share are calculated by dividing the share of earnings after tax attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the fiscal year. Diluted earnings per share also take account of the shares that may have to be issued if options or conversion rights are exercised. No such rights existed during the reporting period.

Property, plant and equipment

Property, plant and equipment are measured at historical cost less cumulative depreciation and impairments. Historical cost comprises the expenses directly attributable to the acquisition.

Subsequent cost, e.g. as a result of expansion or replacement investments, is only recognised as part of the historical cost of the asset or – if applicable – as a separate asset if it is probable that the Group will derive future economic benefits from them and the costs of the asset can be reliably measured. Expenses for repairs and maintenance that do not represent a material reinvestment are recognised as an expense in the income statement in the fiscal year in which they arise.

Tools manufactured or acquired by the Group for production purposes are capitalised at cost in accordance with IAS 16 and recorded separately in the statement of assets as operating equipment. Each item of property, plant and equipment with historical cost that represents a significant portion of the total value of the item is recognised and depreciated separately.

Land is not depreciated. All other assets are depreciated on a straight-line basis. In this case, their historical cost or fair value is written down to their residual carrying amount over their expected average useful life as follows:

Buildings	30 years
Machinery	8 years
Production equipment	3-5 years
Operating and office equipment	5 years

The residual carrying amounts and expected useful lives are reviewed and, if necessary, adjusted on each balance sheet date.

If the carrying amount of any item of property, plant and equipment exceeds its estimated recoverable amount, it is immediately written down to this amount.

Government grants

Government grants are recognised if it is reasonably certain that the related conditions will be satisfied and the grants will actually be received. Grants for the purchase or production of non-current assets (asset-related grants) are deducted from the historical cost of the assets in question and reduce future depreciation. Grants that are not awarded for non-current assets (performance-tied grants) are accounted for in the income statement in the same functional division as the related expense items. They are recognised in the income statement on a pro rata basis over the periods in which the expenses to be covered by the grants are incurred. Government grants awarded for future expenses are reported as deferred income.

INTANGIBLE ASSETS GOODWILL

Goodwill represents the amount by which the cost of a business combination exceeds the fair value of the Group's shares in the net assets of the entity acquired and the sum of all non-controlling interests at the time of acquisition. The goodwill arising from business combinations is recognised as an intangible asset. The goodwill resulting from the acquisition of an associate or joint venture is included in the carrying amount of the investment accounted for using the equity method and is therefore not tested for impairment separately but as part of the total carrying amount. The goodwill reported is tested for impairment on an annual basis. No reversals of impairment are performed. Gains and losses from the sale of an entity include the carrying amount of the goodwill allocated to such entity. The goodwill is allocated to cash-generating units for the purpose of impairment testing. It is allocated to those cash-generating units or groups of cash-generating units (CGUs) that are expected to benefit from the business combination giving rise to the goodwill.

CAPITALISED DEVELOPMENT EXPENSES

Costs related to development projects that are subject to IAS 38 are recognised as intangible assets if it is likely, given their economic and technical viability, that the project will be successful and the costs can be reliably determined. Otherwise, the research and development expenses are recognised in the income statement. Capitalised development expenses are amortised on a straight-line basis over their expected useful life starting with the date on which the product goes into commercial production. Depreciation and amortisation is calculated over an average estimated useful life of three to five years. The depreciation/amortisation charged on capitalised development expenses is recognised in the cost of sales and is applied in the Automotive segment.

ACQUIRED INTANGIBLE ASSETS

Acquired intangible assets are recorded at historical cost. Intangible assets with a definite useful life are amortised on a straight-line basis over their useful life of three to eight years.

Impairment of non-monetary assets

Assets with an indefinite useful life – primarily goodwill within the Group – are not depreciated or amortised but tested for impairment on an annual basis. Assets that are subject to depreciation or amortisation are tested for impairment when corresponding events or changes in circumstances indicate that the carrying amount may no longer be recoverable.

An impairment is recognised in the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is either the fair value of the asset less the cost to sell or the value in use, whichever is higher. For the purposes of impairment testing, assets are aggregated at the lowest identifiable level for which cash flows can be generated for independent units (CGUs). The recoverable amount of a CGU is determined on the basis of the expected future discounted cash flows from planned use (value in use). These are based on Management Board forecasts covering a period of three years. With the exception of goodwill, non-monetary assets for which an impairment has been recognised in prior periods are reviewed at each balance sheet date to test whether the impairment must be reversed. Impairments that are primarily triggered on the basis of internal information sources or causes are reported under cost of sales. Impairments resulting from external events, in particular for regulatory reasons or in relation to the sales market, are reported as non-current assets under impairment losses.

Contract assets and contract obligations

A contract asset is recognised wherever the HELLA Group has recognised revenue from performing a contract, the customer has not yet paid the related consideration and other criteria, other than the passage of time, must be met before the Group can issue an invoice and thus recognise a receivable. The contract asset is derecognised as soon as the HELLA Group receives a payment from the customer under the contract.

A contract liability is recognised wherever the customer has made a payment or a receivable from the customer becomes due before the HELLA Group has performed a contractual obligation and thus recognised revenue. Contract liabilities must be netted against contract assets within a customer contract. Quantitative disclosures of performance obligations are reported if they are part of a contract with an expected original term of more than one year. The HELLA Group has elected not to make additional disclosures on performance obligations with an expected original term of one year or less.

Inventories

Inventories are recognised at the lower of historical cost or net realisable value. Historical cost is determined using the moving average method. The historical cost of finished and unfinished goods includes the costs of product development, raw materials and supplies, direct personnel expenses, other direct costs, and the overheads attributable to production (based on normal plant capacity). The net realisable value is the estimated sales revenue achievable in the normal course of business less the necessary variable distribution expenses and the expected cost until completion.

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances as well as checks. Bills received are reported as cash equivalents if their maturity on receipt is less than three months and they can be directly converted into sight deposits almost without generating any loss. If maturity on receipt is more than three months or the bill cannot be converted directly into sight deposits, the bills are reported in the securities category within financial assets. Other subordinated bills in qualitative terms do not result in derecognition of the corresponding receivable.

Equity

SUBSCRIBED CAPITAL

The limited partner shares issued by the Company are classified as equity. The various issues of capital from profit participation certificates are recognised as liabilities.

CAPITAL RESERVE

Cash deposits attributable to the issuance of new shares which exceed the nominal value of the shares issued are recognised under the capital reserve. Costs directly attributable to the issuance of new shares are recognised in equity net after tax as a deduction from the capital reserves.

RESERVE FOR CURRENCY TRANSLATION DIFFERENCES

The reserve for currency translation differences comprises all foreign currency translation differences stemming from the translation of the financial statements of foreign business divisions.

CASH FLOW HEDGE RESERVE

The reserve for financial instruments for cash flow hedging comprises the effective portion of cumulative net changes in the fair value of the hedging tools used to hedge cash flows until such point as the hedged cash flows are recognised in profit or loss.

RESERVE FOR FVOCI FINANCIAL INSTRUMENTS

The reserve for FVOCI financial instruments contains the cumulative net changes in the fair value of FVOCI financial assets until the derecognition of these assets.

REMEASUREMENTS OF DEFINED BENEFIT PLANS

Remeasurements of net debt stemming from defined benefit plans comprise actuarial gains and losses attributable to changes in the actuarial assumptions upon which the calculation of defined benefit pension liabilities is based. It also includes the difference between the standardised and actual income generated by the plan assets as well as its impact on any asset ceiling in place.

OTHER RETAINED EARNINGS/PROFIT CARRIED FORWARD

The item "Other retained earnings/profit carried forward" includes other retained earnings of the parent company and the past earnings of consolidated companies also included in the consolidated financial statements. This item also includes the statutory reserve of the parent company. The statutory reserve is subject to the distribution restrictions specified in the German Stock Corporation Act (Aktiengesetz – AktG). Offsetting of differences in assets and liabilities arising from the capital consolidation of subsidiaries consolidated before June 1, 2006, and the adjustments recognised directly in equity for the first-time adoption of IFRS are also included in this item.

Trade payables

Trade payables are initially measured at their fair value. They are subsequently measured at amortised cost using the effective interest method.

Current and deferred taxes

Current tax expense is calculated in accordance with the tax legislation applicable in the countries in which the subsidiaries and associates operate. In accordance with IAS 12, deferred taxes are recognised for any temporary differences between the tax basis of the assets/liabilities and their carrying amount in the IFRS financial statements ("temporary concept"). Deferred taxes are also recognised for tax loss carryforwards. Deferred taxes are measured on the basis of the tax rates (and tax legislation) that apply on the balance sheet date or have essentially been legislated and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are only recognised to the extent to which it is likely that a taxable profit will be available to offset the temporary differences in assets or the unused losses.

Deferred tax assets and deferred tax liabilities are netted only if offsetting is legally permissible. In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

Employee benefits

PENSION LIABILITIES

Pension provisions are calculated using actuarial methods on the basis of the projected unit credit method in accordance with IAS 19. As a rule, the pension liabilities are measured using the latest mortality tables as at May 31 of the respective reporting year; in Germany, the calculations are based on Heubeck's 2018 G actuarial tables.

In the case of funded pension plans, the pension provisions calculated using the projected unit credit method are reduced by the fair value of the fund assets. If the fund assets exceed the provisions, recognition of the assets is limited to the present value of future refunds from the plan or the reduction in future contributions.

Remeasurements arise from increases or decreases either in the present value of the defined benefit liabilities of the plan (actuarial gains and losses) or in the fair value of the plan assets. This may be caused by changes in the calculation parameters, differences between the estimated and actual risk exposure of the pension liabilities and returns on the fund assets, excluding amounts reported within net interest income and expenses.

Actuarial gains and losses are recognised directly in equity (other comprehensive income for the period) in the period in which they arise, as are remeasurements resulting from the application of an asset ceiling and income from the plan assets (excluding interest on net debt).

The service cost for pensions and similar liabilities is recognised as an expense in the operating result. The interest expense derived by multiplying the net provisions with the discount rate is likewise recognised within the corresponding items of the operating result.

SEVERANCE COMMITMENTS

Benefits arising from the termination of employment are paid if an employee is laid off by a Group company before normal retirement age. The Group pays severance commitments if it is under an obligation to terminate the employment of current employees in accordance with a detailed formal plan that cannot be revoked or if it is under an obligation to pay compensation in the event of employment being terminated voluntarily by the employee. Payments that are due for settlement in more than 12 months after the balance sheet date are discounted to calculate their present value.

PROFIT-SHARING AND OTHER BONUSES

Liabilities and provisions are recognised for bonus payments and profit-sharing and the expected expenses reported on the basis of a measurement process. Provisions are set aside in the consolidated financial statements in cases in which there is contractual commitment or constructive obligation based on past business practice.

SHARE-BASED PAYMENT

Obligations from share-based payments agreed for the first time in fiscal year 2019/2020 are recognised as a cash settled plan in accordance with IFRS 2. These cash settled plans are measured at fair value during their term. The fair value is determined using a recognised measurement procedure. The payment cost is distributed over the vesting period and was shown under personnel expenses. Please refer to Chapter 41 for information on share-based payment.

PARTIAL RETIREMENT

The obligations from partial retirement according to the block model mostly have maturities of between two and six years. The size of top-ups is determined in line with pay-scale provisions. They are accumulated on a pro rata basis from the beginning of the commitment onwards. Payments that are due for settlement in more than 12 months after the balance sheet date are discounted to calculate their present value. Benefits are mostly invested in the form of fixed-income investments in order to take account of hedging in accordance with statutory provisions.

Provisions

Provisions are recognised if the Group has a present legal or constructive obligation resulting from a past event, and it is likely that the settlement of the obligation will result in an outflow of resources and the amount of the provision can be reliably estimated.

If there are a large number of similar liabilities (as is the case for statutory warranties), the likelihood of an outflow of resources is determined on the basis of this group of liabilities. Provisions are also recognised if there is a low probability of an outflow of resources related to a single liability within this group.

Provisions are measured at the present value of the expected expenses, using a pre-tax rate that reflects current market expectations regarding the interest effect and the risks specific to the liability. The increase in provisions resulting from the related interest expenses is recognised in the income statement within interest expense.

Should warranty obligations arise from contractual or statutory warranty obligations, HELLA creates provisions for these obligations. Specific warranty provisions are made for warranty claims that have arisen or been asserted individually. When carrying out the measurement, the parts concerned are identified based on the established total supplied products and a failure rate estimated for these products. Failure rates are appropriately estimated using historical failure rates and all other available data for each individual warranty case. Measurement is based on the estimated average costs (material and replacement costs).

The previous section "Employee Benefits" describes provisions for employees.

Provisions for supply and sales liabilities include liabilities under current third-party agreements from which future losses are expected.

The management uses historical figures from similar transactions to estimate the amount of the provisions, taking into account details of any events arising up until the consolidated financial statements are drawn up.

Contingent liabilities

Contingent liabilities are potential or existing liabilities towards third parties, for which an outflow of resources is unlikely or whose amount cannot be reliably determined. If no contingent liabilities were assumed under a business combination, these are not recognised in the statement of financial position. In the case of guarantees, the amount of the contingent liabilities stated in the notes corresponds to the liabilities existing on the balance sheet date.

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and, at the same time, a financial liability or equity instrument of another entity. Financial instruments include financial assets and liabilities and contractual entitlements and obligations relating to the exchange or transfer of financial assets. A distinction is drawn between non-derivative and derivative financial instruments. Financial assets and liabilities are assigned to measurement categories in accordance with IFRS 9.

FINANCIAL ASSETS

Financial assets are recognised in the statement of financial position if the Company is party to a contract concerning these assets. The purchase or sale of financial assets under normal market conditions is recognised or derecognised at the same value as at the settlement date.

Financial assets which are due for settlement in more than one year are classified as non-current. They are derecognised as soon as the contractual right to payments from the financial assets expires or the financial assets are transferred with all the significant risks and opportunities.

Financial instruments are assigned to the following measurement categories:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI);
- at fair value through profit or loss (FVPL).

AT AMORTISED COST

A financial asset is measured at amortised cost if it meets the following two conditions and is not classified as FVPL: First, it is held within a business model whose goal is to hold assets in order to obtain contractual cash flows. Second, its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets carried at amortised cost are then measured using the effective interest method and amortised. Gains and losses are recognised in the income statement if the asset is derecognised, modified or impaired.

AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

A debt instrument that meets the following two conditions must be measured at FVOCI unless the asset is classified as FVPL: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. For debt instruments measured at FVOCI, interest income, currency revaluations and reversals of impairment are recognised in the income statement and calculated in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. After derecognition, the cumulative change in fair value recognised in OCI is recycled to the income statement.

AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)

Assets measured at fair value through profit or loss include financial assets held for trading, financial assets designated as at fair value through profit or loss at initial recognition or financial assets required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing them within a short period of time. Derivatives are also measured at fair value through profit or loss (FVPL) unless they are designated as hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss regardless of the business model. Even if debt instruments meet the above classification criteria for amortised cost or FVOCI, they can still be measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces an accounting mismatch. Financial assets at FVPL are measured at fair value in the statement of financial position, with net value changes recognised in profit or loss.

Within the HELLA Group, this applies to financial instruments traded by Group companies.

IMPAIRMENT

The Group measures the future expected credit loss for its receivables measured at amortised cost and its debt instruments measured at FVOCI. The chosen impairment method depends on whether there is a significant increase in credit risk. For trade receivables, the Group uses the simplified approach of IFRS 9 to measure lifetime expected credit losses since initial recognition.

FINANCIAL LIABILITIES

During the current fiscal year, as in the prior year, there were no non-derivative financial liabilities measured at fair value in the income statement or categorised as such. The accounting policies for the derivative financial liabilities measured at fair value included under other liabilities are described separately in the section entitled "Derivative financial instruments".

All other non-derivative financial liabilities in the HELLA Group are allocated to the "at amortised cost" category. Non-derivative financial liabilities are initially measured at fair value less transaction costs. They are subsequently measured at their amortised cost using the effective interest method.

If an outflow of resources is expected after more than one year, these liabilities are classified as non-current. Liabilities are derecognised if the contractual commitments are settled, reversed or expire.

DERIVATIVE FINANCIAL INSTRUMENTS

The HELLA Group uses derivative financial instruments to hedge financial risks. Derivative financial instruments are recognised at the time the relevant contract is completed and measured at fair value. Derivatives are measured on the basis of observable current market data using suitable measurement techniques. Forward exchange transactions and commodity futures transactions are measured on a case-by-case basis at the respective forward rate or price on the balance sheet date. The forward rates or prices are based on the spot rates and prices, allowing for forward premiums and discounts. The fair values of instruments to hedge interest rate risks are obtained by discounting the future cash inflows and outflows. Market interest rates are used for discounting and applied over the residual term of the instruments. The instruments are discounted at the market interest rate over the residual term. The present value is calculated on the balance sheet date for each single interest rate, currency and interest rate/currency swap transaction. The counterparty's credit rating is usually included in the assessment on the basis of observable market data. Depending on whether the derivatives have a positive or negative fair value, they are reported within other financial assets or other financial liabilities. The recognition of changes in fair value depends on the accounting treatment applied. In principle, all derivative financial instruments are recognised at fair value through profit or loss. Changes in the fair value of assets held in this category are recognised directly in the income statement. In individual cases, selected hedging positions are presented as cash flow hedges in the statement of financial position in accordance with hedge accounting rules. This means that the effective portion of the change in fair value is recognised within equity (reserve for financial instruments for cash flow hedging), while the ineffective portion is recognised in the income statement. The portion of the change originally recognised within equity is recycled to the income statement as soon as the underlying transaction is recognised in the income statement.

Borrowing costs

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or manufacture of a qualifying asset and can therefore be considered to form part of the historical cost of the asset concerned. All other borrowing costs are recognised as expenditure in the period in which they arise.

As in the prior year, there were no borrowing costs directly attributable to the acquisition, construction or manufacture of a qualifying asset in fiscal year 2019/2020. For this reason, borrowing costs were recognised directly as expenditure within the period.

Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract contains the right to control the use of an identified asset, the Group assesses whether:

- the contract contains the right to use an identified asset, which may be specified explicitly or implicitly and should be physically distinct or represent essentially all of the capacity of a physically distinct asset. The asset is not identified if the supplier has a substantive substitution right;
- the Group has the right to obtain essentially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right if it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used throughout the period of use. The Group also has the right to direct the use of the asset in those rare cases where the relevant decisions about how and for what purpose the asset is used are predetermined;
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose the asset will be used.

At the inception or remeasurement of a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Group has elected to separate the non-lease components for leases of land and buildings for reasons of materiality. With regard to other asset classes, such as machinery and office furniture, the Group has elected not to separate non-lease components from lease components, and instead to account for each lease component and any associated non-lease components as a single lease component.

LEASES IN WHICH THE GROUP IS THE LESSEE

The Group recognises a right-of-use asset and a lease liability at lease inception. The right-of-use asset is initially measured at cost, where cost consists of the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and any direct costs incurred, less any lease incentives received. The Group has not assumed any obligations to cover the costs of dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. This means no provision is required to be recognised under IAS 37.

To determine the lease term, management considers all relevant facts and circumstances to assess the economic incentives to exercise an extension option or not to exercise an option to terminate the lease. Options to extend the lease (or periods after options to terminate the lease) are only included in leases if there is a good reason to assume that the term will be extended (or not terminated).

The right-of-use asset is then depreciated on a straight-line basis from the commencement date to the end of the useful life of the right-of-use asset or the end of the lease term. The useful life of right-of-use assets is estimated based on the useful life of property, plant and equipment. Depreciation begins on the commencement date of the lease. The right-of-use asset is also periodically tested for impairment pursuant to IAS 36 and, if found to be impaired, its carrying amount is adjusted to reflect the impairment and certain remeasurements of the lease liability.

The lease liability is measured on initial recognition at the present value of the remaining lease payments at the commencement of the lease, discounted at the interest rate implicit in the lease or, if that rate cannot be readily determined, using an incremental borrowing rate that reflects the economic substance of the contract and the specific market conditions. The Group generally uses as its discount rate the interest rate it pays to borrow capital.

The lease payments included in the measurement of the lease payment comprise the following:

- initial payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate and are initially measured using the index or rate at the commencement date;
- amounts expected to be payable under residual value guarantees; and
- exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- lease payments in an optional extension period if the Group is reasonably certain to be able to exercise an extension option, and payments of penalties for terminating the lease early unless the Group is reasonably certain that it will not terminate the lease early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured if there is a change in future lease payments resulting from a change in an index or a rate, in the amounts the Group expects to be payable under a residual value guarantee or in the Group's assessment of whether it will exercise a purchase, extension or termination option. If the lease liability is remeasured in any of these scenarios, a corresponding adjustment to the carrying amount of the right-of-use asset is made or taken to profit or loss if the carrying amount of the right-of-use asset is reduced to zero. The Group has not made any adjustments of this kind in the reporting period.

The Group elected not to recognise any right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less or for leases of low-value assets (primarily IT equipment, machinery and office furniture). The Group recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

The Group elected to report in its statement of financial position those assets that do not meet the definition of investment property in property, plant and equipment, and to report lease liabilities in current and non-current financial liabilities.

The Group made the following classification in the statement of cash flows:

- cash payments for the principal portion of the lease liability within financing activities;
- cash payments for the interest portion of the lease liability within financing activities, applying the requirements in IAS 7 for interest paid;
- short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.

LEASES IN WHICH THE GROUP IS THE LESSOR

If the Group is a lessor, it classifies each lease as either an operating lease or a finance lease at the inception of the lease. When classifying each lease, the Group makes a general determination as to whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a finance lease; if not, it is an operating lease. In this assessment, the Group considers certain indicators such as whether the lease term is the major part of the economic life of the asset.

The Group recognises lease payments received for operating leases as income within "other income" on a straight-line basis over the lease term.

Dividend distributions

Shareholder claims to dividend distributions are recognised as a liability in the period in which the corresponding resolution is adopted.

07 Discretionary decisions and management estimates

The preparation of the consolidated financial statements in accordance with IFRS requires estimates and assumptions to be made. In addition, the application of company-wide accounting policies requires management to make judgements.

All estimates and assessments are reviewed on a continual basis and are based on past experience and other factors including expectations concerning future events that appear reasonable given the circumstances.

Discretionary decisions and critical accounting estimates

The Group makes forward-looking assessments and assumptions. It is in the nature of things that the resulting estimates only very rarely correspond exactly to the actual, subsequent circumstances. The estimates and assumptions that engender a significant risk in the form of a material adjustment to the carrying amount of assets and liabilities in the following fiscal year are discussed below.

Estimated goodwill impairment

In accordance with the accounting policies described herein, the Group tests goodwill for impairment on an annual basis. The recoverable amount from cash-generating units (CGUs) is calculated on the basis of the value in use. These calculations must be based on certain assumptions (see also Chapter 29).

Recognition and estimated impairments of non-current assets

In the case of self-created intangible assets, assessment of the point at which the capitalisation requirements have been met in accordance with IAS 38 is a matter of discretion. Important estimates also relate to the determination of the useful life for intangible assets and property, plant and equipment.

The Group performs impairment tests on intangible assets (especially capitalised development expenses) and property, plant and equipment and net capital expenditures in associates and joint ventures as soon as any indication of impairment arises in a specific case (triggering event). An impairment loss is recognised by comparing the carrying amount with the estimated recoverable value. The cash flow forecasts and the discount factors used constitute particularly important estimated values when reviewing the value of non-current assets (see Chapter 22, 29 and 30). The underlying forecasts are based on experience as well as expectations regarding future market developments, particularly assumed sales volumes.

If an impairment loss has been recognised, checks must be performed in subsequent periods to determine whether the triggering events for such have been eliminated. For this purpose, both internal and external sources must be taken into account. An impairment loss recognised in previous periods must be reversed if there has been a change in the estimates of the recoverable amount (through use or sale). In addition to the assessment of the cash flow forecasts from the continuing use, there is discretionary scope in the assessment of whether the indications that led to the impairment loss have been removed. If the indications are directly related to changes in the company environment, then experience and expectations are also used in assessing whether said indications have been or will be eliminated. The assessment of market-related or economic changes as well as the effects of legal framework conditions are subject to assumptions and estimates and are thus discretionary.

Product-specific operating equipment (tooling) that is manufactured for the HELLA Group's own production purposes and not for a customer is capitalised at its manufacturing costs. There is scope for discretion in the determination of useful life.

Provisions

Provisions are to be recognised in accordance with IAS 37 if a legal or constructive obligation has arisen for HELLA from a past event, it is probable that an outflow of economic resources will be required to settle this obligation and the amount of the obligation can be estimated reliably. Scope for discretion exists with respect to estimating the probability of the outflow of resources as well as the amount of the obligation.

Warranty provisions are recognised based on past empirical values, taking into account conditions on the balance sheet date based on the costs directly attributable to the processing of individual warranty cases. Estimation of the anticipated expenses and reimbursements for the individual cases and calculation of the expenses for the generalised warranty risks are discretionary.

The amount of pension liabilities was calculated using actuarial methods and an estimation of the relevant influencing variables. In addition to the assumptions about life expectancy, assumptions regarding the parameters to be applied for the assumed rate of interest, wage trend, pension trend and fluctuation were made for the actuarial calculations.

Valuation of restructuring provisions

For restructuring measures, corresponding provisions must be established if the general and specific requirements for recognition are met. The valuation of the employee-related restructuring provisions is highly dependent on the assessments and assumptions – in particular with regard to the design of voluntary components, severance payments, social plans and site assignment costs.

Income taxes

Due to the international nature of its business activities, HELLA is subject to a large number of national tax laws and regulations. Changes in tax laws, as well as the adoption of case law and its interpretation by local tax authorities, may have an impact on the amount of both actual and deferred taxes. This results in corresponding uncertainties in the accounting that must be addressed via appropriate discretionary decisions.

The assessment of this uncertainty is carried out with the most probable value of the possible realisation of the uncertainty. Whether groups of uncertainties are presented individually or in consolidated fashion is made dependent on the individual case under consideration.

Uncertainties arise, firstly, in the actual taxes, which are taken into account by an appropriate estimate of potential tax arrears. Secondly, they arise from the value of deferred tax assets, which is countered by means of operational planning. If the final tax amount for these transactions differs from the amount initially assumed, this is recognised in the reported taxes in the period in which the tax amount is conclusively determined (see Chapter 16).

Fair value of derivative and other financial instruments

The fair value of financial instruments not traded on an active market (for example, derivatives traded over the counter) is determined using appropriate measurement methods selected from a number of methods. The assumptions used for this are predominantly based on the prevailing market conditions on the balance sheet date. The Group uses present value methods to determine the fair value of the financial assets that are not traded on an active market.

Impairments for financial assets

The Group satisfies the requirements of IFRS 9 regarding the determination of the impairment model. The impairment model applies to financial assets measured at their amortised cost or at their fair value with changes in fair value recognised in other comprehensive income (FVOCI), to contract assets pursuant to IFRS 15 and to lease obligations. Impairment is recognised using the expected loss model that takes account of past events, current conditions and forecasts of future economic conditions.

08 Prior-year figures

As of December 31, 2019, HELLA ceased to be active in the thermal management business. The sales generated and expenses incurred up to this point in time were part of the Aftermarket segment and of the Group. Consolidated sales in the fiscal year 2019/2020 thus contain components of the thermal management business. These components ceased to be included following disposal of the business.

In order to ensure consistent comparability with the current reporting period, Group sales in the same period of the previous year are restated for the share of sales from the thermal management business in the following table.

Sales by region (based on the headquarters of HELLA's customers):

(in € thousands)	2019/2020 as reported	Restatements	2019/2020 restated
Germany	1,870,174	(20,431)	1,849,744
Europe excluding Germany	1,681,163	(45,131)	1,636,032
North, Central and South America	1,253,096	(9,165)	1,243,931
Asia/Pacific/RoW	1,024,983	(15,454)	1,009,529
CONSOLIDATED SALES	**5,829,416**	**(90,180)**	**5,739,236**

As a result of this decision, the thermal management business also ceased to be part of the Aftermarket segment in its entirety as of that date. Consequently, no related expense or income items have been included in the fiscal year 2020/2021. To ensure the ability to draw consistent comparisons, the sales and expenses for the prior year have been adjusted in the Aftermarket segment figures and integrated into the Group reconciliation for sales and EBIT. This has not had any impact on the Group figures.

In accordance with the new structure, the reporting for the Aftermarket segment was adjusted and is as follows for fiscal year 2019/2020:

(in € thousands)	**2019/2020 as reported**	**Thermal management business**	**2019/2020 adjusted**
Sales with third-party entities	556,956	(90,180)	466,776
Intersegment sales	3,519	0	3,519
Segment sales	**560,475**	**(90,180)**	**470,294**
Cost of sales	(345,882)	73,707	(272,176)
Gross profit	**214,593**	**(16,474)**	**198,119**
Research and development expenses	(17,321)	0	(17,321)
Distribution expenses	(135,999)	10,641	(125,359)
Administrative expenses	(20,881)	0	(20,881)
Other income	17,867	0	17,867
Other expenses	(7,633)	0	(7,633)
Earnings from investments accounted for using the equity method	404	0	404
Other income from investments	329	0	329
Earnings before interest and taxes (EBIT)	**51,357**	**(5,833)**	**45,524**
Additions to property, plant and equipment and intangible assets	14,289	0	14,289

MAESA, a HELLA company in Spain, was integrated into the Automotive segment as of the beginning of the current reporting period. Prior to that point, the production company (whose products include rear combination lamps and fog lamps for European original equipment manufacturers for both current and post series) had been part of the Special Applications segment. MAESA has been a fully owned subsidiary of HELLA since 1967. In the fiscal year 2019/2020, the production business employed an average of 280 individuals and generated sales of €31 million. Its reclassification under a different segment is part of a strategic realignment.

In order to ensure a transparent and comparable presentation over time, the prior-year figures for the Special Applications and Automotive segments have been adjusted accordingly. This has not had any impact on the Group figures.

In accordance with the new structure, the reporting for the Automotive segment was adjusted and is as follows for fiscal year 2019/2020:

(in € thousands)	**2019/2020 as reported**	**MAESA integration**	**2019/2020 adjusted**
Sales with third-party entities	4,894,430	24,766	4,919,196
Intersegment sales	49,251	0	49,251
Segment sales	**4,943,681**	**24,766**	**4,968,447**
Cost of sales	(3,908,390)	(23,725)	(3,932,115)
Gross profit	**1,035,291**	**1,041**	**1,036,333**
Research and development expenses	(584,349)	(974)	(585,323)
Distribution expenses	(158,386)	(873)	(159,259)
Administrative expenses	(179,910)	(4,344)	(184,253)
Other income	52,050	362	52,412
Other expenses	(12,607)	0	(12,607)
Earnings from investments accounted for using the equity method	13,943	0	13,943
Other income from investments	(1,663)	0	(1,663)
Earnings before interest and taxes (EBIT)	**164,370**	**(4,788)**	**159,583**
Additions to property, plant and equipment and intangible assets	419,915	1,852	421,767

In accordance with the new structure, the reporting for the Special Applications segment was adjusted and is as follows for fiscal year 2019/2020:

(in € thousands)	**2019/2020 as reported**	**MAESA exclusion**	**2019/2020 adjusted**
Sales with third-party entities	334,824	(24,766)	310,059
Intersegment sales	7,785	0	7,785
Segment sales	**342,609**	**(24,766)**	**317,843**
Cost of sales	(215,417)	23,725	(191,692)
Gross profit	**127,193**	**(1,041)**	**126,151**
Research and development expenses	(19,267)	974	(18,293)
Distribution expenses	(57,328)	873	(56,455)
Administrative expenses	(26,924)	4,344	(22,580)
Other income	8,259	(362)	7,897
Other expenses	(4,463)	0	(4,463)
Earnings from investments accounted for using the equity method	0	0	0
Other income from investments	0	0	0
Earnings before interest and taxes (EBIT)	**27,468**	**4,788**	**32,256**
Additions to property, plant and equipment and intangible assets	18,889	(1,852)	17,038

The departure of the thermal management business from the Aftermarket segment has led to a new presentation of the reconciliation of sales and earnings for the fiscal year 2019/2020.

Based on the adjusted segment information of the previous year, the restatement of sales is as follows:

(in € thousands)	**2019/2020 as reported**	**Adjustments**	**2019/2020 adjusted**
Total sales of the reporting segments	**5,846,765**	**(90,180)**	**5,756,585**
Sales in other divisions	83,625	0	83,625
Sales in thermal management business	0	90,180	90,180
Elimination of intersegment sales	(100,974)	0	(100,974)
Consolidated sales	**5,829,416**	**0**	**5,829,416**

The segment results are restated after the adjustments of the segment information to the consolidated net profit as follows:

(in € thousands)	**2019/2020 as reported**	**Adjustments**	**2019/2020 adjusted**
EBIT of the reporting segments	**243,196**	**(5,833)**	**237,363**
EBIT of other divisions	(10,512)	0	(10,512)
EBIT of thermal management business	0	5,833	5,833
EBIT adjustments	(575,691)	0	(575,691)
Consolidated EBIT	**(343,007)**	**0**	**(343,007)**
Net financial result	(39,026)	0	(39,026)
Consolidated EBT	**(382,033)**	**0**	**(382,033)**

ADJUSTMENT OF PRIOR-YEAR CASH FLOW STATEMENT

The presentation of interest received has been adjusted for the reporting period. Previously, this component had been disclosed within net cash flow from financing activities. Interest received now being disclosed within investing activities creates a connection to securities and their cash flows which, from the Company's perspective, constitutes a more appropriate allocation, thus providing more relevant and more reliable information on the Company's cash flows.

The change in cash and cash equivalents remains completely unaffected by this adjustment, however. This does not result in any changes to other reporting elements. The quantitative effects on the reporting for the previous period are presented in the following table.

(in € thousands)	**2019/2020 as reported**	**Adjustments**	**2019/2020 adjusted**
Earnings before income taxes (EBT)	**(382,033)**	**0**	**(382,033)**
Depreciation and amortisation	918,580	0	918,580
Change in provisions	4,715	0	4,715
Other non-cash income/expenses and cash flows not attributable to operating activities	9,834	0	9,834
Profits/losses from the sale of property, plant and equipment and intangible assets	765	0	765
Net financial result	39,026	0	39,026
Change in trade receivables and other assets not attributable to investing or financing activities	405,287	0	405,287
Change in inventories	(99,219)	0	(99,219)
Change in trade payables and other liabilities not attributable to investing or financing activities	(219,884)	0	(219,884)
Tax refunds received	3,491	0	3,491
Taxes paid	(91,492)	0	(91,492)
Dividends received	46,735	0	46,735
Net cash flow from operating activities	**635,804**	**0**	**635,804**
Cash receipts from the sale of property, plant and equipment	27,177	0	27,177
Cash receipts from the sale of intangible assets	14,940	0	14,940
Payments for the purchase of property, plant and equipment	(406,991)	0	(406,991)
Payments for the purchase of intangible assets	(66,009)	0	(66,009)
Cash receipts from the loss of control of subsidiaries or other business units, less transferred cash	7,294	0	7,294
Repayments from loans granted to investments	3,126	0	3,126
Payments for loans granted to investments	(33)	0	(33)
Payments for capital contributions to associated companies, joint ventures and unconsolidated companies	(9,041)	0	(9,041)
Cash proceeds from the sale of investments in associates and joint ventures	41,031	0	41,031
Payments for the acquisition of subsidiaries less cash and cash equivalents received	(548)	0	(548)
Net payments for the purchase and sale of securities	99,959	0	99,959
Interest received	0	10,411	10,411
Net cash flow from investing activities	**(289,096)**	**10,411**	**(278,685)**
Payments received from the issuance of a bond	498,515	0	498,515
Repayment of a bond	(500,000)	0	(500,000)
Payments for the repayment of financial liabilities	(61,882)	0	(61,882)
Cash receipts from changes in financial liabilities	449,992	0	449,992
Interest received	10,411	(10,411)	0
Interest paid	(37,876)	0	(37,876)
Dividends paid	(372,453)	0	(372,453)
Net cash flow from financing activities	**(13,293)**	**(10,411)**	**(23,704)**
Net change in cash and cash equivalents	**333,415**	**0**	**333,415**
Cash and cash equivalents as at June 1	876,763	0	876,763
Effect of exchange rate changes on cash and cash equivalents	(7,384)	0	(7,384)
Cash and cash equivalents as at May 31	**1,202,794**	**0**	**1,202,794**

09 Sales

Sales in fiscal year 2020/2021 amounted to €6,379,734 thousand (prior year: €5,829,416 thousand). Sales are attributable entirely to the sale of goods and performance of services.

They can be classified as follows:

(in € thousands)	2020/2021	2019/2020
Sales from the sale of goods	6,057,537	5,517,583
Sales from the rendering of services	322,197	311,833
TOTAL SALES	**6,379,734**	**5,829,416**

Sales by region (based on the headquarters of HELLA's customers):

(in € thousands)	2020/2021	2019/2020
Germany	2,013,181	1,870,174
Europe excluding Germany	1,867,164	1,681,163
North, Central and South America	1,345,025	1,253,096
Asia/Pacific/RoW	1,154,364	1,024,983
CONSOLIDATED SALES	**6,379,734**	**5,829,416**

10 Cost of sales

In the fiscal year, €4,846,776 thousand (prior year: €4,490,912 thousand) was recognised as expense under cost of sales.

Apart from directly attributable material and production costs, the cost of sales also comprises currency gains and losses (largely from the purchase of materials) and gains and losses from the disposal of fixed assets. Currency gains in the reporting period amounted to €38,552 thousand (prior year: €51,168 thousand), with currency losses at €46,636 thousand (prior year: €50,583 thousand). Gains from the disposal of fixed assets amounted to €2,271 thousand (prior year: €479 thousand) and €4,088 thousand (prior year: €4,612 thousand) respectively.

11 Research and development expenses

The research and development expenses serve to generate future sales and mainly consist of personnel expenses and material expenses. The reported expenses in the fiscal year were €670,372 thousand (prior year: €622,696 thousand).

12 Distribution expenses

The distribution expenses include all downstream production costs that can, however, be attributable directly to the provision of goods or services to customers. This covers storage, supplying customers locally, and outbound freight. The classification as distribution expenses is carried out at Group level as well as within individual companies. The reported expenses in the fiscal year were €319,190 thousand (prior year: €353,382 thousand).

13 Administrative expenses

The administrative expenses recognised cover all central functions that are not directly related to production, development or distribution. These essentially consist of the financial, human resources, IT and similar departments. The reported expenses in the fiscal year were €225,238 thousand (prior year: €219,764 thousand).

14 Other income and expenses

The other income and expenses, totalling €137,030 thousand (prior year: €34,537 thousand), were made up of income amounting to €183,688 thousand (prior year: €52,391 thousand) and expenses amounting to €46,658 thousand (prior year: €17,855 thousand). This includes income amounting to €126,277 thousand from the sale of the business with front camera software as well as the associated transaction costs of €5,420 thousand. Income from the disposal of assets is attributable to the sale of the joint venture company Mando HELLA Electronics in the amount of €12,203 thousand as well as a subsequent purchase price adjustment regarding the sale of shares in the joint venture company Behr HELLA Service in the amount of €4,955 thousand.

The other expenses included are an impairment for financial assets in the reporting period regarding the investment in FWB Kunststofftechnik GmbH in the amount of €18,341 thousand; the prior year's amount included a loss on disposal of the investment in Behr-HELLA Service GmbH in the amount of €3,288 thousand.

The remaining other expenses is comprised of expenses for settling potential claims for damages in the amount of €17,642 thousand. Please refer to Chapter 22 for further information about other income and expenses.

Other income

(in € thousands)	2020/2021	2019/2020
Income from the sale of the front camera software business	126,277	0
Reversal of impairment for assets classified as held for sale	18,897	0
Income from the sale of investments	17,158	8,324
Government grants	9,789	12,304
Income from the reversal of value adjustments on trade receivables	4,674	4,015
Income from the reversal of provisions	1,230	11,733
Insurance refunds	903	3,451
Income from the disposal of real estate and buildings	0	3,368
Other	4,762	9,196
OTHER INCOME, TOTAL	**183,688**	**52,391**

Other expenses

(in € thousands)	2020/2021	2019/2020
Value adjustment expenses relating to investments or loss on disposal from the investment	18,530	3,288
Advisory expenses	5,635	697
Value adjustments on trade receivables	2,681	8,429
Restructuring expenses	0	1,114
Other	19,813	4,327
OTHER EXPENSES, TOTAL	**46,658**	**17,855**

From the current reporting period, other income and other expenses are reported separately as a component of the consolidated income statement to ensure they are presented transparently. The amalgamation of both rows in accordance with the prior year's presentation is shown in the following table.

Aggregation of other income and expenses

(in € thousands)	2020/2021	2019/2020
Other income, total	183,688	52,391
Other expenses, total	(46,658)	(17,855)
OTHER INCOME AND EXPENSES, TOTAL	**137,030**	**34,537**

15 Net financial result

Currency gains of €36,168 thousand (prior year: €5,132 thousand) are mainly reported in other financial income and, in the same way, corresponding currency losses of €25,682 thousand (prior year: €21,351 thousand) incurred in financial transactions are reported in other financial income.

(in € thousands)	2020/2021	2019/2020
Interest income	7,963	12,057
Income from securities and other loans	1,075	1,004
Other financial income	36,168	5,132
Financial income	**45,206**	**18,193**
Interest expenses	(25,565)	(35,868)
Other financial expenses	(25,682)	(21,351)
Financial expenses	**(51,247)**	**(57,219)**
Net financial result	**(6,041)**	**(39,026)**

16 Income taxes

(in € thousands)	2020/2021	2019/2020
Effective income tax expense/income	(109,237)	(52,588)
Deferred income tax expense/income	21,615	2,955
TOTAL INCOME TAXES	**(87,622)**	**(49,633)**

Of actual income taxes, €-7,032 thousand is attributable to prior years (prior year: €-3,930 thousand).

Deferred taxes are calculated based on the tax rates applicable or announced, depending on the legal situation, in the individual countries at the expected time of realisation.

The prevailing corporate income tax rate of 15% plus the trade tax and the solidarity surcharge results in an average tax rate of 31% for German companies. The tax rates outside Germany range from 11% to 34%.

The development of the actual taxes on income derived from the expected tax expense is shown below. A tax rate of 31% (prior year: 31%) is taken as a basis.

(in € thousands)	2020/2021	2019/2020
Earnings before tax	447,577	(382,033)
Expected income tax expense/income	**(138,749)**	**118,430**
Utilisation of previously unrecognised loss carryforwards	8,387	786
Reversal of previously unrecognised temporary differences	0	0
Unrecognised deferred tax assets	(1,559)	(160,743)
Subsequent recognition of deferred tax assets	18,817	7,209
Deferred tax assets from outside basis differences	(2,528)	2,740
Tax effect of changes in tax rates and laws	786	(1,801)
Tax effect from tax-free income	11,832	8,683
Tax effect from investments accounted for using the equity method	6,530	4,784
Tax effect of non-deductible operating expenses	(8,692)	(17,194)
Tax effect for prior years	(4,030)	(3,396)
Non-deductible foreign withholding tax	(5,385)	(13,783)
Deviation in tax rates	27,632	5,440
Other	(663)	(786)
Reported income tax expense/income	**(87,622)**	**(49,633)**

In the prior year, the line item "Unrecognised deferred tax assets" relates to factors including deferred tax assets deemed non-recoverable as a result of impairments in accordance with IAS 36; these amount to €89,709 thousand in property, plant and equipment and €16,963 thousand in other intangible assets. It also relates to unrealisable tax income as a result of impairments, amounting to €11,733 thousand in goodwill and €14,947 thousand in investments accounted for using the equity method.

17 Personnel

The average number of employees in the companies included in the consolidated financial statements totals 37,780 (prior year: 39,376) for fiscal year 2020/2021.

Number	2020/2021	2019/2020
Direct employees	10,044	11,044
Indirect employees	25,948	26,503
Permanent employees	**35,992**	**37,547**
Temporary employees	1,788	1,829
TOTAL EMPLOYEES	**37,780**	**39,376**

The average number of permanent employees in the HELLA Group in fiscal year 2020/2021 was 35,992 (prior year: 37,547). The number of employees is stated as a headcount. Direct employees are directly involved in the manufacturing process, while indirect employees are employed mainly in the areas of quality, research and development, as well as administration and distribution. The number of apprentices stood at 355 during the fiscal year (prior year: 347).

"Temporary employees" comprises employees from a fully consolidated company who are primarily active for other Group companies, but who also provide services for third parties in some cases.

211 employees in the Car.Software organisation (today: CARIAD) were transferred to the Volkswagen Group as part of the sale of the business with front camera software. Furthermore to increase competitiveness and improve cost structures, HELLA has commenced relocating administrative and development activities, in particular from Germany to locations abroad.

Permanent employees in the HELLA Group by region:

Number	2020/2021	2019/2020
Germany	9,124	9,685
Europe excluding Germany	14,117	14,213
North, Central and South America	7,046	7,640
Asia/Pacific/RoW	5,706	6,010
PERMANENT EMPLOYEES WORLDWIDE	**35,992**	**37,547**

Personnel expenses (including temporary employees) can be broken down as follows:

(in € thousands)	2020/2021	2019/2020
Wages and salaries	1,320,467	1,212,023
Social security and retirement benefit expenses	329,502	348,124
TOTAL	**1,649,969**	**1,560,147**

The costs of restructuring measures are included in personnel expenses which amounted to €112,152 thousand (prior year: €40,845 thousand).

In the current fiscal year, HELLA also received state subsidies for personnel expenses amounting to €18,873 thousand (prior year €18,917 thousand) as a consequence of the market weakness caused by Covid-19.

18 Earnings per share

Basic earnings per share are calculated by dividing the share of earnings attributable to the shareholders of HELLA GmbH & Co. KGaA. by the weighted average number of ordinary shares issued.

Basic earnings per share amounted to €3.22 and, as in the prior year, are equivalent to diluted earnings per share.

Of units	May 31, 2021	May 31, 2020
Weighted average number of shares in circulation during the period		
Basic ordinary shares	111,111,112	111,111,112
Diluted ordinary shares	111,111,112	111,111,112

(in € thousands)	2020/2021	2019/2020
Share of profit attributable to owners of the parent company	358,276	(431,012)

(in €)	2020/2021	2019/2020
Basic earnings per share	**3.22**	**(3.88)**
Diluted earnings per share	**3.22**	**(3.88)**

19 Appropriation of earnings

The Management Board will propose to the Annual General Meeting of HELLA GmbH & Co. KGaA. that a dividend amounting to €0.96 per no-par value share be distributed from the net profit reported in the separate financial statements prepared for the parent company under commercial law for the fiscal year 2020/2021.

In the prior year, it was proposed that no dividend be distributed. The Annual General Meeting agreed to this proposal.

20 Adjustment of special effects in earnings before interest and taxes

The HELLA Group is managed by the Management Board through financial key performance indicators. The key performance indicators of adjusted sales growth and adjusted operative operating result margin (adjusted EBIT margin) take on prominent importance compared to the other financial key performance indicators in the management of the HELLA Group. A major guideline in assessing the suitability of management indicators is that they have to provide a transparent picture of operational performance. In this process, effects of a non-recurring or exceptional nature in type or size, referred to as special effects, can lead to distortions with regard to the EBIT margin, for example, and thus adversely affect the ability to assess the Company's performance.

Special effects essentially comprise income and expenses in connection with changes in the legal structure of the Group, site closures or restructuring measures.

For this reason, the adjusted EBIT margin has been defined as one of the most important key performance indicators for management of the Group. The adjusted EBIT margin as a key performance indicator is not defined in the International Financial Reporting Standards. Rather, it is reported by the HELLA Group as additional information in its financial reporting because it is also used for internal management and because, from the Company's perspective, it presents the results of operations in a more transparent form and facilitates a comparison over time.

Costs of €172,205 thousand (prior year: €43,071 thousand) for structural measures have been adjusted out of earnings before interest and taxes in the reporting period. This amount includes, inter alia, the portions relating to the strategy programme launched in August 2020 which amount to €160,666 thousand (see Chapter 22). Likewise, expenses have also been adjusted for settling potential claims for damages in the amount of €17,642 thousand. Income from the sale of the business with front camera software has also been adjusted after deduction of the associated costs in the amount of €120,857 as well as income from the sale of the joint venture company Mando HELLA Electronics in the amount of €12,203 thousand.

The corresponding reconciliation statement for the fiscal years 2020/2021 and 2019/2020 is as follows:

(in € thousands)	**2020/2021 as reported**	**Adjustment**	**2020/2021 adjusted**
Sales	6,379,734	0	6,379,734
Cost of sales	(4,846,776)	30,036	(4,816,741)
Gross profit	**1,532,958**	**30,036**	**1,562,994**
Research and development expenses	(670,372)	67,097	(603,275)
Distribution expenses	(319,190)	3,989	(315,201)
Administrative expenses	(225,238)	17,326	(207,913)
Impairment of non-current assets	(30,268)	30,268	0
Other income	183,688	(138,480)	45,209
Other expenses	(46,658)	41,403	(5,256)
Earnings from investments accounted for using the equity method	29,730	5,148	34,878
Other income from investments	(1,032)	0	(1,032)
Earnings before interest and taxes (EBIT)	**453,618**	**56,787**	**510,405**

Contributions from the thermal management activities in the prior-year period (€90,180 thousand sales and costs in the amount of €84,347 thousand) are likewise presented in the consolidated income statement for the prior-year period following the performance of corresponding adjustments.

Furthermore, the impairments resulting from the market uncertainties created by the Covid-19 situation for the prior-year period amounting to €532,620 thousand, have not been adjusted in the adjusted result.

(in € thousands)	2019/2020 as reported	Adjustment	2019/2020 adjusted
Sales	5,829,416	(90,180)	5,739,236
Cost of sales	(4,490,912)	107,922	(4,382,989)
Gross profit	**1,338,505**	**17,742**	**1,356,247**
Research and development expenses	(622,696)	2,446	(620,250)
Distribution expenses	(353,382)	11,252	(342,130)
Administrative expenses	(219,764)	4,684	(215,080)
Impairment of non-current assets	(532,620)	532,620	0
Other income	52,391	0	52,391
Other expenses	(17,855)	1,114	(16,741)
Earnings from investments accounted for using the equity method	14,347	0	14,347
Other income from investments	(1,933)	0	(1,933)
Earnings before interest and taxes (EBIT)	**(343,007)**	**569,858**	**226,851**

21 Segment reporting

External segment reporting is based on internal reporting (“management approach”). Segment reporting is based solely on financial information used by the Company’s decision makers for the internal management of the Company and to make decisions regarding the allocation of resources and measurement of profitability.

THE HELLA GROUP’S BUSINESS ACTIVITIES ARE DIVIDED INTO THREE SEGMENTS: AUTOMOTIVE, AFTERMARKET AND SPECIAL APPLICATIONS:

The Automotive segment provides numerous lighting and electronics components to automobile manufacturers and other tier-1 suppliers worldwide. The product portfolio of the Lighting business division includes headlamps, signal lights, interior lights and lighting electronics. The Electronics business division focuses on the product areas of body electronics, energy management, driver assistance systems and components (such as sensors and engine compartment actuators). The Automotive segment develops, produces and sells vehicle-specific solutions, and develops and brings to market technological innovations. As part of the Management Board changes, the Lighting and Electronics business divisions have been handled as independent business segments from fiscal year 2019/2020 onwards and are being merged with the Automotive segment in the segment reporting due to the similar level of EBIT margins expected over the long term in these segments, the comparability of their products, services, customer groups and sales organisations, and the way in which technology is linked to production in these cases.

The Aftermarket business segment produces and sells automotive parts and accessories, primarily in the areas of lighting, electrics and electronics, as well as workshop solutions in the areas of diagnostics and calibration. Furthermore, wholesalers and workshops receive support for their business via a state-of-the-art and fast information and order system as well as via comprehensive services, such as hotlines, training, technical information, sales support and efficient logistics. Strategic focal points of the segment include the stronger alignment of the Aftermarket business with the Company’s original equipment expertise and the closer dovetailing of original equipment expertise and workshop equipment expertise.

The Special Applications business segment comprises original equipment for special-purpose vehicles such as buses, caravans, agricultural and construction machinery, municipal vehicles and trailers. Technological competence is closely linked to the Automotive business, which means that the range of applications in LED and electronic products can be expanded appropriately and synergies leveraged at the same time.

All other Group segments are subordinate in terms of their economic significance and are therefore not segmented further. Their functions relate mainly to Group financing.

The segments together generated sales of €589,387 thousand (prior year: €612,063 thousand) with a single customer in the reporting year and therefore accounted for more than 9% of consolidated sales.

In this fiscal year, an impairment loss in the amount of €1,659 thousand was also attributable to the Automotive segment.

Sales as well as adjusted earnings before interest and taxes (EBIT) are the key performance indicators used to manage the business segments; assets and liabilities are not reported. The internal reporting applies the same accounting and measurement principles as the consolidated financial statements.

The segment information for the fiscal years 2020/2021 and 2019/2020 is as follows:

	Automotive		Aftermarket		Special Applications	
(in € thousands)	2020/2021	2019/2020*	2020/2021	2019/2020*	2020/2021	2019/2020*
Sales with third-party entities	5,489,241	4,919,196	501,727	466,776	352,223	310,059
Intersegment sales	55,844	49,251	2,757	3,519	6,550	7,785
Segment sales	**5,545,084**	**4,968,447**	**504,484**	**470,294**	**358,773**	**317,843**
Cost of sales	(4,352,713)	(3,932,115)	(277,975)	(272,176)	(220,463)	(191,692)
Gross profit	**1,192,371**	**1,036,333**	**226,509**	**198,119**	**138,309**	**126,151**
Research and development expenses	(566,654)	(585,323)	(18,570)	(17,321)	(17,268)	(18,293)
Distribution expenses	(135,574)	(159,259)	(126,088)	(125,359)	(53,504)	(56,455)
Administrative expenses	(151,295)	(184,253)	(20,939)	(20,881)	(23,862)	(22,580)
Other income	34,913	52,412	8,269	17,867	8,934	7,897
Other expenses	(12,990)	(12,607)	(3,545)	(7,633)	(6,802)	(4,463)
Earnings from investments accounted for using the equity method	33,205	13,943	1,673	404	0	0
Other income from investments	(1,326)	(1,663)	294	329	0	0
Earnings before interest and taxes (EBIT)	**392,650**	**159,583**	**67,605**	**45,524**	**45,808**	**32,256**
Additions to property, plant and equipment and intangible assets	571,414	421,767	16,167	14,289	14,066	17,038

* *The prior-year figures for the segments have been adjusted. Please refer to Chapter 08 for further information.*

Sales with third-party entities in the fiscal years 2020/2021 and 2019/2020 are as follows:

	Automotive		Aftermarket		Special Applications	
(in € thousands)	2020/2021	2019/2020*	2020/2021	2019/2020*	2020/2021	2019/2020*
Sales from the sale of goods	5,251,548	4,692,262	458,614	428,806	347,376	306,334
Sales from the rendering of services	237,693	226,934	43,113	37,969	4,847	3,724
Sales with third-party entities	**5,489,241**	**4,919,196**	**501,727**	**466,776**	**352,223**	**310,059**

* *The prior-year figures for the segments have been adjusted. Please refer to Chapter 08 for further information.*

Sales by region with third party entities in the fiscal years 2020/2021 and 2019/2020 are as follows:

	Automotive		Aftermarket		Special Applications	
(in € thousands)	2020/2021	2019/2020*	2020/2021	2019/2020*	2020/2021	2019/2020*
Germany	1,744,187	1,587,488	118,653	119,095	113,844	99,822
Europe excluding Germany	1,489,662	1,294,933	259,428	233,817	118,062	107,427
North, Central and South America	1,247,115	1,159,947	55,611	50,601	42,299	33,392
Asia/Pacific/RoW	1,008,276	876,829	68,035	63,263	78,018	69,417
Sales with third-party entities	**5,489,241**	**4,919,196**	**501,727**	**466,776**	**352,223**	**310,059**

* *The prior-year figures for the segments have been adjusted. Please refer to Chapter 08 for further information.*

Sales reconciliation:

(in € thousands)	2020/2021	2019/2020*
Total sales of the reporting segments	**6,408,341**	**5,756,585**
Sales in other divisions	81,759	83,625
Sales in thermal management business	0	90,180
Elimination of intersegment sales	(110,366)	(100,974)
Consolidated sales	**6,379,734**	**5,829,416**

* *The prior-year figures for the segments have been adjusted. Please refer to Chapter 08 for further information.*

Reconciliation of the segment results with consolidated net profit:

(in € thousands)	2020/2021	2019/2020*
EBIT of the reporting segments	**506,063**	**237,363**
EBIT of other divisions	4,343	(10,512)
EBIT of thermal management business	0	5,833
EBIT adjustments	(56,787)	(575,691)
Consolidated EBIT	**453,618**	**(343,007)**
Net financial result	(6,041)	(39,026)
Consolidated EBT	**447,577**	**(382,033)**

* *The prior-year figures for the segments have been adjusted. Please refer to Chapter 08 for further information.*

EBIT of other areas includes expenses for strategic investments in potential new technologies and business fields, depreciation and amortisation of assets not used for operations and expenses for central functions. Reporting of the EBIT adjustments includes the impairments pursuant to Chapter 22 in addition to further adjustments for special effects pursuant to Chapter 20.

Non-current assets by region:

(in € thousands)	2020/2021	2019/2020
Germany	767,462	772,417
Europe excluding Germany	759,192	622,500
North, Central and South America	250,514	234,019
Asia/Pacific/RoW	473,428	407,082
Consolidated non-current assets	**2,250,597**	**2,036,018**

22 Notable events

At the beginning of fiscal year 2020/2021, HELLA announced its intention to enhance the Company's competitive standing through a new strategy programme. This was developed against the backdrop of lowered market expectations, resulting in growing pressure from competitors and costs. The company is also working on the basis of the Covid-19 pandemic's progress and believes that market growth rates will remain moderate over the medium to long term as a result of such. As a proactive way of adapting to the changing market environment, HELLA has approved a comprehensive and detailed package of measures, which have been communicated both internally and externally. The programme will entail significant structural changes within the global HELLA network. The measures – whose implementation already commenced in the first quarter – focus primarily on the German locations and affect the areas of development and management in particular. The expenses for the comprehensive structural and future security concept in the amount of €160,666 thousand were primarily shown within the research and development expenses as well as the administrative expenses of the Group without reference to any specific segment.

In addition to socially acceptable job cuts, which have been made in this fiscal year via natural fluctuation, expiring limited-term contracts, or selected severance talks/resignations, the Management Board and works council of the Company initially agreed on a partial retirement programme at the Lippstadt office in September 2020. A detailed formal restructuring plan was also submitted on the balance sheet date, the key components of which were communicated to the affected employees and to the bodies and its implementation was commenced.

The evaluation was carried out subject to the conditions of a company agreement that was concluded for the Lippstadt office. Various parameters, such as the number of employees that will be cut back, relevant years of service and average severance components were evaluated and assessed, taking similar recent contracts into consideration. €106,567 thousand in restructuring expenses was included as personnel expenses for the structural project.

Impairment tests were necessary for assets at individual offices due to the structural measures and further volume reductions. The business within FWB Kunststofftechnik GmbH was reviewed; shares in this company were acquired in this fiscal year. The investment was not consolidated as a subsidiary due to lack of materiality. Its fair value was derived from continued corporate planning and an impairment for financial assets was recognised for earnings in the amount of €18,341 thousand of expenses.

The property, plant and equipment assets and the intangible assets of the company HELLA Innenleuchten-Systeme GmbH located in Wembach, which is in the Automotive segment and primarily develops and produces interior lights, were also assessed and subsequently €30,268 thousand was written down (of which €23,819 thousand relates to property, plant and equipment and €6,449 thousand to intangible assets, primarily capitalised development expenses) as the recoverable amount from the unit based on the value in use (€4,000 thousand) does not cover the carrying amount of the unit.

In Mexico, expenses totalling €8,616 thousand, in particular for inventions made by the employees at that office, resulted from the closure of an office as a consequence of the strategy programme.

In February 2021, a contract for transferring company shares between HELLA and the Mando Corporation was signed. The transaction closed at a price of €61,261 thousand at the beginning of the fourth fiscal quarter. Income from the sale of the joint venture company Mando HELLA Electronics amounted to €12,203 thousand (during the year, there was already a reversal of impairment was recognised in the amount of €18,897 thousand which was recorded in other income after reclassification of the assets planned for disposal on the grounds of greater than expected fair value).

The Covid-19 pandemic that broke out at the beginning of the 2020 calendar year is continuing to impact the general economic conditions. The pandemic itself and the resulting countermeasures put in place across the globe are having a negative impact on trade, affecting supply chains and reducing consumer demand. The further trajectory of the Covid-19 pandemic increases the prevailing risks regarding any plant closures that may become necessary and bottlenecks along the entire supply chain. This applies in particular to risks relating to electronic components. HELLA continues to assume a permanent impairment of the recoverable amounts for the assets, as was already the case in the annual report for the period ending in May 2020.

23 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances, cheques and bills received.

24 Financial assets

	May 31, 2021		May 31, 2020	
(in € thousands)	**Non-current**	**Current**	**Non-current**	**Current**
Securities	26,404	437,096	23,070	431,081
Other investments	36,862	0	27,261	0
Loans	548	4,305	1,481	4,101
Other financial assets	47	1,003	55	10,448
TOTAL	**63,862**	**442,404**	**51,867**	**445,631**

25 Trade receivables

Trade receivables of €958,507 thousand (prior year €596,356 thousand) include receivables due from associated companies, joint ventures, non-consolidated affiliated companies and companies in which an interest is held, and amount to €29,901 thousand (prior year: €27,742 thousand).

(in € thousands)	May 31, 2021	May 31, 2020
Trade receivables involving associates Joint ventures and investments	29,388	27,256
Trade receivables with affiliated companies not included in the consolidated financial statements	513	486
TOTAL	**29,901**	**27,742**

26 Other receivables and non-financial assets

The reduction in other current assets arose from payments made from public authorities, government agencies or other institutions with sovereign functions. These payments are based on regulations and measures primarily relating to various short-time work schemes around the world and also to other government subsidies.

(in € thousands)	May 31, 2021	May 31, 2020
Other current assets	7,792	24,544
Receivables from finance leases	17,970	18,223
Insurance receivables	6,468	23,537
Positive market value of currency hedges	15,521	8,542
SUBTOTAL OTHER FINANCIAL ASSETS	**47,750**	**74,846**
Advance payments for services	3,682	9,478
Advance payments for insurances	11,138	10,646
Advance payments for licences	14,441	6,299
Other advance payments	22,244	25,918
Receivables for partial retirement	564	577
Advance payments to employees	1,564	3,607
Other tax receivables	94,894	75,403
TOTAL	**196,279**	**206,774**

27 Inventories

Inventories are broken down as follows:

(in € thousands)	May 31, 2021	May 31, 2020
Raw materials and supplies	340,357	343,716
Unfinished goods	348,921	338,276
Finished goods	103,016	93,200
Merchandise	101,664	101,065
Other	6,457	5,267
TOTAL INVENTORIES	**900,416**	**881,524**

The carrying amounts of the inventories recognised at fair value less cost of sales amounted to €270,755 thousand (prior year: €243,577 thousand).

Impairments of €39,778 thousand (prior year: €32,313 thousand) were recognised in the income statement under the cost of sales in the reporting year. At the same time, impairments amounting to €31,521 thousand (prior year: €22,274 thousand) were reversed in the past fiscal year, as the impaired inventories were sold at higher values. Reversal of impairments on inventory assets are recognised in the cost of sales, in line with impairments. This results in cumulative adjustments to inventory in the amount of €64,782 thousand for the reporting period (prior year: €56,526 thousand).

The historical cost of inventories amounting to €3,466,441 thousand (prior year: €3,097,215 thousand) was recognised as expenses in the reporting period.

28 Contract assets and contract obligations

The contract assets as at May 31, 2021 were the result of business transactions where the HELLA Group had already provided services, but where there was not yet an absolute pecuniary claim with regard to the customer. The contract obligations as at May 31, 2021 were the result of customer payments received in connection with development services and customer tools for which the power of disposition had not yet been transferred to the customer, plus other payments received from contracts with customers.

Contract assets and contract obligations

(in € thousands)	**May 31, 2021**	**May 31, 2020**
short-term contract assets	39,307	18,284
long-term contract assets	32,848	55,046
Contract assets	72,155	73,330
Contract obligations	94,899	111,858
Revenue received as part of contract obligations at the start of the fiscal year		
and recognised during the reporting period	68,256	61,533
from performance obligations fulfilled in previous fiscal years	4,072	2,602

Compared with the financial statements for the prior year, less payment entitlements arising from services rendered were recorded during the reporting period than payments were made by customers in relation to carried-forward contract assets. The services rendered essentially resulted from the increase in completed development services leading up to the start of production.

The remaining contractual obligations as at May 31, 2021 mainly involved service obligations yet to be fulfilled from development contracts. Their realisation is recognised at the point in time when the power of disposition over the finished development service is transferred to the customer. From this, expected sales in the amount of €83,015 thousand will be mainly realised over the next three years (prior year: €99,889 thousand). As permitted under IFRS 15, no information will be provided on the remaining service obligations as at May 31, 2021 which have an expected original term of one year or less.

29 Intangible assets

(in € thousands)	Capitalised development expenses	Goodwill	Acquired intangible Assets	Total
Acquisition or manufacturing costs				
AS AT: JUNE 1, 2019	**608,306**	**73,707**	**219,732**	**901,744**
Change in the scope of consolidation	2,119	(2,349)	(474)	(704)
Currency translation	(2,309)	(714)	(1,011)	(4,034)
Additions	54,375	0	11,976	66,351
Disposals	(28,671)	0	(591)	(29,262)
Reclassifications	(18)	0	18	0
AS AT: MAY 31, 2020	**633,801**	**70,644**	**229,650**	**934,095**
Accumulated depreciation and amortisation				
AS AT: JUNE 1, 2019	**310,242**	**30,369**	**177,640**	**518,251**
Change in the scope of consolidation	0	(2,349)	(420)	(2,769)
Currency translation	(1,240)	(587)	(809)	(2,637)
Additions	45,141	0	15,325	60,465
Disposals	(13,716)	0	(576)	(14,292)
Recorded impairments	82,834	37,848	2,209	122,891
AS AT: MAY 31, 2020	**423,260**	**65,281**	**193,368**	**681,909**
CARRYING AMOUNTS MAY 31, 2020	**210,541**	**5,363**	**36,282**	**252,186**

(in € thousands)	Capitalised development expenses	Goodwill	Acquired intangible Assets	Total
Acquisition or manufacturing costs				
AS AT: JUNE 1, 2020	**633,801**	**70,644**	**229,650**	**934,095**
Currency translation	(4,519)	(381)	120	(4,780)
Additions	140,854	0	11,252	152,106
Disposals	(34,806)	0	(10,885)	(45,691)
Reclassifications	(1,555)	0	1,555	0
AS AT: MAY 31, 2021	**733,775**	**70,263**	**231,691**	**1,035,729**
Accumulated depreciation and amortisation				
AS AT: JUNE 1, 2020	**423,260**	**65,281**	**193,368**	**681,909**
Currency translation	267	(205)	18	80
Additions	38,683	0	15,616	54,300
Disposals	(25,909)	0	(10,137)	(36,046)
Recorded impairments	24,311	0	19	24,330
AS AT: MAY 31, 2021	**460,613**	**65,076**	**198,884**	**724,572**
CARRYING AMOUNTS MAY 31, 2021	**273,162**	**5,187**	**32,807**	**311,157**

All capitalised development expenses resulted from internal developments; the relevant impairments were created due to reduced earnings expectations and are included in the cost of sales in the Automotive segment. The discount rate used in the context of the impairment loss was between 9.07% and 10.79% (prior year: 8.36%).

Goodwill

Goodwill is allocated to the business segments as follows:

(in € thousands)	May 31, 2021	May 31, 2020
Automotive	3,999	4,040
Aftermarket	1,178	1,313
TOTAL	**5,177**	**5,352**

Goodwill impairment monitoring in the HELLA Group is based on the CGUs in the operative segments. A cash generating unit does not extend beyond its business segment. CGUs represent the smallest group of assets that generate cash flow, and are, therefore, the smallest reporting units. A CGU can either be a legal entity or – insofar as a legal entity operates in different segments – a segmented division of this legal entity or a Group division.

If it is determined that the recoverable amount of a CGU is lower than its carrying amount, an impairment loss is recognised. The recoverable amount is determined on the basis of the expected future discounted cash flows from planned use (value in use). These are based on plans approved by the Management Board covering a period of at least three years. These plans are based on experience, as well as expectations regarding future industry developments.

The discount rates applied within the scope of the measurement are calculated on the basis of market data. As in the prior year, consistent growth rates were used to extrapolate cash flows after the detailed planning phase. The growth rates are based on analyses conducted by a specialist service provider, and do not exceed the long-term growth rates for the sector or the region in which the CGUs are active.

To take into account the increasing differentiation between segments, a specific peer group was used to determine the discount rates. The weighted capital cost of segments is thus based on the capital structure of the relevant group of listed companies to which the segment in question is comparable in terms of its risk/reward structure. For the CGU of the Automotive segment, a capital cost of between 9.07% and 15.64% was used and a figure ranging between 7.98% and 26.50% was used for the Aftermarket segment; the ranges were caused by regional characteristics.

	Discount rates		Growth rates	
	May 31, 2021	May 31, 2020	May 31, 2021	May 31, 2020
Automotive	9.07% to 15.64%	8.36% to 15.27%	1% to 2%	1.00%
Aftermarket	7.98% to 26.50%	6.95% to 26.28%	1.00%	1.00%

The risk-free interest rate applied is 0.31% (prior year: -0.22%) and the market risk premium (including country risk) ranges between 7.50% and 12.85% (prior year: between 7.50% and 15.71%). The inflation spreads applied ranged between 0.00% and 12.26% (prior year: between -0.57% and 9.76%).

HELLA reports goodwill amounting to €5,177 thousand (prior year: €5,352 thousand).

In addition to impairment testing, two sensitivity analyses were carried out for each group of cash-generating units. The most important sensitivity indicators for the impairment test are the discount rates and long-term growth rate. A sensitivity analysis performed for the business segments found that a 1 percentage point increase in the WACC or a 1 percentage point reduction in the long-term growth rate would change the outcome of the impairment test in the Automotive segment.

The tables below show the results of the sensitivity analysis, which can also be extended to non-current assets other than goodwill. The following impairments (–) would arise:

Automotive segment	May 31, 2021 Change in € thousands	May 31, 2021 Change in € thousands	May 31, 2020 Change in € thousands	May 31, 2020 Change in € thousands
Change in percentage points	WACC	Long-term growth rate	WACC	Long-term growth rate
– 1 percentage point	-	(2,645)	0	0
+ 1 percentage point	(4,241)	-	0	0

Aftermarket segment	May 31, 2021 Change in € thousands	May 31, 2021 Change in € thousands	May 31, 2020 Change in € thousands	May 31, 2020 Change in € thousands
Change in percentage points	WACC	Long-term growth rate	WACC	Long-term growth rate
– 1 percentage point	-	-	0	(6,118)
+ 1 percentage point	-	-	(7,669)	0

30 Property, plant and equipment

(in € thousands)	Land and buildings	Machinery	Production equipment	Operating and office equipment	Assets under construction	Total
Acquisition or manufacturing costs						
AS AT: JUNE 1, 2019	**949,924**	**2,189,371**	**1,253,393**	**533,913**	**320,245**	**5,246,846**
Changes in the scope of consolidation	(908)	(9,363)	(2,794)	(1,358)	(1,047)	(15,470)
Currency translation	(9,001)	(20,374)	(6,483)	(3,549)	(4,592)	(43,999)
Additions	59,228	85,250	46,176	55,319	219,723	465,695
Disposals	(41,879)	(53,267)	(28,093)	(13,681)	(8,823)	(145,742)
Reclassifications	10,780	105,891	42,998	14,388	(174,057)	0
AS AT: MAY 31, 2020	**968,143**	**2,297,508**	**1,305,198**	**585,031**	**351,449**	**5,507,330**
Accumulated depreciation and amortisation						
AS AT: JUNE 1, 2019	**393,060**	**1,466,583**	**1,089,370**	**355,165**	**1,009**	**3,305,188**
Changes in the scope of consolidation	(749)	(7,810)	(2,408)	(1,135)	0	(12,102)
Currency translation	(3,421)	(12,437)	(4,711)	(2,496)	(1)	(23,066)
Additions	53,705	178,596	72,825	55,451	0	360,578
Disposals	(14,291)	(44,886)	(18,220)	(12,929)	(1,012)	(91,338)
Recorded impairments	105,547	149,202	23,093	37,240	59,564	374,646
Reclassifications	24	(1,981)	1,943	14	0	0
AS AT: MAY 31, 2020	**533,875**	**1,727,268**	**1,161,892**	**431,310**	**59,561**	**3,913,905**
CARRYING AMOUNTS MAY 31, 2020	**434,269**	**570,240**	**143,306**	**153,721**	**291,889**	**1,593,425**

(in € thousands)	Land and buildings	Machinery	Production equipment	Operating and office equipment	Assets under construction	Total
Acquisition or manufacturing costs						
AS AT: JUNE 1, 2020						
Currency translation	(8,126)	(21,815)	3,416	(10,535)	(3,941)	(41,002)
Additions	35,554	109,384	43,754	40,998	313,010	542,700
Disposals	(32,559)	(88,564)	(97,318)	(43,524)	(7,582)	(269,547)
Reclassifications	25,068	152,460	62,152	14,884	(254,564)	0
AS AT: MAY 31, 2021	**988,081**	**2,448,973**	**1,317,201**	**586,853**	**398,372**	**5,739,481**
Accumulated depreciation and amortisation						
AS AT: JUNE 1, 2020	**533,875**	**1,727,268**	**1,161,892**	**431,310**	**59,561**	**3,913,905**
Currency translation	(472)	(10,906)	2,853	(5,166)	(7)	(13,700)
Additions	41,223	166,232	76,252	51,706	0	335,414
Disposals	(30,395)	(80,087)	(87,237)	(36,335)	0	(234,054)
Recorded impairments	4,153	12,798	2,899	1,868	4,724	26,441
Reclassifications	2	(37)	(44)	79	0	0
AS AT: MAY 31, 2021	**548,385**	**1,815,268**	**1,156,615**	**443,462**	**64,277**	**4,028,007**
CARRYING AMOUNTS MAY 31, 2021	**439,696**	**633,707**	**160,586**	**143,390**	**334,096**	**1,711,474**

In the reporting period 2020/2021, no restrictions on the powers of disposition over property, plant and equipment existed in the form of land charges and assignments.

The additions to property, plant and equipment include €31,563 thousand from leases. Please refer to Note 46, "Information on leases", for additional information on future lease payments.

As part of the test of asset impairment which compared the carrying amounts that applied in each case with the corresponding achievable amounts, the need for impairment for property, plant and equipment and intangible assets was recorded as €50,771 thousand in total for the reporting year. These generally represent the cost of sales, however €30,268 thousand which was recorded as a consequence of the comprehensive structural and future security concept mainly in relation to the HELLA Innenleuchten-Systeme GmbH, was reported in the impairment loss for non-current assets line of the consolidated income statement on the basis of their character. In the prior year, impairments in the amount of €484,403 thousand for property, plant and equipment and intangible assets (of which €373,385 thousand relates to property, plant and equipment and €111,018 relates to intangible assets) were reported as impairment losses for non-current assets due to their unusual character that was brought about externally. Please refer to Chapter 22 for further information regarding this.

31 Investments accounted for using the equity method

The following is a list of the Group's main investments accounted for using the equity method. The summarised financial information represents the IFRS financial statements of the joint venture company BHTC as well as the associated company HBPO that were the basis for the at-equity measurement in the Group. The shares in the joint venture company MHE were sold in the current fiscal year. In February 2021, a contract for transferring company shares between HELLA and the Mando Corporation was signed. The transaction closed at a price of €61,261 thousand at the beginning of the fourth fiscal quarter.

BHTC

Behr-HELLA Thermocontrol Group (BHTC) consists of nine companies that are controlled and reported together by Behr-HELLA Thermocontrol GmbH in Germany. BHTC develops, produces and distributes air-conditioning control devices for the automotive industry. It also focuses on assembling printed circuit boards and mounting operating units, blower controllers and electronic control units for electric heater boosters.

(in € thousands)	May 31, 2021	May 31, 2020
Share of equity *(%)*	**50**	**50**
Cash and cash equivalents	37,065	59,949
Other current assets	146,342	139,956
Non-current assets	264,933	295,300
TOTAL ASSETS	**448,341**	**495,205**
Current financial liabilities	97,686	141,970
Other current liabilities	121,568	101,058
Non-current financial liabilities	60,920	65,941
Other non-current liabilities	50,467	56,387
TOTAL LIABILITIES	**330,640**	**365,356**
Net assets (100%)	**117,700**	**129,849**
Pro rata share of the net assets	**58,850**	**64,924**
Eliminations and impairments	(2,877)	(5,594)
Carrying amount	**55,973**	**59,331**
Sales	538,909	509,274
Depreciation and amortisation	(59,729)	(56,341)
Interest income	199	125
Interest expenses	(4,697)	(5,852)
Taxes on income	(11,873)	(514)
Earnings before interest and income taxes (EBIT)	**4,198**	**5,495**
Earnings for the period	(12,173)	(746)
Other earnings for the period	12	(2,007)
Effects from the first-time application of IFRS 15	0	0
COMPREHENSIVE INCOME FOR THE PERIOD (100%)	**(12,161)**	**(2,754)**
Share of comprehensive income for the period	**(6,080)**	**(1,377)**
Dividends received	**0**	**0**

HBPO

HELLA Behr Plastic Omnium (HBPO), consists of 25 companies that are controlled and reported together by HBPO Beteiligungsgesellschaft mbH in Germany and has global operations in the fields of development, production planning, quality management, assembly and distribution of front-end modules.

(in € thousands)	May 31, 2021	May 31, 2020
Share of equity (%)	**33**	**33**
Cash and cash equivalents	40,400	26,259
Other current assets	272,780	219,034
Non-current assets	241,650	255,541
TOTAL ASSETS	**554,831**	**500,834**
Current financial liabilities	10,218	10,189
Other current liabilities	380,656	351,403
Non-current financial liabilities	51,549	55,366
Other non-current liabilities	3,641	14,265
TOTAL LIABILITIES	**446,064**	**431,223**
Net assets (100%)	**108,767**	**69,611**
Pro rata share of the net assets	**36,252**	**23,201**
Eliminations and impairments	(155)	(456)
Carrying amount	**36,097**	**22,746**
Sales	2,220,666	1,803,544
Depreciation and amortisation	(46,548)	(45,952)
Interest income	50	202
Interest expenses	(1,508)	(777)
Taxes on income	(15,195)	(8,462)
Earnings before interest and income taxes (EBIT)	**65,607**	**38,106**
Earnings for the period	38,572	18,028
Other earnings for the period	195	(3,476)
Effects from the first-time application of IFRS 15	0	0
COMPREHENSIVE INCOME FOR THE PERIOD (100%)	**38,767**	**14,552**
Share of comprehensive income for the period	**12,921**	**4,850**
Dividends received	**0**	**30,997**

The Group also has shares in further joint ventures and associated companies, which are also accounted for using the equity method; their summarised financial information is presented below:

(in € thousands)	May 31, 2021	May 31, 2020
100% basis		
Sales	776,887	1,023,112
Earnings before interest and income taxes (EBIT)	31,753	35,125
Group's total share of:		
Sales	358,813	483,266
Earnings before interest and income taxes (EBIT)	15,273	17,887
Earnings for the period	9,769	(15,360)
Other earnings for the period	1,487	(3,668)
Comprehensive income for the period recognised in the Group	**11,257**	**(19,028)**
Carrying amount of the remaining companies accounted for using the equity method	**107,100**	**94,668**

Of the earnings during the period of €9,769 thousand (prior year: €-15,360 thousand), €3,429 thousand (prior year: €831 thousand) was allocated to associated companies and €6,340 thousand (prior year: €-16,190 thousand) was allocated to joint venture companies. The carrying amount of the other companies accounted for using the equity method in the amount of €107,100 thousand was allocated in the amount of €38,912 thousand (prior year: €27,912 thousand) to associated companies and in the amount of €68,188 thousand to joint ventures (prior year: €66,756 thousand).

The financial information for all joint ventures and all associates is as follows:

(in € thousands)	May 31, 2021	May 31, 2020
100% basis		
Sales	3,536,462	3,335,930
Earnings before interest and income taxes (EBIT)	101,558	78,726

Group's total share of

Sales	1,361,087	1,333,073
Earnings before interest and income taxes (EBIT)	39,022	33,210
Earnings for the period	29,730	(33,870)
Other earnings for the period	1,695	(5,819)
Comprehensive income for the period recognised in the Group	**31,424**	**(39,689)**

Operative income of €29,730 thousand (prior year €14,347 thousand) was recognised in the comprehensive income for the period recognised in the Group. The prior-year earnings impairments, which were carried out as a result of the impairment standards caused by the Covid-19 pandemic, were reported in the impairment loss for non-current assets line in the amount of €48,217 thousand. The share of losses not recognised for the aforementioned companies accounted for using the equity method is €0 thousand (prior year: €0 thousand).

Two joint venture companies were established in this fiscal year, HELLA Evergrande Electronics (Shenzhen) Co., Ltd and HELLA MINTH Jiaxing Automotive Parts Co., Ltd. The capital contributions to these companies were €13,138 thousand in total, which increased the proportional net assets accordingly.

During the fiscal year the joint venture company MHE was initially reclassified as assets held for sale and later disposed of. The corresponding proportional net assets were reported as a disposal of investments accounted for using the equity method.

The recognised net assets of all joint ventures and all associates is broken down as follows:

(in € thousands)	May 31, 2021	May 31, 2020
Carrying amount of BHTC	55,973	59,331
Carrying amount of HBPO	36,097	22,746
Carrying amounts of material companies accounted for using the equity method	**92,070**	**82,076**
Proportional net assets of other companies accounted for using the equity method	137,311	154,634
Goodwill, eliminations and impairment	(30,211)	(59,966)
Carrying amount of the remaining companies accounted for using the equity method	**107,100**	**94,668**
Investments accounted for using the equity method	**199,170**	**176,744**

(in € thousands)	May 31, 2021	May 31, 2020
Pro rata share of the net assets as at June 1	**176,744**	**273,347**
Earnings for the period	29,730	(33,870)
Other earnings for the period	1,695	(5,819)
Dividends	(632)	(40,053)
Capital increases/contributions	13,183	0
Disposals	(21,549)	(16,861)
Pro rata share of net assets as at May 31	**199,170**	**176,744**

32 Deferred tax assets/liabilities

The deferred tax assets of €92,670 thousand (prior year: €81,511 thousand) and deferred tax liabilities of €9,429 thousand (prior year: €14,775 thousand) mainly relate to differences from the tax balance sheet values. Before offsetting and impairment, the current portion of the deferred tax assets and liabilities amounts to €116,278 thousand or €98,356 thousand, respectively (prior year: €111,835 thousand or €101,622 thousand).

The deferred tax assets and liabilities are broken down as follows:

(in € thousands)	Deferred tax assets	Deferred tax liabilities	Net deferred taxes as at May 31, 2020	Recognised in profit or loss	Recognised in other compre-hensive income	Net deferred taxes as at May 31, 2021	Deferred tax assets	Deferred tax liabilities
Intangible assets	12,491	75,562	(63,071)	(2,585)	482	(65,174)	11,825	76,999
Property, plant and equipment	91,761	73,214	18,547	11,067	(796)	28,818	95,454	66,636
Financial assets	11,088	65	11,024	5,076	(10)	16,090	16,630	541
Other non-current assets	405	13,465	(13,060)	608	330	(12,121)	517	12,638
Receivables	333	301	32	(1,226)	0	(1,194)	1,026	2,220
Inventories	16,467	23,378	(6,911)	6,518	166	(227)	14,040	14,267
Other current assets	6,326	23,757	(17,431)	1,187	(53)	(16,297)	6,597	22,894
Non-current financial liabilities	4,049	0	4,049	(5,884)	0	(1,835)	1	1,836
Provisions for pensions and similar obligations	64,701	8,379	56,322	(4,396)	(203)	51,723	61,187	9,464
Other non-current provisions	18,656	0	18,656	(253)	51	18,453	18,597	144
Other non-current liabilities	20,429	9,619	10,810	1,009	(282)	11,538	18,655	7,118
Liabilities	5,805	779	5,026	(2,012)	(76)	2,938	6,570	3,632
Other liabilities and accruals	74,590	49,439	25,151	(1,188)	(4,694)	19,269	73,233	53,964
Other current liabilities	8,314	3,967	4,347	9,111	(25)	13,434	14,811	1,377
SUBTOTAL	**335,414**	**281,924**	**53,490**	**17,033**	**(5,110)**	**65,414**	**339,144**	**273,730**
Tax loss carryforwards	13,246	0	13,246	4,581	0	17,827	17,827	0
Netting	(267,149)	(267,149)	0	0	0	0	(264,301)	(264,301)
TOTAL	**81,511**	**14,775**	**66,736**	**21,615**	**(5,110)**	**83,240**	**92,670**	**9,429**

There is sufficient probability that the loss carryforwards for which deferred tax assets are recognised will be realised. The amount of the loss carryforwards for which no deferred tax assets are recognised was €181,766 thousand as at May 31, 2021 (prior year: €225,178 thousand). Future offsetting against taxable profits is not sufficiently likely. Of this amount, €16,607 thousand (prior year: €29,203 thousand) will mature in the next five years, and €165,159 thousand (prior year: €195,975 thousand) thereafter. Tax assets arising from temporary differences for which no deferred tax assets were recognised amounted to €128,154 thousand on May 31, 2021 (prior year: €135,871 thousand).

On May 31, 2021, a temporary difference amounting to a liability of €1,975 thousand (prior year: €283 thousand) was recorded in connection with shares in subsidiaries and €7,282 thousand (prior year: €0 thousand) in connection with associated companies and joint ventures. No deferred tax liabilities were recognised for these differences under IAS 12.39, however, because the subsidiaries' dividend policy is determined by the Group's Management Board. The Group can thus control the reversal of these temporary differences. The Management Board does not expect the temporary differences to be reversed in the foreseeable future.

The amounts of the income tax recognised directly in other earnings during the reporting period amounted to €-4,500 thousand for financial instruments used for cash flow hedging (prior year: €4,515 thousand), €-197 thousand for financial instruments held at fair value through profit or loss (prior year: €-402 thousand) and €137 thousand for the remeasurement of defined benefit plans (prior year: €5,087 thousand).

33 Other non-current assets

(in € thousands)	May 31, 2021	May 31, 2020
Receivables from finance leases	38,312	43,299
Other non-current assets	3,039	1,601
SUBTOTAL OF OTHER FINANCIAL ASSETS	**41,351**	**44,899**
Advance payments	28,795	13,662
Plan assets	24,307	1,992
TOTAL	**94,453**	**60,554**

See Note 46 for more detailed explanations about receivables from leases.

34 Trade payables

In the past fiscal year, there were liabilities to associated companies, joint ventures, non-consolidated affiliated companies and companies in which participating interests are held in the amount of €12,814 thousand (prior year: €10,385 thousand).

(in € thousands)	May 31, 2021	May 31, 2020
Materials and services	798,106	475,740
Capital expenditures	128,915	115,668
Related parties	12,814	10,385
with associates, joint ventures and investments	11,045	8,887
with affiliated companies not included in the consolidated financial statements	1,769	1,499
Total trade payables	**939,836**	**601,793**

35 Other liabilities

	May 31, 2021		May 31, 2020	
(in € thousands)	Non-current	Current	Non-current	Current
Derivatives	95,885	7,614	74,458	16,274
Other financial liabilities	23,439	185,009	21,441	146,983
SUBTOTAL OTHER FINANCIAL LIABILITIES	**119,324**	**192,624**	**95,899**	**163,258**
Other taxes	13	43,121	14	32,148
Accrued personnel liabilities	0	197,695	0	177,273
TOTAL	**119,337**	**433,439**	**95,913**	**372,679**

Other financial liabilities include mainly liabilities from outstanding invoices or credit notes in the amount of €189,180 thousand (prior year €139,585 thousand).

36 Provisions

The main components of provisions are presented below:

	May 31, 2021		May 31, 2020	
(in € thousands)	Non-current	Current	Non-current	Current
Provisions for post-employment benefits	376,551	384	366,669	450
Other provisions	80,211	197,129	64,431	128,612
TOTAL	**456,762**	**197,514**	**431,100**	**129,063**

Provisions for post-employment benefits

The HELLA Group provides occupational pension benefits to the vast majority of its employees in Germany. Employees in many of the international HELLA companies also receive occupational pension benefits. There are both defined benefit and defined contribution pension plans.

The benefits provided by the German companies mainly consist of pension payments, the amount of which is based on length of service and which are paid in the form of old age, disability and survivors' pensions. In addition, one company has a pension scheme whereby members receive a fixed sum depending on the income band in which they are classified. All employees can also participate in a contribution-based scheme through salary conversion. Management is offered a contribution-based scheme through salary conversion, which is financed through reinsurance policies. Pension plans dating from 2009 onwards are fully congruently reinsured and are recognised as contribution-based schemes. Older pension plans, dating from before 2009, are recognised as defined benefit plans.

The companies continue to remain liable for fulfilment of the pension liabilities assigned to the pension fund, acting as guarantor in the event of non-performance, meaning that the pension liabilities and trust assets will be included on a net basis in the consolidated balance sheet.

In England and the Netherlands, no new entitlements will be acquired in the formerly defined benefit pension systems. The earned benefits will be financed through insurance. A contribution-based plan has been introduced for the active plan members in the Dutch company to set up future pension entitlements.

Besides these systems, whose benefits are mostly paid on an annuity basis, employees of the companies in Mexico, Korea and India receive benefits in the form of a single capital payment. The amount of the obligation from the respective defined benefit plan is determined on the basis of the salary and number of years of service. In Mexico, the guaranteed pension benefits are supplemented by a contribution-based Flex Plan into which the employer can pay variable contributions. Employees in Slovenia and France receive a one-off lump capital sum on retirement based on their salary. In Italy and Turkey, capital is paid out at the end of the working relationship, irrespective of the reason for the relationship ending.

Granting of defined benefit plans entails the customary long life, inflation, interest rate and market (investment) risks; these risks are regularly monitored and assessed.

In the USA, Australia, and Mexico, as well as in many European and Asian companies, employees receive company pension benefits in the form of what are referred to as defined contribution plans. Furthermore, in the USA there are liabilities for the medical care of active employees, although the costs of these benefits are not borne for former employees after retirement.

The funding status and the reconciliation to the balance sheet amounts are presented below:

(in € thousands)	May 31, 2021	May 31, 2020
Defined Benefit Obligation (DBO) at end of fiscal year	502,916	497,120
Fair value of plan assets at the end of the fiscal year	(128,043)	(129,975)
Recognised amount	**374,873**	**367,145**

The amounts carried are made up of the following balance sheet items:

(in € thousands)	May 31, 2021	May 31, 2020
Assets from covered pension plans	(767)	(605)
Pension provisions	346,898	344,046
Other provisions for post-employment benefits	28,742	23,704
Sum of the individual amounts	**374,873**	**367,145**

Asset cover for the pension provisions was as follows:

	May 31, 2021		May 31, 2020	
(in € thousands)	Present value	Plan assets	Present value	Plan assets
Without asset cover	362,378	0	349,838	0
At least partial asset cover	140,538	128,043	147,282	129,975
TOTAL	**502,916**	**128,043**	**497,120**	**129,975**

Change in the present value of pension liabilities

(in € thousands)	May 31, 2021	May 31, 2020
DBO at the beginning of the fiscal year	**497,120**	**474,370**
Current service cost	13,012	12,903
Past service cost	0	(1,564)
Interest expense	4,943	6,701
Actuarial gains (-)/losses (+) due to changes in demographic assumptions	(225)	(2,499)
Actuarial gains (-)/losses (+) due to changes in financial assumptions	1,393	23,836
Actuarial gains (-)/losses (+) due to changes in experience-based assumptions	(1,067)	(2,493)
Pension payments	(12,712)	(12,932)
Change of the scope of consolidation	0	(246)
Transfers	33	(33)
Currency effects	419	(923)
DBO at end of fiscal year	**502,916**	**497,120**

Development of plan assets

(in € thousands)	May 31, 2021	May 31, 2020
Fair value of plan assets at the beginning of the fiscal year	**129,975**	**134,403**
Interest income from plan assets	1,209	1,827
Actuarial gains (+)/losses (-) from plan assets	3,877	1,225
Employer contributions	1,333	1,631
Pension payments from plan assets	(8,454)	(8,633)
Administrative costs	(55)	(71)
Changes of the scope of consolidation	0	(246)
Currency effects	158	(161)
Fair value of plan assets at the end of the fiscal year	**128,043**	**129,975**

The pension cost of the pension plans is broken down as follows:

(in € thousands)	May 31, 2021	May 31, 2020
Current service cost	13,012	12,903
Past service cost	0	(1,564)
Administrative costs	55	71
Net interest expense	3,734	4,874
Expense for defined benefit plans recognised in the consolidated earnings for the period	**16,801**	**16,284**
Actuarial gains (-)/losses (+) from scope of obligations	101	18,844
Actuarial gains (-)/losses (+) from the plan assets	(3,877)	(1,225)
Income (-)/expense (+) from revaluation recognised in other comprehensive income	**(3,776)**	**17,619**
Expense for defined benefit plans recognised in comprehensive income	**13,025**	**33,903**

Development of the balance sheet amounts

(in € thousands)	May 31, 2021	May 31, 2020
Balance sheet amount at the beginning of the fiscal year	**367,145**	**339,967**
Service costs	13,067	11,410
Net interest expense	3,734	4,874
Expense from remeasurement recognised in other comprehensive income	(3,776)	17,619
Pension payments	(4,258)	(4,299)
Employer contributions	(1,333)	(1,631)
Change of the scope of consolidation	0	0
Transfers	33	(33)
Currency effects	261	(762)
Balance sheet amount at the end of the fiscal year	**374,873**	**367,145**

Actuarial gains/losses recognised in equity

(in € thousands)	May 31, 2021	May 31, 2020
Actuarial gains (+) /losses (-) at the beginning of the fiscal year	(164,445)	(146,987)
Actuarial gains (+)/losses (-) during the fiscal year	3,776	(17,619)
Change of the scope of consolidation	0	0
Currency effects	(176)	161
Actuarial gains (+)/losses (-) at the end of the fiscal year	**(160,845)**	**(164,445)**

The present value was measured on the basis of the following assumptions:

	Germany		International	
	May 31, 2021	May 31, 2020	May 31, 2021	May 31, 2020
DBO *(in € thousands)*	466,889	460,825	36,027	36,294
Discount rate *(in %)*	0.98	1.00	2.71	2.41
Wage and salary trend *(in %)*	3.00	3.00	3.79	4.17
Pension trend *(in %)*	1.75	1.75	2.80	2.20

The cost of the pension plans was calculated on the basis of the following assumptions at the start of the year:

	Germany		International	
Weighted average in%	**2020/2021**	**2019/2020**	**2020/2021**	**2019/2020**
Discount rate	0.88	1.26	2.41	3.09
Wage and salary trend	3.00	3.00	4.17	4.18
Pension trend	1.75	1.75	2.20	2.40

The discount rate was determined in 2021 on the basis of the yields on the capital markets in the various relevant regions.

The following table shows how the present value of the defined pension liabilities would have changed at the balance sheet date if individual key assumptions had varied. The change was determined by a corresponding remeasurement of the portfolio.

(in € thousands)		**May 31, 2021**	**May 31, 2020**
	+0.5 percentage points	-8.1%	-8.4%
Discount rate	-0.5 percentage points	9.3%	9.7%
	+0.5 percentage points	5.7%	5.9%
Pension dynamics	-0.5 percentage points	-5.2%	-5.3%
	+0.5 percentage points	0.2%	0.2%
Salary dynamics	-0.5 percentage points	-0.2%	-0.2%
Death rate	+10 percentage points	-3.1%	-3.2%
	-10 percentage points	3.6%	3.6%

The average duration of the defined pension liabilities, weighted on the basis of the present values, is 18 years (prior year: 19 years).

Breakdown of plan assets

(in € thousands)	**May 31, 2021**	**May 31, 2020**
Shares	7.30%	7.49%
Bonds	22.19%	23.16%
thereof: no price quotation in an active market	0.00%	0.00%
Real estate	0.00%	0.00%
thereof: no price quotation in an active market	0.00%	0.00%
Investment funds	0.00%	0.00%
Insurance	68.89%	67.76%
thereof: no price quotation in an active market	68.89%	67.76%
Cash and cash equivalents	1.62%	1.61%
TOTAL INVESTMENT TYPES	**100.00%**	**100.00%**

The domestic plan assets are largely managed by a pension fund and reinsurance policies. Proper management and use of the trust assets is supervised by external trustees. The pension fund and the insurance companies are also subject to supervision by the German Federal Financial Supervisory Authority (BaFin).

The plan assets do not include any own financial instruments or assets used by the Group itself.

Current income from the plan assets amounted to €5,086 thousand in the fiscal year just ended (prior year: €3,997 thousand).

The probable contributions for defined benefit pension plans for the year 2021/2022 are €1,552 thousand (prior year: €1,952 thousand).

The following overview shows the payments expected for the next 10 fiscal years (not discounted, excluding payments from the plan assets):

(in € thousands)	
2021/2022	14,348
2022/2023	15,356
2023/2024	14,824
2024/2025	28,988
2025/2026	16,442
Total of the years 2026/2027 to 2028/2029	96,505

Group liabilities arising from defined contribution pension plans were recognised in profit and loss in the operating result. The expenses amounted to €94,225 thousand in the past fiscal year (prior year: €96,863 thousand). These expenses also include contributions to public pension insurance funds outside HELLA GmbH & Co. KGaA., which total €83,909 thousand (prior year: €90,120 thousand) for the fiscal year.

Other provisions

(in € thousands)	May 31, 2020	Additions	Reversals	Compounding	Other	Utilisation	May 31, 2021
Severance commitments	26,962	58,224	(694)	0	(156)	(23,374)	60,962
Partial retirement programme	10,393	52,111	0	70	(9,349)	(7,833)	45,393
Profit-sharing and other bonuses	34,542	24,213	(2,871)	973	1,721	(7,734)	50,845
Warranty obligations	66,163	34,321	(12,907)	296	(314)	(33,950)	53,609
Onerous contracts	44,475	17,546	(6,866)	1,222	(187)	(17,247)	38,944
Other provisions	10,509	21,295	(313)	25	(74)	(3,856)	27,587
TOTAL	**193,044**	**207,710**	**(23,651)**	**2,587**	**(8,357)**	**(93,993)**	**277,340**

HELLA is exposed to product liability claims in which the Company may be accused of violating its duties of care, breaches of warranty obligations or material defects. In addition, claims may be asserted from breaches of contract due to recalls or government proceedings. HELLA has taken out insurance policies for such risks, the scope of which is deemed appropriate from a commercial point of view.

Provisions for warranty obligations comprise burdens for concrete isolated cases in the Automotive segment, in particular, for which the current portion amounts to €33,387 thousand (prior year: €47,319 thousand).

Insurance refunds expected in connection with warranty claims are recognised under other receivables and non-financial assets, and amounted to €6,468 thousand in the reporting period (prior year: €23,537 thousand).

Provisions for supply and sales liabilities include liabilities under current third-party agreements from which future losses are expected.

The allocations to settlement provisions relate to restructuring measures in Germany which were agreed in the current fiscal year in the course of the consumption of the settlement provisions in conjunction with the restructuring measures in Germany, which were agreed from September 2019 onwards.

The outstanding obligations to the settlement provisions are expected as outflows in the majority of the next 24 months, the outflows to the settlement provisions in the next 36 months.

The profit-sharing provisions and other bonuses relate to the remuneration components of the Management Board and other employees of HELLA.

Expected charges against third parties for specific compensation claims from recent transactions were recognised in the remaining provisions.

(in € thousands)	May 31, 2021	May 31, 2020
Present value of obligation	68,855	24,507
Fair value of plan assets	(23,462)	(14,113)
Provision for partial retirement programme	**45,393**	**10,393**

The provision for partial retirement programmes corresponds to the present value of the obligation on the balance sheet date less the fair value of plan assets on the balance sheet date. A discount rate of -0.01% was applied (prior year: 0.43%). The deducted plan assets are pledged securities. The change in the fair value of the plan assets is recognised under "Other" in the provisions table; in doing so, the change resulted in an important additional transfer.

37 Financial liabilities

Current financial liabilities maturing within a year amount to €77,934 thousand (prior year: €503,673 thousand). Finance leasing contributes €29,580 thousand to this figure (prior year: €31,379 thousand). The syndicated credit drawn on in the prior year in the amount of €450,000 thousand was paid in full in the current fiscal year.

Non-current financial liabilities come to €1,240,584 thousand (prior year: €1,284,562 thousand) and include two bonds. The first of these has a value of €299,441 thousand (prior year: €299,256 thousand), with a nominal volume of €300,000 thousand and an interest rate of 1.0%. The term of this bond ends on May 17, 2024. The second bond was issued on September 3, 2019 and has a seven-year term, lasting until January 26, 2027. It has a value of €498,686 thousand (prior year: €498,461 thousand) with a nominal volume of €500,000 thousand and an interest rate of 0.5%. Financial liabilities also include €89,693 thousand (prior year: €100,595 thousand) attributable to notes certificates denominated in yen issued in fiscal years 2002 and 2003 with a 30-year maturity, and €79,584 thousand (prior year: €88,443 thousand) attributable to a loan granted in yen with a 30-year maturity, both of which are fully currency-hedged to a value totalling €175,177 thousand (prior year: €175,177 thousand). Capital from profit participation certificates of €5,000 thousand (prior year: €5,000 thousand) and finance lease liabilities amounting to €103,943 thousand (prior year: €112,368 thousand) are also recognised.

As a further precautionary measure, a new syndicated credit facility amounting to €500,000 thousand was taken out in the previous year. This has a term lasting until June 2022 and may be extended for one year by mutual agreement. This credit facility has not yet been drawn upon.

(in € thousands)	May 31, 2021	May 31, 2020
Cash and cash equivalents	979,495	1,202,794
Financial assets (current)	442,404	445,631
Current financial liabilities	(77,934)	(503,673)
Non-current financial liabilities	(1,240,584)	(1,284,562)
Net financial debt	**103,381**	**(139,810)**

38 Equity

On the liabilities side, nominal capital is recognised at its nominal value under the "Subscribed capital" item. The nominal capital amounts to €222,222 thousand. The no-par value shares are issued to the bearer. All issued shares are fully paid up. Each share confers a right to vote and a right to dividends if distributions are agreed.

In addition to "Other retained earnings/profit carried forward" and the capital reserve, "reserves and unappropriated surplus" include the differences stemming from the currency translation of the annual financial statements of foreign subsidiaries not recognised in the income statement and the impact arising from the measurement of derivative financial instruments acquired for hedging purposes also not recognised in the income statement, as well as the reserve for the financial instruments from the available-for-sale category (IAS 39) and/or the reserve for debt capital instruments (IFRS 9). Also included are the results from the remeasurement of defined benefit plans, recognised directly in equity. A detailed overview of the composition and changes in the results recognised directly in equity is presented in the consolidated statement of changes in equity.

Actuarial losses before taxes of €3,776 thousand (prior year: losses before taxes of €17,619 thousand) were recognised during the reporting period. The change in value of the defined benefit liabilities or of the assigned plan assets is attributable to calculation parameters and in particular the discount rate used here, which was 0.98% at the end of May 2021 (May 2020: 1.00%).

At the Annual General Meeting on September 25, 2020, a resolution was passed to suspend the dividend payment.

Dividends in the amount of €367 thousand were paid to non-controlling interests during the period.

The Group aims to maintain a strong equity base. The Group strives to strike a balance between a higher return on equity, which would be possible through greater external financing, and the advantages and security offered by a sound equity position. The Group is aiming for a ratio of less than 1.0 for net financial debt to reported earnings before interest, taxes, depreciation and amortisation (EBITDA) in the long term. The ratio was 0.1 on May 31, 2021.

39 Notes to the cash flow statement

As was the case in the prior year, the cash funds comprise exclusively cash and cash equivalents.

The other non-cash income reported in the cash flow statement for the fiscal year 2020/2021 principally contains income of €128,586 thousand as part of the sale of the front camera software business to the Car.Software Organisation (today: CARIAD) of the Volkswagen Group as well as income from other investments. The payment received is attributable to investing activities.

During the fiscal year 2020/2021, HELLA sold its stake in the joint venture company HELLA Mando Electronics since this equity investment no longer conformed to the Group's investment strategy. The sales price was €61,261 thousand. Shares in FWB Kunststofftechnik GmbH, a company with its registered office in Pirmasens, were purchased in September 2020 for a purchase price of €8,150 thousand. FWB has been supplying HELLA with sophisticated plastic components for many years. FWB currently has a workforce of around 180 employees and generates annual sales of approximately €20 million via its business activities in the areas of injection moulding tools, automation, plastic parts and assembly. HELLA already held a stake of 24.9% in FWB before this transaction. Through the acquisition, HELLA intends to safeguard its own supply chain in the long term and further develop FWB as a stand-alone company. Due to considerations of materiality, the company was not fully consolidated in the Group.

HELLA sold the shares in HSL Electronics Corporation, a joint venture company, in the fiscal year 2019/2020. The sales price was €22,006 thousand. Together with the payment received from the sale of Behr HELLA Service GmbH and another minor sale, an amount of €41,031 thousand in cash receipts was recorded from the sale of investments from associated companies and joint venture companies. The shares in the Philippine subsidiary, HELLA-Phil. Inc. were also sold in the fiscal year 2019/2020. The sales price was €1,868 thousand. A net inflow totalling €1,299 thousand was reported after deducting transferred cash of €569 thousand. The net assets sold had a carrying amount of €1,386 thousand; the Group earned a profit of €482 thousand. The main categories of assets and liabilities of the subsidiary were inventories amounting to €559 thousand plus property, plant and equipment amounting to €528 thousand. The liabilities being disposed of consist of trade payables amounting to €258 thousand.

As part of the sale of the relay business in the Automotive segment, individual items of property, plant and equipment and intangible assets were also sold, along with shares in the Chinese subsidiary HELLA (Xiamen) Electronic Device Co., Ltd. The sales price was €6,946 thousand. A net inflow totalling €5,996 thousand is reported after deducting transferred cash of €950 thousand. The net assets sold had a carrying amount of €6,638 thousand; the Group earned a profit of €308 thousand. The main categories of assets and liabilities of the subsidiary were trade receivables amounting to €3,394 thousand, inventories amounting to €3,580 thousand plus property, plant and equipment amounting to €2,840 thousand. The liabilities being disposed of consist of trade payables amounting to €2,740 thousand plus other accruals and provisions amounting to €1,147 thousand.

In addition the loan facility of €450,000 thousand drawn on in the prior year was repaid in full in the reporting period and reported in payments in connection with the repayment of financial liabilities. In the fiscal year 2019/2020, an additional matured bond in the amount of €500,000 thousand was paid on time and a new bond was issued in the amount of €500,000 thousand. In addition, dividends in the amount of €372,453 thousand were paid.

The following table shows the (net) changes of the financial liabilities and thus represents the non-cash changes of the line items, in addition to the cash flow statement. The "Other changes" line primarily contains non-cash interest expenses and non-cash changes in the fair value.

(in € thousands)		Bonds	Loans	Lease liabilities	Other financial liabilities	Total financial liabilities
AS AT:	**MAY 31, 2019**	**902,579**	**308,915**	**142,278**	**14,391**	**1,368,162**
Cash changes	(Net) changes	(20,918)	408,380	(31,325)	(7,388)	348,749
Non-cash changes	New finance lease agreements	0	0	32,854	0	32,854
	Changes in the scope of consolidation	0	(515)	0	0	(515)
	Effect of exchange rate fluctuations	1,642	(6,853)	(1,611)	(206)	(7,027)
	Changes in classification	0	240	0	0	240
	Other changes	16,723	27,497	1,552	0	45,772
AS AT:	**MAY 31, 2020**	**900,026**	**737,665**	**143,747**	**6,797**	**1,788,235**
Cash changes	(Net) changes	(5,792)	(470,042)	(34,675)	28,110	(482,398)
Non-cash changes	New finance lease agreements	0	0	25,451	0	25,451
	Effect of exchange rate fluctuations	(10,902)	(8,972)	(3,728)	603	(22,999)
	Changes in classification	0	0	0	0	0
	Other changes	6,119	1,906	2,727	(522)	10,229
AS AT:	**MAY 31, 2021**	**889,451**	**260,556**	**133,522**	**34,988**	**1,318,518**

40 Adjustment of special effects in cash flow

Adjusted free cash flow from operating activities was used as a performance indicator for internal HELLA Group management. Adjusted free cash flow from operating activities is a key performance indicator that is not defined in the International Financial Reporting Standards. Rather, it is reported by the HELLA Group as additional information in its financial reporting because it is also used for internal management and because, from the Company's perspective, it presents the cash flows from the operating activities – adjusted for special effects – in a more transparent form and facilitates a comparison over time.

Cash flow from operating activities after capital expenditure and cash inflows from the sale or liquidation of investments is used for this purpose and adjusted for non-recurring cash flows.

In the reporting period, the free cash flow from operating activities was adjusted for payments and receipts of payments amounting to €143,302 thousand (prior year: €16,695 thousand). These are outlined in detail below.

In this reporting period, free cash flow from operating activities was adjusted for payments made for restructuring measures amounting to €43,502 thousand (prior year: €16,338 thousand) and the associated increase in the plan assets (present values of the statutory insolvency protection for partial retirement obligations) amounting to €31,712 thousand (prior year: €0 thousand). Similarly, the figure was adjusted for payments of damages to settle legal claims amounting to €12,500 thousand (prior year: €0 thousand).

In the current fiscal year, HELLA sold its business with front camera software and associated activities in the field of testing and validation from HELLA Aglaia Mobile Vision GmbH to Car.Software Organisation (now: CARIAD), part of the Volkswagen Group. The payments received from the sale amounting to €128,586 thousand are not disclosed in free cash flow from operating activities but as a component of net cash flow from investing activities. To ensure the ability to draw consistent comparisons with other periods, the free cash flow from operating activities is adjusted (in line with the consolidated income statement) for tax payments of €37,466 thousand, transaction costs of €5,420 thousand and further payments for personnel liabilities of €746 thousand, which results in a total amount of €43,631 thousand.

In addition, the shares in the joint venture Mando HELLA Electronics were sold in the current fiscal year. The payments received from the sale are not disclosed in free cash flow from operating activities but as a component of net cash flow from investing activities. To ensure the ability to draw consistent comparisons with other periods, the free cash flow from operating activities was adjusted for tax payments of €7,002 thousand.

The shares in the Behr HELLA Service joint venture were sold in the last fiscal year, which consequently means that in the current fiscal year there are no operating cash flows from the thermal management business contained in the cash flow statement. The prior year was correspondingly adjusted for portfolio effects to take account of operating components amounting to €-5,833 thousand. In the current fiscal year, the free cash flow from operating activities is adjusted to take account of the dividend of €4,955 thousand attributable to the period, which was collected in the form of a subsequent purchase price adjustment.

The shares in HSL Electronics Corporation, a joint venture, were sold in the last fiscal year. The prior-year free cash flow from operating activities was adjusted for the tax payments made in connection with the sale, amounting to €2,295 thousand, and for a dividend attributable to the period, amounting to €3,895 thousand.

The performance of the adjusted free cash flow (from operating activities) for the fiscal years 2020/2021 and 2019/2020 is shown in the following tables:

(in € thousands)	2020/2021 as reported	Adjustment	2020/2021 adjusted
Earnings before income taxes (EBT)	**447,577**	**56,787**	**504,364**
Depreciation and amortisation	440,485	(34,268)	406,217
Change in provisions	99,035	(87,586)	11,449
Other non-cash income and cash flows not attributable to operating activities	(185,366)	126,489	(58,876)
Losses/profits from the sale of property, plant and equipment and intangible assets	1,523	0	1,523
Net financial result	6,041	0	6,041
Change in trade receivables and other assets not attributable to investing or financing activities	(372,034)	31,712	(340,322)
Change in inventories	(30,639)	(116)	(30,755)
Change in trade payables and other liabilities not attributable to investing or financing activities	383,936	3,055	386,990
Tax refunds received	24,753	0	24,753
Taxes paid	(112,132)	44,468	(67,664)
Dividends received	650	4,955	5,605
Net cash flow from operating activities	**703,828**	**145,496**	**849,324**
Cash receipts from the sale of property, plant and equipment	8,603	(1,599)	7,004
Cash receipts from the sale of intangible assets	11,921	(595)	11,326
Payments for the purchase of property, plant and equipment	(498,524)	0	(498,524)
Payments for the purchase of intangible assets	(152,095)	0	(152,095)
Free cash flow from operating activities	**73,732**	**143,302**	**217,034**

(in € thousands)	2019/2020 as reported	Adjustment	2019/2020 adjusted
Earnings before income taxes (EBT)	**(382,033)**	**569,858**	**187,825**
Depreciation and amortisation	918,580	(484,403)	434,176
Change in provisions	4,715	(19,057)	(14,343)
Other non-cash income and cash flows not attributable to operating activities	9,834	(48,217)	(38,382)
Losses/profits from the sale of property, plant and equipment and intangible assets	765	0	765
Net financial result	39,026	0	39,026
Change in trade receivables and other assets not attributable to investing or financing activities	405,287	0	405,287
Change in inventories	(99,219)	(573)	(99,792)
Change in trade payables and other liabilities not attributable to investing or financing activities	(219,884)	(6,996)	(226,881)
Tax refunds received	3,491	0	3,491
Taxes paid	(91,492)	2,188	(89,304)
Dividends received	46,735	3,895	50,630
Net cash flow from operating activities	**635,804**	**16,695**	**652,499**
Cash receipts from the sale of property, plant and equipment	27,177	0	27,177
Cash receipts from the sale of intangible assets	14,940	0	14,940
Payments for the purchase of property, plant and equipment	(406,991)	0	(406,991)
Payments for the purchase of intangible assets	(66,009)	0	(66,009)
Free cash flow from operating activities	**204,921**	**16,695**	**221,616**

41 Information on related party relationships

HELLA GmbH & Co. KGaA. and its subsidiaries maintain business relationships with many companies and individuals in the course of their normal operations. In addition to the business relationships with fully consolidated companies, relationships exist with joint ventures, associates and companies in which an interest is held; these are classified as related parties under IAS 24.

There are supply and service relationships between companies within the scope of consolidation and related parties, particularly with associates, joint ventures and non-consolidated affiliates. The outstanding items from the purchase or sale of goods and services between companies in the scope of consolidation and associates, joint ventures and non-consolidated affiliates are presented under the respective items. For further information on goods and services, see Chapters 25 and 34.

Members of the management in key positions at HELLA GmbH & Co. KGaA. are the Management Board as well as members of the Shareholder Committee and the Supervisory Board.

These individuals, immediate members of their families, and the companies they jointly or individually control are considered to be related parties under IAS 24.

The following transactions were made with related parties:

(in € thousands)	2020/2021	2019/2020
Income from the sale of goods and services	**235,718**	**204,045**
with associates	195,156	159,853
with joint ventures	39,533	43,227
with affiliated companies not included in the consolidated financial statements	342	294
Management in key positions:	127	255
Companies controlled by management in key positions	560*	417
Expenses from the purchase of goods and services	**78,860**	**121,185**
with associates	117	2,838
with joint ventures	55,094	80,382
with investments	1,357	2,853
with affiliated companies not included in the consolidated financial statements	21,920	34,614
Management in key positions:	0	0
Companies controlled by management in key positions	372	499

* *Advisory activities were carried out with the prior consent of the Supervisory Board pursuant to Section 114 of the German Stock Corporation Act (AktG).*

The business relationships with related parties operate under normal market conditions. They do not fundamentally differ from supply and service relationships with third parties. The HELLA Group concluded no significant transactions with related party individuals. Income generated with members of the management in key positions or with companies they control mainly concerns the shipments of goods, while the expenses are related to shipments of goods, rental expenses and other services.

For assuming personal liability in its role as General Partner, HELLA Geschäftsführungsgesellschaft mbH receives a fee of €1 thousand (prior year: €1 thousand). Moreover, the Company is entitled to reimbursement by HELLA GmbH & Co. KGaA. for all of the expenses arising in connection with the management of the Company's business activities, including the remuneration of the management bodies.

Remuneration for management in key positions:

(in € thousands)	2020/2021	2019/2020
Current benefits	16,311	4,853
Post-employment benefits	2,764	2,576
Other non-current benefits	2,681	(4,936)
Share-based payment	1,817	0
Termination benefits	0	1,990
TOTAL	**23,573**	**4,483**

Total remuneration paid to the management bodies

(in € thousands)	2020/2021	2019/2020
Total remuneration paid to the active institution members	**25,964**	**9,616**
Management Board	23,764	7,717
Supervisory Board	1,000	795
Shareholder Committee	1,200	1,104
Total remuneration paid to the former institution members and their surviving dependants	**2,709**	**3,986**
Management Board	2,709	3,986
Supervisory Board	0	0
Shareholder Committee	0	0

There are provisions for the pension liabilities towards former members of the Management Board and their surviving dependants coming to €15,266 thousand (prior year: €16,047 thousand). This was transferred to Allianz Pensionsfonds AG in the amount of €3,658 thousand (prior year: €3,904 thousand). The net obligation of the share transferred to Allianz Pensionsfonds AG comes to €477 thousand (prior year: €662 thousand). The defined benefit obligation from the defined contributions capital account system towards earlier members of the Management Board and their surviving dependants is €7,031 thousand (prior year: €7,047 thousand). The financing contributions structured in the form of investment fund units and pledged to the beneficiaries in this group were valued at €9,005 thousand as at the balance sheet date (prior year: €6,174 thousand). The defined benefit obligation for liabilities from the defined contributions capital account system for the active Managing Directors was €17,986 thousand (prior year: €15,222 thousand) on May 31, 2021.

The provision for the share-based payment amounts to €1,817 thousand (prior year: €0 thousand). The share-based payment (LTI) is paid out in cash following a five-year calculation period on the basis of the share price development and Group-specific performance targets (RoIC and EBT margin). An LTI base amount is allocated for the first fiscal year of the calculation period, the amount of which depends on the RoIC achieved. Over the four following years of the term of the period, the three aforementioned target figures are compared annually with the values of the first fiscal year. One fifth each of the part settlement amounts determined in this way are contributed to the amount paid out, along with the LTI base amount. If a Management Board member terminates their service agreement or if the service agreement ends for a material reason as defined in Section 626 of the German Civil Code (BGB) for which the Management Board member is responsible, any claims to share-based payment will lapse. Upon termination of the service agreement for other reasons, the LTI not yet paid out will be reduced pro rata temporis.

The expenses were determined using a suitable option pricing model (Monte Carlo simulation).

The total remuneration paid to the Management Board includes the share-based LTI with the fair value at the time of granting, amounting to €10,784 thousand.

Pension payments to former members of the Management Board and their surviving dependants came to €741 thousand (prior year: €729 thousand).

No loans or advances were granted to the members of the Management Board, the Supervisory Board or the Shareholder Committee.

See the remuneration report, which is part of the Group management report, for details on the remuneration systems for Managing Directors of HELLA Geschäftsführungsgesellschaft mbH and the members of the Supervisory Board and the Shareholder Committee of HELLA GmbH & Co. KGaA.

This version of June 2, 2021 has been made permanently accessible on the Company's website at **www.HELLA.de/declarationofconformity**

42 Declaration of Conformity with the Corporate Governance Code

On May 28, 2015, the General Partners as well as the Shareholder Committee and the Supervisory Board of HELLA GmbH & Co. KGaA. ("Company") approved a joint Declaration of Conformity in accordance with Section 161 Aktiengesetz (AktG – German Stock Corporation Act) which states that the recommendations of the German Corporate Governance Code have been and will be complied with as well as which recommendations have not been or are not being applied.

43 Disclosures on financial instruments

The carrying amounts and fair values of classes of financial instruments and the carrying amounts in accordance with IFRS 9 measurement categories as at May 31, 2021 and May 31, 2020 are set out below.

(in € thousands)	**Measurement category under IFRS 9**	**Carrying amount May 31, 2021**	**Fair value May 31, 2021**	**Carrying amount May 31, 2020**	**Fair value May 31, 2020**	**Fair value hierarchy**
Cash and cash equivalents	Amortised cost	979,495	979,495	1,202,794	1,202,794	
Trade receivables	Amortised cost	958,507	958,507	596,356	596,356	
Financial assets						
Equity instruments	FVPL	156,459	156,459	125,184	125,184	Level 1
Debt capital instruments	FVOCI	280,637	280,637	305,897	305,897	Level 1
Loans	Amortised cost	4,305	4,305	4,101	4,101	
Other bank balances	Amortised cost	1,003	1,003	10,448	10,448	
Other financial assets						
Derivatives designated as hedging instruments	n.a.	15,414	15,414	4,761	4,761	Level 2
Derivatives not designated as hedging instruments	FVPL	107	107	3,781	3,781	Level 2
Other receivables associated with financing activities	Amortised cost	32,229	32,229	66,304	66,304	
CURRENT FINANCIAL ASSETS		**2,428,156**	**2,428,156**	**2,319,626**	**2,319,626**	
Financial assets						
Equity instruments	FVPL	36,862	36,862	27,261	27,261	Level 3
Debt capital instruments	FVPL	26,404	26,404	23,070	23,070	Level 2
Loans	Amortised cost	548	548	1,481	1,481	Level 2
Other receivables associated with financing activities	Amortised cost	47	47	55	55	Level 2
Other financial assets						
Trade receivables	Amortised cost	41,351	41,351	44,899	44,899	Level 2
NON-CURRENT FINANCIAL ASSETS		**105,213**	**105,213**	**96,766**	**96,766**	
FINANCIAL ASSETS		**2,533,369**	**2,533,369**	**2,416,393**	**2,416,393**	
Financial liabilities						
Financial liabilities to banks and bond	Amortised cost	48,354	48,354	472,294	472,294	
Trade payables	Amortised cost	939,836	939,836	601,793	601,793	
Other financial liabilities						
Derivatives designated as hedging instruments	n.a.	6,333	6,333	15,982	15,982	Level 2
Derivatives not designated as hedging instruments	FVPL	1,281	1,281	292	292	Level 2
Other financial liabilities	Amortised cost	185,009	185,009	146,983	146,983	
CURRENT FINANCIAL LIABILITIES		**1,180,813**	**1,180,813**	**1,237,345**	**1,237,345**	
Financial liabilities						
Financial liabilities to banks	Amortised cost	248,821	295,204	273,882	333,007	Level 2
Bonds	Amortised cost	887,820	910,243	898,312	865,231	Level 1
Other financial liabilities						
Derivatives designated as hedging instruments	n.a.	87,668	87,668	74,458	74,458	Level 2
Derivatives not designated as hedging instruments	FVPL	8,216	8,216	0	0	Level 2
Other financial liabilities	Amortised cost	23,439	23,439	21,441	21,441	
NON-CURRENT FINANCIAL LIABILITIES		**1,255,965**	**1,324,771**	**1,268,093**	**1,294,137**	
FINANCIAL LIABILITIES		**2,436,778**	**2,505,584**	**2,505,437**	**2,531,482**	

(in € thousands)	Carrying amount May 31, 2021	Fair value May 31, 2021	Carrying amount May 31, 2020	Fair value May 31, 2020
Of which aggregated under IFRS 9 measurement categories:				
Financial assets				
FVPL	219,832	219,832	179,296	179,296
Amortised cost	2,017,486	2,017,486	1,926,439	1,926,439
FVOCI	280,637	280,637	305,897	305,897
Financial liabilities				
Amortised cost	2,333,279	2,402,085	2,414,705	2,440,750
FVPL	9,498	9,498	292	292

NOTES ON THE ABBREVIATIONS USED:

- FVPL: Fair Value through Profit or Loss;
- FVOCI: Fair Value through Other Comprehensive Income, with reclassification to profit or loss.

The valuation technique used for financial assets and financial liabilities measured at fair value depends on the available inputs. If quoted prices can be accessed for identical assets in active markets, those prices are used to measure fair value (Level 1). If this is not possible, fair value is measured using the fair values of comparable market transactions as well as financial methods based on observable market data (Level 2). Fair values not based on observable market data are measured using generally recognised financial modelling methods or observable achievable prices from recent qualified funding rounds while taking account of the entity's life and development cycle (Level 3).

The Group reports possible transfers between different levels of the fair value hierarchy at the end of the reporting period in which the change occurred. As in the prior year, no transfers were made between different levels of the fair value hierarchy during the current 2020/2021 reporting period. The carrying amounts of current financial instruments at the balance sheet date correspond to the market value owing to their short residual term and the fact that they are recognised at market value.

Non-current financial instruments on the assets side are mainly determined by the other investments, securities as cover assets for pension provisions and loans. The fair values of these shares of equity measured at acquisition costs could not be determined as no stock exchange or market prices were available. The long-term equity instruments are interests in other entities and non-consolidated affiliates, are recognised as FVPL and measured at €36,862 thousand (prior year: €27,261 thousand).

Pledged collateral

As at May 31, 2021, interest-bearing investments of €47,000 thousand (prior year: €15,500 thousand) were pledged to a trustee as statutory insolvency protection for partial retirement fund assets. These are netted at the settlement amount of the partial retirement obligation against the obligations from partial retirement. Occasionally, collateral is pledged from the business assets to a limited extent as security for bank credit. These may, for example, be categorised as receivables.

The following table shows the net result from financial instruments for each IFRS 9 measurement category for fiscal year 2020/2021:

(in € thousands)	Interests	Dividends	Fair value measu-rement	Currency translation	2020/2021
Financial assets FVPL	698	1,075	15,188	(1,769)	15,191
Financial liabilities FVPL	0	0	0	0	0
Financial assets FVOCI – write-off	730	0	1,340	(193)	1,877
Financial assets amortised cost	6,485	0	0	(10,988)	(4,504)
Financial liabilities amortised cost	(25,515)	0	0	17,209	(8,306)
TOTAL	**(17,602)**	**1,075**	**16,527**	**4,259**	**4,259**

The following table shows the net result from financial instruments for each IFRS 9 measurement category for fiscal year 2019/2020:

(in € thousands)	Interests	Dividends	Fair value measu-rement	Currency translation	2019/2020
Financial assets FVPL	550	1,004	(5,369)	817	(2,997)
Financial liabilities FVPL	0	0	1,650	0	1,650
Financial assets FVOCI – write-off	982	0	1,993	(361)	2,613
Financial assets amortised cost	8,413	0	0	605	9,018
Financial liabilities amortised cost	(33,756)	0	0	(16,959)	(50,715)
TOTAL	**(23,811)**	**1,004**	**(1,726)**	**(15,898)**	**(40,431)**

Net profit/loss per measurement category

When determining the net result from financial instruments, value adjustments and value recoveries, income and expense resulting from the application of the effective interest method, income and expenses from currency translation, gains or losses on disposals, and other changes in the fair value of financial instruments recognised in the income statement are taken into account.

Financial risk management

The HELLA Group is exposed to various financial risks in the course of its operations. In particular, these include liquidity, currency and interest rate risk.

Risk management is carried out by the Central Financial Management department in accordance with the guidelines adopted by the corporate bodies. Detailed information is provided in the management report.

On the procurement side, there are commodity price risks and risks relating to the general security of supply, among others. Moreover, credit risks arise from trade receivables, and also from receivables relating to financial transactions, such as the investment of cash or cash equivalents or the acquisition of securities. Liquidity risk can arise from a significant decline in the operating business performance as well as from the risk categories mentioned above.

Management of liquidity risks

HELLA works with mainly centralised liquidity structures in order to pool liquidity across the Group. The centralised liquidity is calculated on a regular basis and planned using a bottom-up process. HELLA actively manages the loan portfolio on the basis of the liquidity planning.

The following tables show the maximum settlements. The presentation shows the worst-case scenario for HELLA – i.e. the earliest possible contractual payment date. This takes into account creditor cancellation rights. Foreign currency positions are always converted at the spot rate applicable on the balance sheet date. Interest payments for positions with variable interest rates are always measured at the reference interest rate applicable on the balance sheet date. In addition to non-derivative financial instruments, derivative financial instruments (e.g. foreign currency forwards and interest rate swaps) are taken into account. For derivatives where gross payments are settled between the parties involved, only the settlements are presented in line with the worst-case scenario. These settlements are offset by cash receipts, which are also presented. In addition, loans granted but not yet drawn in full and financial guarantees issued are included in the settlements.

Maximum future settlements as at May 31, 2021

(in € thousands)	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivative financial liabilities	1,242,495	597,081	769,793	2,609,369
Derivative financial instruments	676,165	186,112	271,180	1,133,457
Loan commitments/financial guarantees	0	0	0	0
TOTAL	**1,918,660**	**783,193**	**1,040,973**	**3,742,826**
Cash receipts from gross derivatives	675,881	156,592	205,734	1,038,207

Maximum future settlements as at May 31, 2020

(in € thousands)	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivative financial liabilities	1,407,905	550,936	841,919	2,800,760
Derivative financial instruments	786,676	141,316	285,096	1,213,088
Loan commitments/financial guarantees	65	0	0	65
TOTAL	**2,194,646**	**692,252**	**1,127,015**	**4,013,913**
Cash receipts from gross derivatives	774,089	110,881	236,773	1,121,743

The Group's liquidity supply is also sufficiently assured through cash and bank balances on hand, marketable short-term securities on hand and the available unused bank lines of credit.

The table below sets out the main liquidity instruments:

(in € thousands)	May 31, 2021	May 31, 2020
Cash and cash equivalents	979,495	1,202,794
Marketable securities	437,096	431,081
Available, unused cash line of credit	1,081,035	622,402
TOTAL	**2,497,626**	**2,256,277**

The total of the cash lines of credit available to the HELLA Group amounts to roughly €1,084,960 thousand (prior year: €1,078,705 thousand). This figure is made up of syndicated credit sized at €450,000 thousand (maturing in 2022, utilisation as at May 31, 2020: 0%), a syndicated credit facility amounting to €500,000 thousand, maturing in June 2022 (utilisation as at May 31, 2021: 0%), and short-term money market lines with a volume of €134,960 thousand (utilisation as at May 31, 2021: 3%). In some cases, standard creditor cancellation rights apply to the latter (as part of financial covenants). These covenants are reviewed on an ongoing basis as part of corporate planning and are currently rated as non-critical. Owing to the broad and international base of its core banks, the funding risk is considered very low.

Management of currency risks

Currency risks (in the context of transaction risks) arise from receivables, liabilities, liquid funds, securities and executory contracts in a currency other than the functional currency. The HELLA Group's currency risk is calculated as a net exposure by aggregating planned foreign currency cash flows.

The net exposure is constantly monitored and managed by regularly adjusting the hedge ratio to conform to the HELLA hedging strategy, which is regularly reviewed. Currency derivatives, primarily foreign currency forwards, are used to offset exchange rate-related fluctuations impacting these payments and positions.

This offsetting reflects the HELLA Group's expectation that the fair value measurements of the hedged item and hedging instrument normally move in opposite directions. For example, forward agreements are entered into to sell future cash flows from sales denominated in a foreign currency. A change in the exchange rate may have a positive impact on the cash flows from the foreign-currency sales but a negative effect on the currency forward, or vice versa.

Hedges are taken out for planned foreign currency transactions in their entirety and not just for components of the transactions.

Currency derivatives are only used to hedge the currency risks arising from underlying transactions. Speculative transactions are not permitted.

Hedge ineffectiveness may occur as a result of credit value/debit value adjustments that are not offset by changes in the values of the hedged cash flows or as a result of differences in the underlying conditions for the hedged item and the hedging instrument.

In principle, the fair value of currency derivatives is recognised. In the case of cash flow hedge accounting within the meaning of IFRS 9, the unrealised gains and losses from the hedging transaction are initially recognised in the statement of changes in equity, with no impact on the income statement. The gains and losses are only realised when the hedged underlying transaction is also recognised in the income statement. Fair value hedges are generally not taken out.

HELLA mainly designated currency derivatives to hedge foreign currency cash flows from funding in taken out in JPY and maturing in 2032 or 2033 under cash flow hedge accounting. Other currency derivatives used to hedge currency risks from operating cash flow, with a maturity of less than one year in almost all cases, were also designated as cash flow hedge accounting.

Hedge accounting was not applied to other currency derivatives used to hedge underlying financial transactions. Measurement changes are recognised in the income statement.

The relatively high sensitivity of the net profit/loss for the year is largely attributable to market fluctuations of non-derivative financial instruments and planned cash flows that are not hedged within the meaning of IFRS 9.

The sensitivity analysis is performed on the basis of the hedging ratios as at the balance sheet date. They are reviewed regularly in the course of the fiscal year and may be above or below the level at the balance sheet date.

The following sensitivity analyses show the effects a 10% change in the exchange rate of each foreign currency would have on equity or on net profit/loss for the year (before taxes). The analysis is based on the respective risk position on the reporting date and only takes into account the largest gross exposure in the HELLA Group:

Effects of a 10% fluctuation in the exchange rate on equity and net profit/loss for the year

(in € thousands)		May 31, 2021			May 31, 2020		
Exchange rate	**Foreign currency**	**Net exposure**	**depreciates by 10%**	**appreciates by 10%**	**Net exposure**	**depreciates by 10%**	**appreciates by 10%**
Change in equity owing to fluctuations in the market value of currency derivatives used for hedging purposes (cash flow hedge accounting)	CNY		15,576	(19,038)		11,731	(14,338)
	CZK		(9,064)	11,079		(7,163)	8,755
	JPY		(3,025)	3,754		(7,687)	12,213
	MXN		(11,778)	14,396		(9,770)	11,941
	RON		(13,925)	17,020		(10,237)	12,512
	USD		17,624	(21,541)		21,657	(26,469)
Change in net profit/loss for the year owing to unhedged currency exposures in the case of non-derivative financial instruments and fluctuations in the market value of derivative financial instruments	CNY	137,564	(12,506)	15,285	103,580	(9,416)	11,509
	CZK	-87,334	7,939	(9,704)	(33,388)	3,035	(3,710)
	JPY	-21,354	1,941	(2,373)	(29,769)	2,706	(3,308)
	MXN	-68,652	6,241	(7,628)	(27,290)	2,481	(3,032)
	RON	-95,753	8,705	(10,639)	(49,034)	4,458	(5,448)
	USD	86,477	(7,862)	9,609	82,080	(7,462)	9,120

The following table shows the nominal values and measurements of the hedging instruments, aggregated for all currencies, as well as their balance sheet category and the change in ineffectiveness.

Nominal values and measurements of hedging instruments

(in € thousands)	**Nominal amount of the hedging instrument**	**Carrying amount of the hedging instrument**		**Line items in the statement of financial position that include the hedging instrument**
Cash flow hedges		**Assets**	**Liabilities**	
Exchange rate risk as at 31.05.2021	887,183	15,412	(108,055)	Derivative financial assets/liabilities
Exchange rate risk as at 31.05.2020	836,845	5,102	(95,125)	Derivative financial assets/liabilities

The following tables contain quantitative disclosures on the hedging instruments used in each category, broken down by the most important currencies:

note montage : Il manque un titre

	Nominal amount		
(in € thousands)	<1 year	1-5 years	>5 years
Exchange rate risk as at 31.05.2021	582,462	129,544	175,177
Exchange rate risk as at 31.05.2020	576,349	85,319	175,177

Average hedging rates

Exchange rate risk	Average prices over the entire term of the hedging instruments as at 31.05.2021	Average prices over the entire term of the hedging instruments as at 31.05.2020
EUR/USD	1.18	1.13
EUR/CZK	26.35	26.19
EUR/JPY	126.34	120.26
EUR/RON	5.03	5.00
EUR/CNY	8.14	8.00
USD/MXN	21.82	20.69

The following table contains disclosures for designated hedged items in each risk category. HELLA only uses cash flow hedges for currency risks.

Since the hedged items consist of planned cash flows that have not (yet) been recognised in the financial statements, only the carrying amount of the hedging instrument portfolio is reported.

Designated hedged items per risk category

(in € thousands)		Cash flow hedge reserve	
Cash flow hedges	Change in value for calculation of hedge ineffectiveness	Ongoing hedging activities	Hedging activities that no longer qualify for hedge accounting
Exchange rate risk for forecast transactions			
as at May 31, 2021	-	(78,816)	-
as at May 31, 2020	-	(84,116)	-

Gains and losses from cash flow hedges are as follows:

Profits and losses from cash flow hedges

Cash flow hedges *in € thousands*	**Hedging instrument gains/losses recognised in OCI in hedge accounting**	**Hedge ineffectiveness recognised in profit or loss**	**Individual items in the consolidated statement of comprehensive income (including hedge ineffectiveness)**	**Amount reclassified from the CFH reserve to the income statement**	**Individual income statement items affected by the reclassification**
Exchange rate risk as at 31.05.2021	(78,816)	-	Other operating earnings	(6,685)	Other operating earnings
Exchange rate risk as at 31.05.2020	(84,116)	-	Other operating earnings	(3,021)	Other operating earnings

The following table reconciles the equity items relating to currency risks in other comprehensive income (OCI):

Reconciliation of equity items from currency risks

	2020/2021			**2019/2020**		
(in € thousands)	**Reserve for financial instruments for cash flow hedging**	**Hedging costs**	**Total**	**Reserve for financial instruments for cash flow hedging**	**Hedging costs**	**Total**
AS AT JUNE 1	**(75,220)**	**(20,695)**	**(95,914)**	**(83,482)**	**(5,685)**	**(89,167)**
Profits or losses from effective hedging relationships	(30,929)	52,869	21,939	(64,625)	60,898	(3,727)
Reclassifications due to being recognised in profit or loss	18,373	(25,058)	(6,685)	72,887	(75,908)	(3,021)
AS AT MAY 31	**(87,776)**	**7,116**	**(80,660)**	**(75,220)**	**(20,695)**	**(95,914)**

Currency derivatives not presented in accordance with hedge accounting showed changes in the market value of currency derivatives recognised in the income statement:

Currency derivatives without hedge accounting

	Fair values		
(in € thousands)	**May 31, 2021**	**May 31, 2020**	**Change**
Currency derivatives	(441)	3,195	(3,636)

Management of interest rate risks

Interest rate risks arise when fluctuations in interest rates lead to changes in the value of financial assets and liabilities on the statement of financial position of HELLA. These may affect the amount of the interest income and expenses in the fiscal year as well as the market value of the derivatives concluded and other financial assets measured at fair value. As at May 31, 2021, interest rate-sensitive net debt stood at €1,005,570 thousand (prior year: €762,686 thousand).

These risks are managed by the HELLA Group through natural hedging, i.e. the elimination of interest rate risks by assuming offsetting items and through the targeted use of derivatives. The derivative financial instruments used are usually interest rate swaps. Interest rate derivatives are generally used to mitigate cash flow risks.

As with currency derivatives, interest rate derivatives are settled mainly by HELLA GmbH & Co. KGaA. The use of interest rate derivatives is also always associated with underlying transactions. Interest rate derivatives used to hedge interest rate risks from non-derivative financial instruments are designated as cash flow hedge accounting. Speculative transactions are not permitted.

The following sensitivity analyses show how a one percentage point movement in the respective market interest rate would change equity and net profit/loss for the year (in each case before taxes). The analysis is based on the respective risk position on the balance sheet date. The calculation method used is the net present value method.

Effects of a 1% fluctuation in the market interest rate on equity and net profit/loss for the year

(in € thousands)	May 31, 2021		May 31, 2020	
Market interest rate	**rises by 1 percentage point**	**falls by 1 percentage point**	**rises by 1 percentage point**	**falls by 1 percentage point**
Change in equity owing to fluctuations in the market value of fixed-income securities recognised directly in equity at fair value	(9,973)	16,739	(14,956)	19,812
Change in net profit/loss for the year owing to variable interest items in the case of non-derivative financial instruments and fluctuations in the market value of derivative financial instruments	10,056	(10,056)	7,627	(7,627)

Management of commodity price risks

The HELLA Group is exposed to various commodity price risks through the purchase of components. These risks are managed by the HELLA Group through natural hedging, i.e. the elimination of commodity price risks by means of offsetting effects from purchasing and sales, and through the targeted use of derivatives. The derivatives used are commodity swaps. As of May 31, 2021, there were no commodity derivatives (market value in the prior year: €0 thousand).

Commodity (net) exposure for 2021/2022 is expected to amount to €40,937 thousand (prior year: €19,381 thousand).

The following sensitivity analysis shows what effects fluctuations of 10% in the market prices of underlying commodities would have had on net profit/loss for the year (before taxes):

Effects of a 10% fluctuation in the price on equity and net profit/loss for the year

(in € thousands)	May 31, 2021		May 31, 2020	
Commodity price	**rises by 10%**	**falls by 10%**	**rises by 10%**	**falls by 10%**
Change in net profit/loss for the year owing to fluctuations in the market value of hedged items and commodity derivatives used	(4,094)	4,094	(1,938)	1,938

Management of other price risks

Other price risks arise for HELLA through investments in current or non-current, non-interest-bearing securities, largely equities and funds that are classified as "hold and sell" or "held for trading" and therefore measured at fair value through profit or loss.

Debt capital instruments, derivatives and equity instruments are classified and reported differently under IFRS 9. The cash flow characteristics test (SPPI) is also essential for classifying financial instruments.

We therefore present two key criteria for determining whether a debt capital instrument passes the SPPI test. The instrument passes the SPPI test wherever:

- the assets were acquired for the purpose of holding them and collecting the related cash flows, and
- the cash flows consist solely of payments of principal and interest.

Debt capital instruments

The business model for the debt capital instruments is "held for trading" and has to be subjected to the SPPI test. Debt capital instruments that fail the SPPI test are recognised and measured at FVPL.

If the contractual cash flows are solely payments of principal and interest (SPPI test passed), the debt capital instruments are measured at FVOCI with recycling to profit or loss. HELLA therefore no longer measures debt capital instruments at amortised cost.

Equity instruments

IFRS 9 requires all equity instruments to be accounted for at fair value through profit or loss. Fair value changes are taken to the income statement. There is an exception to this rule: it is possible to irrevocably elect to measure an equity instrument at fair value on initial recognition and present value changes in other comprehensive income as long as the instrument is not held for trading. If this option is exercised, the OCI is not reclassified to profit or loss upon recognition (FVOCI without recycling). HELLA will not use this option but will account for all equity instruments at fair value through profit or loss. These items are shown in the following table. Investments measured at acquisition cost because the fair value cannot be reliably determined are not exposed to balance sheet risk and are therefore not included in the presentation.

Presentation of equity instruments at fair value (PVPL)

(in € thousands)	May 31, 2021	May 31, 2020
Price risk positions of the non-derivative assets	55,357	23,501

HELLA actively manages the price risks. By continuously observing and analysing the markets, it is possible to manage investments in real time. Negative developments on the capital markets can thus be identified at an early stage and appropriate measures taken. Derivatives are only used to manage other price risks in exceptional cases.

The following sensitivity analyses show what effects fluctuations of 10% in the market values of non-derivative and derivative financial instruments would have had on equity or on net profit/loss for the year (before tax). The analysis is based on the respective volumes on the balance sheet date.

Effect of a 10% fluctuation in the price on equity and net profit/loss for the year

(in € thousands)	May 31, 2021		May 31, 2020	
Securities price	**rises by 10%**	**falls by 10%**	**rises by 10%**	**falls by 10%**
Change in equity owing to changes in prices of unimpaired securities and investments in public funds	5,536	(5,536)	2,350	(2,350)
Change in net profit/loss for the year owing to changes in prices of impaired securities	38	(38)	0	0

Management of default risks

Default risks arise for the HELLA Group from its operations and from financial investments and financial derivatives with positive fair values. Default risks from trade receivables, contract assets or other financial assets pose the risk that the receivables will be collected significantly late or not at all if a customer or another counterparty fails to satisfy its contractual commitments.

The Company considers the probability of default when initially recognising an asset as well as whether the credit risk has constantly increased significantly in every reporting period. To determine whether the credit risk has increased significantly, the Company compares the default risk of the asset on the balance sheet date to the default risk at the time of initial recognition. The Group makes this assessment based on quantitative and qualitative information that is reasonable and appropriate, including past experience and/or forward-looking information that can be obtained without excessive effort or expense. The default risk largely depends on the characteristics of the customers and their industry and is thus monitored by central and regional financial officers. The credit ratings and payment practices of contracting partners are regularly analysed.

Regardless of the outcome of the above assessment, the Group presumes that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and appropriate information that proves otherwise.

A financial asset is in default or credit impaired if any of the following criteria have been met:

- bankruptcy or similar event indicating significant financial difficulty and a probable default on the part of the counterparty;
- probable debt waiver;
- other reasons for credit managers to assume that it is more likely that the receivables are not collectible.

In addition, all past-due trade receivables are tested for impairment during the year.

Financial assets are written off if there is no reasonable expectation of settlement. The residual value of these written-off financial assets can still be recovered, possibly with the involvement of legal counsel, if the customer enters bankruptcy. No residual value was recovered from the written-off receivables in the past fiscal year, as was the case in the prior year. Any amounts collected are recognised in profit or loss.

The maximum default risk for the financial assets corresponds to their carrying amount. Netting off is not carried out due to the full or partial lack of offsetting criteria under IAS 32. Collateral is accepted in individual cases as described below, which means that the actual default risk is smaller.

The HELLA Group's derivative transactions are typically concluded by HELLA GmbH & Co. KGaA. and internally passed on to HELLA subsidiaries. HELLA GmbH & Co. KGaA. buys and sells all derivatives involving external counterparties on the basis of the German Master Agreement for Financial Derivatives Transactions (DRV). DRV versions used in the past generally did not meet the requirements for offsetting since the offsetting of outstanding amounts would only have been legally enforceable following future events, such as a contracting partner's bankruptcy. However, most current versions of the DRV now contain offsetting options, which makes it likely that they will be instituted in existing contract versions in future. If local regulations prohibit internal forwarding of derivatives, a HELLA subsidiary can conduct transactions directly with a bank under an individual contract, which will generally be based on the Master Agreement of the International Swaps and Derivatives Association (ISDA) with compensation possibilities. The following table shows the offsetting potential for derivatives taken out by HELLA GmbH & Co. KGaA. that are subject to the aforementioned agreements.

Potential for offsetting derivatives

May 31, 2020

(in € thousands)	Gross	IAS 32.42	Net prior to potential for offsetting	Potential for offsetting	Net
Assets – derivatives	8,513	-	8,513	4,265	4,248
Liabilities – derivatives	(95,358)	-	(95,358)	4,265	(91,093)

May 31, 2021

(in € thousands)	Gross	IAS 32.42	Net prior to potential for offsetting	Potential for offsetting	Net
Assets – derivatives	15,521	-	15,521	4,963	10,558
Liabilities – derivatives	(108,373)	-	(108,373)	4,963	(103,410)

The Group has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables;
- debt capital instruments at FVOCI;
- other financial assets at amortised cost.

Trade receivables

The Group's credit risk is mainly a factor of the individual characteristics of individual customers. However, management also considers the factors that affect the credit risk of the broader customer base, including the default risk associated with the industry and country where the customer is located. HELLA has established a process in which it individually assesses the creditworthiness of every new customer before offering the Group's customary payment and delivery terms. In conducting the review, the Group considers external ratings (if available), financial statements, credit reports, industry information and, in some cases, bank references.

Operational risk is mainly managed by continuously monitoring receivables. Specific default risks are addressed upon identification by recognising corresponding impairments.

In individual cases, HELLA Group companies also demand collateral to secure receivables. This includes warranties, performance guarantees and advance securities. HELLA has drawn up internal rules for accepting collateral. The only acceptable collateral providers are banks and insurance firms with good credit ratings. Many shipments to customers are also subject to retention of title clauses. The HELLA Group holds no collateral as at May 31, 2021.

Trade receivables are essentially spread over key accounts from the automotive and automotive supply industry.

The recoverability of all the receivables, which do not include past-due or impaired financial assets, is considered very high. This assessment is primarily based on ratings issued by large rating agencies and the fact that the HELLA Group maintains long-standing business relationships with most of its customers. The historical default rate of these trade receivables is extremely low.

The current general economic conditions created by the coronavirus pandemic generally do not change this estimation. As at May 31, 2021, there were no significant defaults on receivables attributable to the coronavirus pandemic. It was not possible to identify any increased credit risk for the major customers in the automotive sector or the majority of customers in the Aftermarket or Special Applications segments, which means that no significant defaults on receivables are currently expected. For this reason, no specific effects of the coronavirus pandemic have been factored into the approach to calculating credit losses, described below.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

An impairment analysis is conducted every balance sheet date using a provision matrix to measure expected credit losses. Provision rates are based on the number of days that trade receivables have been outstanding for groups of different customer segments with similar loss patterns (i.e. by region and customer type). The calculation reflects the probability-weighted result, the fair value of the money, and reasonable and appropriate information available on the balance sheet date regarding past events, current conditions and forecasts of future economic conditions. The maximum credit risk on the balance sheet date is the carrying amount (cf. Note 24).

Using this as a basis, the value adjustment for trade receivables as of May 31, 2021 and May 31, 2020 (applying IFRS 9) was calculated as follows:

Detailed overview of value adjustment for trade receivables

	May 31, 2021			May 31, 2020		
(in € thousands)	Gross carrying amount	Value adjustment	Net carrying amount	Gross carrying amount	Value adjustment	Net carrying amount
Trade receivables	963,359	4,852	958,507	604,195	7,839	596,356
TOTAL	**963,359**	**4,852**	**958,507**	**604,195**	**7,839**	**596,356**

Value adjustments for trade receivables carried at amortised cost as at May 31, 2021 are presented below and reconciled with the value adjustments for opening losses. The estimation techniques or material assumptions used to estimate the value adjustment for these financial assets did not change in the current reporting period.

Reconciliation of value adjustments for financial assets

(in € thousands)	May 31, 2020/2021	May 31, 2019/2020
AS AT JUNE 1	**7,839**	**4,941**
Additions	10,344	8,429
Utilisation	(1,548)	(1,448)
Reduction	(11,792)	(4,015)
Other	9	(61)
Change in the scope of consolidation	0	(7)
AS AT MAY 31	**4,852**	**7,839**

Apart from business growth, there were no material changes in the gross amounts of the trade receivables that affected the estimation of the value adjustment.

Debt investments

The Group solely invests in listed debt instruments that carry very little credit risk. All of the Group's debt instruments at OCI are listed bonds that have received investment-grade (very good and good) ratings from rating agencies and are thus considered to be low-risk investments.

The Group recognises lifetime ECLs if the credit risk has significantly increased since initial recognition. However, if the credit risk of the financial instrument has not significantly increased since initial recognition, the Group measures the loss allowance for this financial instrument using the 6-month CDS or the 12-month CDS. The expected credit losses (ECLs) for securities consider the exposure at default (EaD), the probability of default in the next 12 months (12m PD) and the loss given default (LGD) and are calculated as follows: ECL = EaD x 12m PD x LGD. The expected loss for individual cases is based on the spreads of the corresponding credit default swaps (CDSs).

In fiscal year 2020/2021, the Group recognised a value adjustment of €576 thousand (prior year: €565 thousand) for expected credit losses for its debt instruments measured at OCI.

The maximum exposure at the end of the reporting period is the carrying amount of these investments (€280,637 thousand).

The estimation techniques or main assumptions used to estimate the value adjustment for these financial assets did not change in the reporting period under review.

The loss allowance for debt instruments at FVOCI changed as follows during fiscal year 2020/2021:

Development of value adjustment for expected credit losses measured at FVOCI for the fiscal year 2019/2020

	2019/2020				
(in € thousands)	**12-month ECL**	**Lifetime ECL without credit impairment**	**Lifetime ECL with credit impairment**	**POCI – financial assets**	**Total**
AS AT: JUNE 1, 2019	**(705)**	**0**	**0**	**0**	**(705)**
Transfer to lifetime ECL without credit impairment	0	0	0	0	0
Transfer to lifetime ECL with credit impairment	0	0	0	0	0
New financial assets/additions to the value adjustment	(183)	0	0	0	(183)
Value adjustments/utilisation of value adjustments	0	0	0	0	0
Value recovery/dissolution of existing value adjustments	323	0	0	0	323
Other effects	0	0	0	0	0
AS AT: MAY 31, 2020	**(565)**	**0**	**0**	**0**	**(565)**

Development of value adjustment for expected credit losses measured at FVOCI for the fiscal year 2020/2021

	2020/2021				
(in € thousands)	**12-month ECL**	**Lifetime ECL without credit impairment**	**Lifetime ECL with credit impairment**	**POCI – financial assets**	**Total**
AS AT: JUNE 1, 2020	**(565)**	**0**	**0**	**0**	**(565)**
Transfer to lifetime ECL without credit impairment	0	0	0	0	0
Transfer to lifetime ECL with credit impairment	0	0	0	0	0
New financial assets/additions to the value adjustment	(540)	0	0	0	(540)
Value adjustments/utilisation of value adjustments	0	0	0	0	0
Value recovery/dissolution of existing value adjustments	529	0	0	0	529
Other effects	0	0	0	0	0
AS AT: MAY 31, 2021	**(576)**	**0**	**0**	**0**	**(576)**

EXPLANATION OF ABBREVIATION:

- POCI: Purchased or originated credit-impaired financial assets.

The Group's credit risk exposure to debt capital instruments at FVOCI can be summarised as follows:

Summary of credit risk exposure for debt capital instruments measured at FVOCI

	2020/2021				
(in € thousands)	12-month ECL	Lifetime ECL without credit impairment	Lifetime ECL with credit impairment	POCI	Total
Gross carrying amounts	**280,637**	**0**	**0**	**0**	**280,637**
Value adjustments OCI	(576)	0	0	0	(576)

	2019/2020				
(in € thousands)	12-month ECL	Lifetime ECL without credit impairment	Lifetime ECL with credit impairment	POCI	Total
Gross carrying amounts	**305,897**	**0**	**0**	**0**	**305,897**
Value adjustments OCI	(565)	0	0	0	(565)

Financial assets at fair value through profit or loss

The Company is also exposed to credit risk in connection with financial assets measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments amounting to €219,832 thousand (prior year: €179,296 thousand).

Other financial assets at amortised cost

The value adjustments for other receivables as at May 31, 2021 are shown below in the reconciliation.

Capital risk management

The HELLA Group manages its capital with the aim of ensuring that all Group companies can continue to operate as going concerns. By optimising the debt-equity ratio as needed, capital costs are kept as low as possible. These measures help to maximise shareholder income.

The capital structure consists of the current and non-current liabilities in the statement of financial position less the cash representing net borrowings and the balance sheet equity. The Risk Management Committee assesses and reviews the Group's capital structure on a regular basis. Risk-adjusted capital costs are taken into account in this assessment.

The overall capital risk management strategy pursued in the current fiscal year has not changed from the prior year.

Reconciliation of value adjustments for other receivables

(in € thousands)	2020/2021	2019/2020
AS AT JUNE 1	**447**	**868**
Additions	6	185
Utilisation	0	(156)
Reduction	(17)	(450)
AS AT MAY 31	**436**	**447**

44 Contractual commitments

There were contractual commitments to purchase or use property, plant and equipment amounting to €119,646 thousand as at the balance sheet date (prior year: €106,468 thousand). Contractual commitments for the acquisition of intangible assets amounted to €2,802 thousand at the end of May 2021 (prior year: €3,820 thousand).

45 Contingent liabilities

As at May 31, 2021, there were no contingent liabilities within the HELLA Group, as in the previous year.

46 Information on leases

The HELLA Group as lessee

The HELLA Group regularly operates as a lessee.

The Group has leases for various buildings, motor vehicles and pieces of office equipment. Leases are usually fixed for a particular period – generally four years for motor vehicles and between 5 and 15 years for buildings – but may include extension options. Some leases for buildings and office equipment include extension and termination options for the Group as a whole. These terms are utilised to maximise operational flexibility. Most extension and termination options can only be exercised by the Group, not by the lessor.

Leases are negotiated individually and cover a wide range of different terms and contract conditions. The HELLA Group is not subject to any obligations or restrictions from leases.

Usufructuary rights to assets

(in € thousands)	**Land and buildings**	**Machinery**	**Operating and office equipment**	**Total**
AS AT: JUNE 1, 2019	**126,117**	**2,536**	**12,358**	**141,010**
Additions	38,230	2,080	9,423	49,733
Depreciation/amortisation	(24,486)	(1,471)	(6,495)	(32,451)
Disposals	(13,160)	(32)	(141)	(13,332)
Recorded impairments	(30,362)	0	0	(30,362)
Currency translation	(1,234)	(85)	(211)	(1,530)
AS AT: MAY 31, 2020	**95,106**	**3,028**	**14,934**	**113,068**
AS AT: JUNE 1, 2020	**95,106**	**3,028**	**14,934**	**113,068**
Additions	21,758	3,862	5,943	31,563
Depreciation/amortisation	(20,930)	(2,009)	(6,680)	(29,619)
Disposals	(1,365)	(42)	(4,081)	(5,488)
Recorded impairments	(832)	0	0	(832)
Currency translation	(3,405)	(177)	(1)	(3,583)
AS AT: MAY 31, 2021	**90,332**	**4,662**	**10,115**	**105,109**

The right-of-use assets are measured at amortised cost and so do not require additional notes on remeasurement.

Lease liabilities

(in € thousands)	May 31, 2021	May 31, 2020
Up to 1 year	29,580	31,379
Between 1 and 5 years	77,913	77,817
More than 5 years	26,029	34,550
TOTAL	**133,522**	**143,747**

Amounts recognised in profit or loss

(in € thousands)	2020/2021	2019/2020
Interest expenses for lease liabilities	(3,021)	(3,231)
Variable lease payments that are not included in the valuation of the lease liability	(2,607)	(1,419)
Expenses from current leases	(8,913)	(11,748)
Expenses from leases in which the underlying assets are low in value	(838)	(1,414)

Interest expenses for lease liabilities are reported within financing costs in the income statement and other comprehensive income.

Payments of €34,675 thousand (prior year: €31,325 thousand) are recognised in the cash flow statement.

The portfolio of short-term leases is identical to the portfolio "up to one year". There are no additional lease liabilities.

There are no leases with residual value guarantees or pending leases that the Group has committed to.

The HELLA Group has not entered into any sale-and-lease back transactions.

In order to simplify how lessees account for lease agreements over the coronavirus pandemic, the International Accounting Standards Board (IASB) extended IFRS 16 to include an option. This option permits the lessee, in the event of changes to the lease relationship resulting from the coronavirus pandemic, to remeasure the agreement or to apply relief. HELLA opted not to exercise this option.

The HELLA Group as lessor

In the Aftermarket segment, HELLA concludes finance lease agreements with workshops for its portfolio of diagnostic testing equipment and workshop equipment. These agreements generally have five-year terms. All lease agreements are concluded in euros and relate exclusively to business within the EU.

To reduce the risk associated with the transactions, HELLA conducts a credit check for each potential customer and, if needed, obtains bank guarantees for the full term of the lease. There are no variable lease payments that depend on an index or rate. Financial income from net capital expenditure in lease arrangements for the period amounts to €3,367 thousand.

Distribution of minimum lease payments (not discounted)

(in € thousands)	May 31, 2021	May 31, 2020
Up to 1 year	20,860	21,580
Between 1 and 5 years	42,219	48,200
More than 5 years	0	0
Future financing costs under finance leases	(6,797)	(8,259)
TOTAL	**56,282**	**61,522**

Distribution of the present values of minimum lease payments

(in € thousands)	May 31, 2021	May 31, 2020
Up to 1 year	17,970	18,223
Between 1 and 5 years	38,312	43,299
More than 5 years	0	0
TOTAL	**56,282**	**61,522**

As at May 31, 2021, impairments for unrecoverable receivables from leases amounted to €458 thousand (prior year: €495 thousand).

47 Events after the balance sheet date

HELLA signed an exclusive licence and development agreement with Gapwaves, a technology company listed on the Nasdaq First North Growth Market Stockholm, and purchased 10 percent of the company's shares on June 18, 2021 for a purchase price of just over €18,084 thousand. Gapwaves is one of the world's leading providers of waveguide-based antennas. HELLA will deploy this technology in the next generation of 77 GHz-based corner radar sensors, thus further increasing the performance of HELLA's own sensors.

48 Audit fees

The total fees for the services of the auditor PricewaterhouseCoopers GmbH invoiced for fiscal year 2020/2021 amounts to €1,119 thousand (prior year: €927 thousand), of which €148 thousand relates to prior years, and includes the fees and expenses for the audit of financial statements. In addition, €82 thousand (prior year: €143 thousand) was recognised as expenses for tax advisory services, €146 thousand (prior year: €5 thousand) for other assurance services, of which €128 thousand related to prior years, and €0 thousand (prior year: €11 thousand) for other services.

The auditing services pertain to the audit of the annual and consolidated financial statements of the parent company. The other assurance services contain the audit of the bonus share compensation as well as certification services in connection with government grants. The tax advisory services almost exclusively pertain to the tax implications of intercompany settlements.

Lippstadt, July 28, 2021

The Managing General Partner of HELLA GmbH & Co. KGaA.

HELLA Geschäftsführungsgesellschaft mbH

Dr. Rolf Breidenbach
(Chairman)

Dr. Lea Corzilius

Bernard Schäferbarthold

Dr. Frank Huber

Björn Twiehaus

Scope of consolidation

Fiscal year 2020/2021

Affiliated companies included in the consolidated financial statements:

No.	Company	Country	City	Investment in%	in
1	HELLA GmbH & Co. KGaA.	Germany	Lippstadt	100.0	
2	HELLA Innenleuchten-Systeme GmbH*	Germany	Wembach	100.0	1
3	HELLA Innenleuchten-Systeme Bratislava, s.r.o.	Slovakia	Bratislava	100.0	2
4	HELLA Fahrzeugkomponenten GmbH*	Germany	Bremen	100.0	1
5	HFK Liegenschaftsgesellschaft mbH	Germany	Bremen	100.0	4
6	HELLA Electronics Engineering GmbH*	Germany	Regensburg	100.0	1
7	HELLA Aglaia Mobile Vision GmbH*	Germany	Berlin	100.0	1
8	HELLA Distribution GmbH*	Germany	Erwitte	100.0	1
9	RP Finanz GmbH*	Germany	Lippstadt	100.0	1
10	HELLA Finance International B.V.	The Netherlands	Nieuwegein	100.0	1
11	Docter Optics S.E.*	Germany	Neustadt an der Orla	100.0	1
12	Docter Optics Inc.	USA	Gilbert, AZ	100.0	11
13	Docter Optics Components GmbH	Germany	Neustadt an der Orla	100.0	11
14	Docter Optics s.r.o.	Czech Republic	Skalice u Ceské Lípy	100.0	11
15	HORTUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neustadt/Orla KG	Germany	Düsseldorf	100.0	11
16	Docter Optics Asia Ltd	South Korea	Seoul	100.0	11
17	HELLA Saturnus Slovenija d.o.o.	Slovenia	Ljubljana	100.0	1
18	HELLA Werkzeug Technologiezentrum GmbH*	Germany	Lippstadt	100.0	1
19	HELLA Corporate Center GmbH*	Germany	Lippstadt	100.0	1
20	HELLA Gutmann Holding GmbH*	Germany	Ihringen	100.0	1
21	HELLA Gutmann Solutions GmbH*	Germany	Ihringen	100.0	20
22	HELLA Gutmann Anlagenvermietung GmbH*	Germany	Breisach	100.0	20
23	HELLA Gutmann Solutions A/S	Denmark	Viborg	100.0	20
24	HELLA Gutmann Solutions AS	Norway	Porsgrunn	100.0	23
25	TecMotive GmbH	Germany	Berlin	100.0	20
26	HELLA OOO	Russia	Moscow	100.0	1
27	avitea GmbH work and more	Germany	Lippstadt	100.0	1
28	avitea Industrieservice GmbH	Germany	Lippstadt	100.0	27
29	HELLA Geschäftsführungsgesellschaft mbH*	Germany	Lippstadt	100.0	1
30	UAB HELLA Lithuania	Lithuania	Vilnius	100.0	1
31	hvs Verpflegungssysteme GmbH	Germany	Lippstadt	100.0	1
32	HELLA Holding International GmbH*	Germany	Lippstadt	100.0	1
33	HELLA Shanghai Electronics Co., Ltd	China	Shanghai	100.0	32
34	HELLA Changchun Tooling Co., Ltd	China	Changchun	100.0	32
35	HELLA Corporate Center (China) Co., Ltd	China	Shanghai	100.0	32
36	Changchun HELLA Automotive Lighting Ltd	China	Changchun	100.0	32
37	Beifang HELLA Automotive Lighting Ltd	China	Beijing	100.0	32
38	HELLA Asia Pacific Pty Ltd	Australia	Mentone	100.0	32

No.	Company	Country	City	Investment in%	in
39	HELLA Australia Pty Ltd	Australia	Australia	100.0	38
40	HELLA-New Zealand Limited	New Zealand	New Zealand	100.0	38
41	HELLA Asia Pacific Holdings Pty Ltd	Australia	Australia	100.0	38
42	HELLA Korea Inc.	South Korea	South Korea	100.0	41
43	HELLA India Automotive Private Limited	India	India	100.0	41
44	HELLA Emobionics Pvt Ltd	India	India	100.0	43
45	HELLA UK Holdings Limited	Great Britain	Great Britain	100.0	32
46	HELLA Limited	Great Britain	Great Britain	100.0	45
47	HELLA Corporate Center USA, Inc.	USA	USA	100.0	32
48	HELLA Electronics Corporation	USA	USA	100.0	47
49	HELLA Automotive Sales, Inc.	USA	USA	100.0	47
50	HELLA España Holdings S. L.	Spain	Spain	100.0	32
51	Manufacturas y Accesorios Electricos S.A.	Spain	Spain	100.0	50
52	HELLA S.A.	Spain	Spain	100.0	50
53	HELLA Handel Austria GmbH	Austria	Austria	100.0	32
54	HELLA Fahrzeugteile Austria GmbH	Austria	Austria	100.0	53
55	HELLA S.A.S.	France	France	100.0	32
56	HELLA Engineering France S.A.S.	France	France	100.0	55
57	HELLA Benelux B.V.	The Netherlands	The Netherlands	100.0	32
58	HELLA S.p.A.	Italy	Italy	100.0	32
59	HELLA Lighting Finland Oy	Finland	Finland	100.0	32
60	HELLA Autotechnik Nova s.r.o.	Czech Republic	Czech Republic	100.0	32
61	HELLA CZ, s.r.o.	Czech Republic	Czech Republic	100.0	32
62	HELLA Hungária Kft.	Hungary	Hungary	100.0	32
63	HELLA Polska Sp. z o.o.	Poland	Poland	100.0	32
64	Intermobil Otomotiv Mümessillik Ve Ticaret A.S.	Turkey	Turkey	56.0	32
65	HELLA Centro Corporativo Mexico S.A. de C.V.	Mexico	Mexico	100.0	32
66	HELLA Automotive Mexico S.A. de C.V.	Mexico	Mexico	100.0	65
67	Grupo Administracion Tecnica S.A. de C.V.	Mexico	Mexico	100.0	65
68	Petosa S.A. de C.V.	Mexico	Mexico	100.0	65
69	HELLAmex S.A. de C.V.	Mexico	Mexico	100.0	65
70	HELLA A/S	Denmark	Denmark	100.0	32
71	HELLA India Lighting Ltd	India	India	82.7	32
72	HELLA Asia Singapore Pte. Ltd	Singapore	Singapore	100.0	32
73	HELLA Trading (Shanghai) Co., Ltd	China	China	100.0	72
74	HELLA Slovakia Holding s.r.o.	Slovakia	Slovakia	100.0	32
75	HELLA Slovakia Signal-Lighting s.r.o.	Slovakia	Slovakia	100.0	74
76	HELLA Slovakia Front-Lighting s.r.o.	Slovakia	Slovakia	100.0	74
77	HELLA Romania s.r.l.	Romania	Romania	100.0	32
78	HELLA do Brazil Automotive Ltda.	HELLA do Brazil Automotive Ltda.	São Paulo	100.0	32
79	HELLA Automotive South Africa (Pty) Ltd	HELLA Automotive South Africa (Pty) Ltd	Uitenhage	100.0	32
80	HELLA Middle East FZE	HELLA Middle East FZE	Dubai	100.0	32
81	HELLA Middle East LLC	HELLA Middle East LLC	Dubai	49.0	80
82	HELLA-Bekto Industries d.o.o.	HELLA-Bekto Industries d.o.o.	Gorazde	70.0	32
83	HELLA China Holding Co., Ltd	HELLA China Holding Co., Ltd	Shanghai	100.0	32
84	HELLA (Xiamen) Electronic Device Co., Ltd	HELLA (Xiamen) Electronic Device Co., Ltd	Xiamen	100.0	83
85	Jiaxing HELLA Lighting Co., Ltd	Jiaxing HELLA Lighting Co., Ltd	Jiaxing	100.0	83
86	HELLA Vietnam Company Limited	HELLA Vietnam Company Limited	Ho Chi Minh City	100.0	32

Associates and joint ventures

No.	Company	Country	City	Investment in%	in
87	Behr-HELLA Thermocontrol GmbH	Germany	Lippstadt	50.0	1
88	Behr-HELLA Thermocontrol (Shanghai) Co., Ltd	China	Shanghai	100.0	87
89	Behr-HELLA Thermocontrol Inc.	USA	Wixom, MI	100.0	87
90	Behr-HELLA Thermocontrol India Private Limited	India	Pune	100.0	87
91	Behr-HELLA Thermocontrol Japan K.K.	Japan	Tokyo	100.0	87
92	Behr-HELLA Thermocontrol EOOD	Bulgaria	Sofia	100.0	87
93	BHTC Mexico S.A. de C.V.	Mexico	Queretaro	100.0	87
94	BHTC Servicios S.A. de C.V.	Mexico	San Miguel de Allende	100.0	93
95	BHTC Finland OY	Finland	Tampere	100.0	87
96	Beijing SamLip Automotive Lighting Ltd	China	Beijing	24.5	41
97	HBPO Beteiligungsgesellschaft mbH	Germany	Lippstadt	33.3	1
98	HBPO GmbH	Germany	Lippstadt	100.0	97
99	HBPO Germany GmbH	Germany	Meerane	100.0	98
100	HBPO Slovakia s.r.o.	Slovakia	Lozorno	100.0	98
101	HBPO Automotive Spain S.L.	Spain	Arazuri	100.0	98
102	HBPO Mexico S.A. de C.V.	Mexico	Cuautlancingo	100.0	98
103	HBPO Czech s.r.o.	Czech Republic	Mnichovo Hradiste	100.0	98
104	HBPO North America Inc.	USA	Troy, MI	100.0	98
105	HBPO UK Limited	Great Britain	Banbury	100.0	98
106	HBPO Canada Inc.	Canada	Windsor	100.0	98
107	HBPO Rastatt GmbH	Germany	Rastatt	100.0	98
108	HBPO Ingolstadt GmbH	Germany	Ingolstadt	100.0	98
109	HBPO Manufacturing Hungary Kft.	Hungary	Kecskemét	100.0	98
110	SHB Automotive Module Company Ltd	South Korea	Gyeongbuk	50.0	98
111	HBPO Automotive Hungaria Kft.	Hungary	Györ	100.0	98
112	HBPO Regensburg GmbH	Germany	Regensburg	100.0	98
113	HBPO Pyeongtaek Ltd	South Korea	Pyeongtaek	100.0	98
114	HBPO Beijing Ltd	China	Beijing	100.0	98
115	HICOM HBPO SDN BHD	Malaysia	Shah Alam	55.0	98
116	HBPO Management Sevices MX S.A.	Mexico	Cuautlancingo	100.0	98
117	HBPO Services MX S.A.	Mexico	Cuautlancingo	100.0	98
118	HBPO Vaihingen/Enz GmbH	Germany	Vaihingen/Enz	100.0	98
119	HBPO Saarland GmbH	Germany	Kleinblittersdorf	100.0	98
120	HBPO Nanjing Ltd	China	Nanjing	100.0	98
121	HBPO Székesfehérvár Kft.	Hungary	Székesfehérvár	100.0	98
122	Changchun HELLA Faway Automotive Lighting Co., Ltd	China	Changchun	49.0	33
123	Chengdu HELLA Faway Automotive Lighting Co., Ltd	China	Chengdu	100.0	122
124	InnoSenT GmbH	Germany	Donnersdorf	50.0	1
125	HELLA Pagid GmbH	Germany	Essen	50.0	1
126	Beijing HELLA BHAP Automotive Lighting Co., Ltd	China	Beijing	50.0	83
127	HELLA BHAP (Sanhe) Automotive Lighting Co., Ltd	China	Sanhe	100.0	126
128	HELLA BHAP (Tianjin) Automotive Lighting Co., Ltd	China	Tianjin	100.0	126
129	HELLA BHAP Electronics (Jiangsu) Co., Ltd	China	Zhenjiang	50.0	32
130	HELLA Evergrande Electronics (Shenzhen) Co.,Ltd	China	Shenzhen	49.0	32
131	HELLA MINTH Jiaxing Automotive Parts Co., Ltd	China	Jiaxing	50.0	32
132	HELLA Evergrande Electronics (Yangzhou) Co.,Ltd	China	Yangzhou	100.0	130

The companies listed below were not consolidated as they are of minor significance for the Group's net assets, financial position, and results of operations. For this reason, the other disclosures under Section 313 (2) (4) HGB could also be omitted. The Group's shares in these companies were recognised at fair value.

Companies not included in the consolidated financial statements

				Investment	
No.	Company	Country	City	in %	in
133	Electra HELLA's S.A.	Greece	Athens	73.0	32
134	HELLA Japan Inc.	Japan	Tokyo	100.0	32
135	CMD Industries Pty Ltd	Australia	Mentone	100.0	41
136	Tec-Tool S.A. de C.V.	Mexico	El Salto, Jalisco	100.0	65
137	HELLA-Stanley Holding Pty Ltd	Australia	Mentone	50.0	1
138	H+S Invest GmbH & Co. KG i.L.	Germany	Pirmasens	50.0	1
139	FWB Kunststofftechnik GmbH	Germany	Pirmasens	100.0	1
140	H+S Verwaltungs GmbH i.L.	Germany	Pirmasens	50.0	1
141	INTEDIS GmbH & Co. KG i.L.	Germany	Würzburg	50.0	1
142	INTEDIS Verwaltungs-GmbH i.L.	Germany	Würzburg	50.0	1
143	The Drivery GmbH	Germany	Berlin	100.0	7
144	HELLA Fast Forward Shanghai Co., Ltd	China	Shanghai	100.0	83
145	HELLA Ventures, LLC	USA	Delaware	100.0	47

Since no significant influence is exercised over the following companies, they were treated as investments.

Investments

				Investment	
No.	Company	Country	City	in %	in
146	PARTSLIFE GmbH	Germany	Neu-Isenburg	9.7	1
147	TecAlliance GmbH	Germany	Ismaning	7.0	1
148	EMC Test NRW GmbH electromagnetic compatibility	Germany	Dortmund	11.6	1
149	KFE Kompetenzzentrum Fahrzeug Elektronik GmbH	Germany	Lippstadt	12.0	1
150	Brighter AI Technologies GmbH	Germany	Berlin	10.8	1
151	YPTOKEY GmbH	Germany	Berlin	5.0	1
152	Breezometer Ltd	Israel	Haifa	3.2	145

Independent Auditor's Report

To HELLA GmbH & Co. KGaA., Lippstadt

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" ("Separate report on ESEF conformity"). The subject matter (ESEF documents) to which the Separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

Report on the audit of the consolidated financial statements and of the group management report

Audit Opinions

We have audited the consolidated financial statements of HELLA GmbH & Co. KGaA., Lippstadt, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at May 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from June 1, 2020 to May 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of HELLA GmbH & Co. KGaA., which is combined with the Company's management report, for the fiscal year from June 1, 2020 to May 31, 2021. We have not audited the content of the statement on corporate governance pursuant to § 289f HGB and § 315d HGB in accordance with the German legal requirements.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at May 31, 2021, and of its financial performance for the fiscal year from June 1, 2020 to May 31, 2021; and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the Group management report does not cover the content of the above mentioned statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the Group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the Group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group management report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non -audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the Group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from June 1, 2020 to May 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1) recoverability of goodwill and impairments to property, plant and equipment and intangible assets with finite useful lives;

2) restructuring provision in connection with the long-term restructuring program to improve competitiveness.

Our presentation of these key audit matters has been structured in each case as follows:

1) matter and issue;

2) audit approach and findings;

3) reference to further informationn.

Hereinafter we present the key audit matters:

1) **recoverability of goodwill and impairments to property, plant and equipment and intangible assets with finite useful lives;**

- in the consolidated financial statements of the Company, goodwill amounting to €5.2 million and intangible assets with finite useful lives amounting to €306.0 million are reported under the "intangible assets" balance sheet item, and property, plant and equipment amounting to €1,711.5 million is reported under the "property, plant and equipment" line item (together accounting for 33.4% of total assets). Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. Impairment tests are only carried out on property, plant and equipment and intangible assets with finite useful lives if there are indications that these assets may be impaired. The impairment tests are carried out at the level of the cash-generating units or groups of cash-generating units – in the case of impairment tests on goodwill, including the respective allocated goodwill. The carrying amount of the relevant cash-generating unit is compared with the corresponding recoverable amount for the purposes of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective cash-generating unit or group of cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the Group's three-year financial plan prepared by the management and adopted by the Supervisory Board forms the starting point for future projections based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the relevant cash-generating unit or group of cash-generating units. As a result of the impairment tests, an impairment loss of €50.8 million was recognized in respect of property, plant and equipment and intangible assets with finite useful lives.

  The outcome of this valuation exercise is dependent to a large extent on the estimates made by the Managing Directors with respect to the future cash inflows from the respective cash-generating units or groups of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore generally subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit;

- a part of our audit we evaluated the methodology employed by the Company for the purposes of conducting the impairment tests, among other things, with the assistance of internal specialists from the "Valuation" area. After matching the future cash inflows used for the calculation against the three-year Business Plan of the Group, prepared by the management and adopted by the Supervisory Board, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied or the growth rate used can have a material impact on the value of the entity calculated using this method, we focused our testing in particular on the parameters used to determine the discount rate applied and the growth rate used, and verified the calculation procedure. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. We verified that the necessary disclosures were made in the notes to the consolidated financial statements relating to cash-generating units or groups of cash-generating units for which a reasonably possible change in an assumption would result in the recoverable amount falling below the carrying amount of the cash-generating units including the allocated goodwill as well as for the calculated impairment losses.

  Overall, the valuation parameters and assumptions used by the Managing Directors are in line with our expectations and are also within the ranges considered by us to be reasonable;

- the Company's disclosures on impairment testing and the balance sheet items "Intangible assets" and "Property, plant and equipment" are contained in numbers 03, 29 and 30 of the notes to the consolidated financial statements;

2) **restructuring provision in connection with the long-term restructuring program to improve competitiveness;**

- in July 2020, HELLA GmbH & Co. KGaA. resolved to launch a long-term program aimed at permanently improving the company's competitiveness. In connection with this program, the HELLA Group is, among other things, looking to reorganize processes and reduce the number of staff in Germany. This will primarily impact the headquarters in Lippstadt, where 900 administrative and development positions are slated to be cut. In order for a restructuring provision to be recognized, the general recognition criteria for provisions pursuant to IAS 37.14 must be satisfied, which are further specified for restructuring measures within the meaning of IAS 37.10 by the regulations in IAS 37.70 et seq. If this pertains to employee benefits, the requirements of IAS 19 apply. In addition to the recognition of partial retirement agreements, a provision for severances of €58.2 million was expensed in the consolidated financial statements in 2020/2021 due to the arrangement with the employee representative bodies on the severance program and individual contractual agreements, of which a significant portion relates to the Lippstadt site. In our view, this matter was of particular significance for our audit, as the recognition of restructuring provisions and thus the related provisions for employee benefits is to a large extent based on estimates and assumptions made by the Managing Directors;
- as part of our audit, we assessed whether the individual recognition criteria were met and whether the measurement of the restructuring provision was appropriate. To that end, we obtained and evaluated relevant evidence from the Managing Directors of HELLA GmbH & Co. KGaA. We satisfied ourselves that the matter and the estimates and assumptions made by the Managing Directors in connection with the recognition and measurement of a restructuring provision were sufficiently documented and substantiated. The measurement occurred within ranges considered by us to be reasonable;
- the Company's disclosures relating to restructuring provisions are contained in Sections 20, 22 and 36 of the notes to the consolidated financial statements.

Other Information

The Managing Directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f HGB and § 315d HGB.

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report, our auditor's report and the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB.

Our audit opinions on the consolidated financial statements and on the Group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the Group management report or our knowledge obtained in the audit; or
- otherwise appears to be materially misstated.

Responsibilities of the Managing Directors and the Supervisory Board for the Consolidated Financial Statements and the Group management report

The Managing Directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the Managing Directors are responsible for such internal control as they have determined 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, the Managing Directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Managing Directors are responsible for the preparation of the Group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Managing Directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the Group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the Group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. 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;
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems;
- evaluate the appropriateness of accounting policies used by the Managing Directors and the reasonableness of estimates made by the Managing Directors and related disclosures;
- conclude on the appropriateness of the Managing Directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the Group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the Group management report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinions;
- evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides;
- perform audit procedures on the prospective information presented by the Managing Directors in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Managing Directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance in accordance with § 317 Abs. 3a HGB on the electronic reproduction of the consolidated financial statements and the Group management report prepared for publication purposes

Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the Group management report (hereinafter the "ESEF documents") contained in the attached electronic file HELLA_JA+LB_ESEF-2021-05-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the Group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the abovementioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the Group management report contained in the abovementioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from June 1, 2020 to May 31, 2021 contained in the "Report on the audit of the consolidated financial statements and of the Group management report" above.

Basis for the opinion

We conducted our assurance work on the reproduction of the consolidated financial statements and the Group management report contained in the abovementioned attached electronic file in accordance with § 317 Abs. 3a HGB and Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3a HGB on the Electronic Reproduction of Financial Statements and management reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibilities under that standard are further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applied the requirements for quality control systems set forth in IDW Standard on Quality Control: "Requirements for Quality Control in Audit Firms" (IDW QS 1).

Responsibilities of the Managing Directors and the Supervisory Board for the ESEF documents

The Managing Directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the Group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the Managing Directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The Managing Directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and the audited group management report as well as other documents to be published to the operator of the Bundesanzeiger.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion;
- obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls;
- evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file;
- evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report;
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on September 25, 2020. We were engaged by the Supervisory Board on January 14, 2021. We have been the group auditor of HELLA GmbH & Co. KGaA., Lippstadt, without interruption since the fiscal year 2018/2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Dr. Thomas Ull.

Cover and integrated report
Design and production: côtécorp.
Tel. : +33 (0)1 55 32 29 74.
Photo credits: iStockphoto Wacomka, Getty Images MirageC,
John Rensten, Faurecia library all rights reserved.

This document is printed in compliance with ISO 14001.2004
for an environmental management system.

Designed & published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

FORVIA

faurecia

Faurecia
Headquarters
23-27 rue des Champs Pierreux - 92000 Nanterre - France
www.faurecia.com