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FAURECIA

Société anonyme (joint-stock corporation) with €966,250,607 in capital stock
Registered office: 2, rue Hennape, 92000 Nanterre
Nanterre Trade and Companies Register No. 542 005 376

COMBINED GENERAL MEETING OF 29 MAY 2018

EXPLANATORY NOTES TO THE RESOLUTIONS

1- Explanatory notes to the ordinary resolutions

The first three resolutions that are submitted to your vote concern the approval of the financial statements for the 2017 fiscal year and the appropriation of income.

The fourth resolution concerns related-party agreements and undertakings.

Resolutions five and six are governance-related, the first on ratification of Ms. Valérie Landon's cooptation as a Board member, the second on increasing overall attendance fees as of fiscal year 2018.

In accordance with paragraph 1 of Article L.225-37-2 of the French Code of Commerce, resolutions seven and eight ask you to vote on principles and criteria for determining, allocating and awarding compensation for executive and non-executive corporate officers.

Resolutions nine to eleven ask you to vote on elements of compensation for executive and non-executive corporate officers paid or granted for the past fiscal year, in accordance with Article L.225.100 paragraph II of the French Code of Commerce.

Finally, resolution twelve concerns the share buy-back program.

1.1 Approval of the financial statements and appropriation of income (1st to 3rd resolutions)

Approval of the parent company financial statements for 2017 (1st resolution)

You are asked to approve these financial statements, which show a profit of €94,364,262.41.

You are also asked to approve the total charges and expenses mentioned in paragraph 4 of Article 39 of the French General Tax Code, i.e., €136,282.35, which corresponds to the non-deductible portion of the leases on passenger vehicles and the corresponding tax, which amounts to €46,922.01.

Approval of the consolidated financial statements for 2017 (2nd resolution)

We are seeking your approval of these financial statements, showing a net profit (Group share) of €610.2 million.

Appropriation of income (3rd resolution)

You are being asked to appropriate the income in accordance with French law and our bylaws.

As such, you are asked to approve the appropriation of the net income for 2017 as follows:

Origin	
- Profit for the fiscal year	€94,364,262.41
- Retained earnings	€1,227,485,803.32
Total to be appropriated	**€1,321,850,065.73**
Appropriation	
- Dividends	€151,839,381.10
- Retained earnings	€1,170,010,684.63
Total appropriated	**€1,321,850,065.73**

The Board of Directors has decided to suggest distributing a gross dividend of €1.10 per share.

When dividends are paid to private individuals resident for tax purposes in France, they are subject to a single 12.8% flat-rate levy on the gross dividend (Article 200 A of the French General Tax Code), or, optionally, to income tax on a sliding scale after a 40% tax allowance (Article 200 A,2. and 158-3 1° of the French General Tax Code). This option must be exercised when the income tax return is filed and, at the latest, before the deadline for the filing of said return. Dividends are also subject to social security contributions at a rate of 17.2%.

Should the number of shares carrying dividend entitlement change compared to the 138,035,801 shares that made up the capital as of December 31, 2017, the total dividend will be adjusted accordingly and the amount of the retained earnings account will be determined based on the dividend effectively distributed.

The ex-dividend date will be June 1, 2018 and the dividend will be paid on June 5, 2018.

In accordance with Article 243 bis of the French General Tax Code, we remind you that the following dividends were distributed in respect of the last three fiscal years:

FOR THE FISCAL YEAR	INCOME ELIGIBLE FOR REDUCTION		INCOME NOT ELIGIBLE FOR REDUCTION
	DIVIDENDS	OTHER DISTRIBUTED INCOME	
2014	€43,406,583.50* i.e., €0.35 per share	-	-
2015	€89,274,690.70* i.e., €0.65 per share	-	-
2016	€124,232,220.90* i.e., €0.90 per share	-	-

** This amount includes the amount of the dividend corresponding to treasury shares held by the Company not paid and allocated to the retained earnings account.*

1.2 Related-party agreements and undertakings (4th resolution)

In light of the Statutory Auditors' report on related-party agreements and undertakings, you are asked to acknowledge that there have been no new agreements like those referred to in Articles L.225.38 *et seq.* of the French Code of Commerce.

The Statutory Auditors' report also refers to the agreements and undertakings that were authorized prior to 2017 and that continued during that year, namely:

- a defined contributions pension scheme (Article 83 of the French General Tax Code) and a defined benefits pension scheme (Article 39 of the French General Tax Code) established for the whole Group in France and authorized for Mr. Patrick Koller, as Deputy Chief Executive Officer, then Chief Executive Officer, by decisions taken by the Board of Directors on April 13, 2016, and July 25, 2016, and, in accordance with a decision by this last Board

meeting, subject to a performance condition specific to Mr. Patrick Koller for the defined benefits pension scheme;
- an additional specific defined benefits pension scheme (Article 39 of the French General Tax Code) in favor of the members of Faurecia's Executive Committee, authorized for Mr. Patrick Koller in his capacity as Chief Executive Officer, by a decision of the Board of Directors on July 25, 2016;
- a termination payment for Mr. Patrick Koller as Chief Executive Officer, authorized by the Board of Directors' decision of July 25, 2016 and subject to performance conditions.

1.3 Governance (5th and 6th resolutions)

Under the terms of resolution five, you are asked to ratify the temporary appointment by the Board of Directors on October 12, 2017 of Ms. Valérie Landon to serve the remainder of the term of office of Ms. Amparo Moraleda who resigned at the end of the Board of Directors meeting of the same date. Ms. Valérie Landon would remain in office until the end of the meeting convened in 2021 to approve the financial statements for the previous year.

Information on Ms. Valérie Landon's expertise and career path is set out in Section 5.4 of the 2017 Registration Document.

The Board of Directors decided that Ms. Valérie Landon qualifies as an independent Board member under the independence criteria set out in the AFEP-MEDEF Corporate Governance Code of Listed Corporations, which your Company has chosen as a reference Corporate Governance Code.

We would also like to draw your attention to the resignation, effective from the end of this General Meeting, of Mr. Jean-Pierre Clamadieu, who has been asked to fill other positions.

Consequently, at the end of this General Meeting, your Company's Board of Directors will have fifteen members, including two Board members representing employees.

Not including Board members representing employees, eight members of your Board of Directors, or more than one third, will be independent, in accordance with the recommendations of the AFEP-MEDEF Code, and six members of your Company's Board of Directors will be women. The Board of Directors' composition would then be in accordance with the January 27, 2011 French Act related to balanced representation of women and men on Boards of Directors and to professional equality.

Under the terms of resolution six, you will be asked to increase the annual attendance fees allocated to Board members from €600,000 to €700,000. This decision would apply to the fiscal year in progress and would continue until a new decision is taken by a General Meeting.

€600,000 was the amount set by decision of the General Meeting of May 27, 2015. Since then, the number of Board members eligible to receive attendance fees has increased, particularly due to the addition of two Board members representing employees, and the applicable payment scale has been revised, amongst other things, to increase compensation for Committees' chairpersons and to allow for payment of an additional travel allowance for all Board members not physically resident in France.

Please note that your Company regularly compares the fees paid to its Board members with those paid by comparable companies. CAC Next20 companies were selected for the most recent comparison which showed that the average fees paid by your Company were slightly below the average fees paid by comparable companies.

Please note that neither the Chief Executive Officer, nor the Chairman of the Board of Directors, nor Board members holding an executive or management position within the shareholder PSA receive attendance fees.

1.4 Principles and criteria for determining, allocating and awarding compensation to the executive and non-executive corporate officers (7th and 8th resolutions)

The principles and criteria for determining, allocating and awarding compensation to the executive and non-executive corporate officers as required by paragraph 1 of Article L. 225-37-2 of the French Code of Commerce derived from French Act No. 2016-1691 of December 9, 2016, on transparency, anti-corruption measures and the modernization of the economy are described below; these paragraphs constitute the report referred to in paragraph 2 of the aforementioned Article presenting the seventh and eighth resolutions for the Chairman of the Board of Directors and the Chief Executive Officer respectively.

In this regard, Faurecia's Board of Directors, acting on the recommendations of the Governance Committee for the Chairman of the Board of Directors and on the recommendations of the Management Committee for the Chief Executive Officer, with both Committees being comprised of a majority of independent Board members, ensures the enforcement of the principles of the AFEP-MEDEF Corporate Governance Code of listed corporations regarding the determination of the compensation of executive and non-executive corporate officers of companies whose securities are traded on a regulated market.

Accordingly, these principles and criteria are reviewed and discussed annually by the Board of Directors, which, at its meeting on April 19, 2018, decided to continue the policy begun in 2017.

Principles and criteria for determining, allocating and awarding the compensation of the Chairman of the Board of Directors (7th resolution)

In accordance with the AFEP-MEDEF Code, 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.

On this basis, the Board of Directors has decided that the fixed annual compensation is the only component of compensation of the Chairman of the Board of Directors, excluding any other compensation. A company car is also provided to him.

Hence the Chairman of the Board of Directors does not receive any variable compensation, termination payment or non-competition indemnity, nor does he collect attendance fees. Moreover, the Board of Directors does not plan to pay any exceptional compensation.

The Board of Directors has not set any rules regarding the frequency at which fixed compensation of the Chairman of the Board of Directors is reviewed; however, it is understood that in practice the Board of Directors reviews this compensation regularly.

To do this, the Board of Directors refers to a comparative compensation analysis prepared by an outside consultant based on a sample of French listed companies that have a separated governance structure, and it takes into account the current Chairman's profile and his role as it appears in the Board of Directors' internal rules and that is described as follows:

"*The Chairman organizes and directs the work of the Board of Directors and ensures the effective operation of the Board and its committees, in accordance with good governance principles.*

The Chairman must:

- *promote the highest standards of integrity, probity and corporate governance across the Group, particularly at the Board level, thus ensuring the effectiveness thereof;*
- *manage the relations between Board members and the Chairs of the committees and, in this respect:*
    - *promote effective working relations and open communication, and foster an environment that enables constructive discussions and the sharing of information between Board members 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 and its members, and ensure that all key and relevant issues are adequately prepared and discussed by the Board of Directors and the various committees in a timely fashion,*
- *schedule and set the agenda of the Board meetings, in consultation with the Chief Executive Officer and the Secretary of the Board, to take full account of the Group's major challenges and issues raised by Board members, and ensure that sufficient time is devoted to thoroughly discuss significant and strategic matters,*
- *address any conflicts of interest,*
- *conduct, with the help of the Governance Committee, assessments of the Board of Directors, searches for new Board members and their induction program;*

- *organize, with the Chief Executive Officer and the Chairs of the various committees, the preparation of and chair General Meetings, oversee the relations and ensure effective communication with shareholders;*
- *manage the relation with the Chief Executive Officer:*
  - *act as a competent advisor for the Chief Executive Officer on all issues regarding the interests and management of the Company,*
  - *ensure that the strategies and policies adopted by the Board are effectively implemented by the Chief Executive Officer; without prejudice to the prerogatives of the Board of Directors and its committees, the Chairman is regularly provided information 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*."

Principles and criteria for determining, allocating and awarding the compensation of the Chief Executive Officer (8th resolution)

In accordance with the principles of the AFEP-MEDEF Corporate Governance Code of listed corporations, the Board of Directors makes sure to structure the various elements of the compensation of the Chief Executive Officer so as to view his actions on a long-term basis and enable an alignment of his interests with the interests of the Company and its shareholders.

On this basis, the Board of Directors has decided that the compensation of the Chief Executive Officer, who is not an employee, shall be structured as follows:

Compensation

The compensation of the Chief Executive Officer is based on three main components:

- fixed compensation;
- short-term variable compensation representing 100% of the fixed annual compensation at target and up to a maximum of 180%;
- long-term variable compensation that has a weighting within the overall compensation which is equal to the short-term variable compensation at maximum,

being understood that within this compensation, the variable portion is predominant and the Board of Directors does not anticipate paying any exceptional compensation.

- *fixed compensation:*

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.

To do this, the Board of Directors refers to a comparison of compensation prepared by an outside consultant based on a set of twenty manufacturers listed in Paris and with comparable revenues, capitalization and headcount.

- *annual variable compensation:*

For annual variable compensation, the performance conditions incorporate quantitative targets, which are predominant, and qualitative targets that may increase or reduce the variable compensation, it being understood that the award of variable compensation subject to performance conditions is not reserved solely for the Chief Executive Officer.

Therefore, the Chief Executive Officer's variable compensation may range from 0% to 180% of his fixed annual compensation depending on the achievement of the quantitative and qualitative targets:

- the quantitative targets entitle the Chief Executive Officer to variable compensation ranging from 0% to 150% of the fixed annual compensation.

These quantitative targets are connected to operating income and free cash flow:

- the Chief Executive Officer is entitled to variable compensation of between 0% and 150% (maximum percentage) of his fixed annual compensation, depending on the operating income set with reference to the budget for a given year, being understood that achievement of budget means the target being realized at 100%. Operating income accounts for 40%;
- the Chief Executive Officer is entitled to variable compensation of between 0% and 150% (maximum percentage) of his fixed annual compensation, depending on the free cash flow set with reference to the budget for a given year, being understood that achievement of budget means the target being realized at 100%. Free cash flow accounts for 60%.

The expected levels of achievement of these targets are set by the Board of Directors with reference to the budget for a given year but are not made public for confidentiality reasons.

- the qualitative targets are set each year by the Board of Directors. They encompass strategic, business development, and managerial targets, and/or connect with the Group's values or convictions when it comes to CSR; a weighting is given to each of them and wherever possible, they are tied to quantitative indicators.

  If some or all of these operating income and free cash flow quantitative targets are met, the qualitative targets met are used to determine a multiplier of the quantitative targets of between 0.70 and 1.20. If the achievement of the quantitative targets is equal to 0, the multiplier effect of the qualitative targets will not be taken into account.

It must be noted that in accordance with paragraph 2 of Article L. 225-37-2 of the French Code of Commerce, the payment of the variable compensation elements outlined above depends on the approval of the Ordinary General Meeting approving the compensation elements in question for the fiscal year ending December 31, 2018, under the terms and conditions stipulated by Article L. 225-100-II-2 of said Code.

- *long-term variable compensation (performance shares):*

The Chief Executive Officer is eligible for the performance share plans established by the Company, subject to performance and service conditions identical to those set for all the beneficiaries of the plans (i.e., the approximately 300 members of the Senior Management at December 31, 2017, which became the Group Leadership Committee on January 1, 2018).

As stated above, the Chief Executive Officer's long-term variable compensation has a weighting within the overall compensation equal to the short-term variable compensation at maximum.

At the end of each plan's allocation period, the Chief Executive Officer must hold at least 30% of the shares allocated under the plan in question until the end of his term as Chief Executive Officer.

This mechanism was made stricter in 2017 through the establishment of a rule stipulating that furthermore the Chief Executive Officer must hold a number of shares that corresponds to three years of base gross compensation, factoring in all the previously established plans, in which case the requirement to hold a minimum percentage of shares per plan will be deemed to have been met.

The Company's policy in this regard is based on simple, transparent, enduring principles. Therefore:

- performance shares have been granted annually since 2010 at the same periods, involving, since that year, an internal performance condition and a presence condition applicable to all French and foreign beneficiaries of the plans;
- since 2013, the conditions have also included an external performance condition applicable to all French and foreign beneficiaries of the plans;
- since 2013, the vesting period applicable to the plans has been four years as from their allocation date for all French and foreign beneficiaries; the plans comprise no holding period;
- the number of shares that may be granted to the beneficiary under each plan is determined using an external benchmark from which are deduced a minimum number of shares (50%) and a maximum number (130%). In all cases, the final allocation depends on the fulfillment of performance and presence conditions.

The performance conditions are the following:

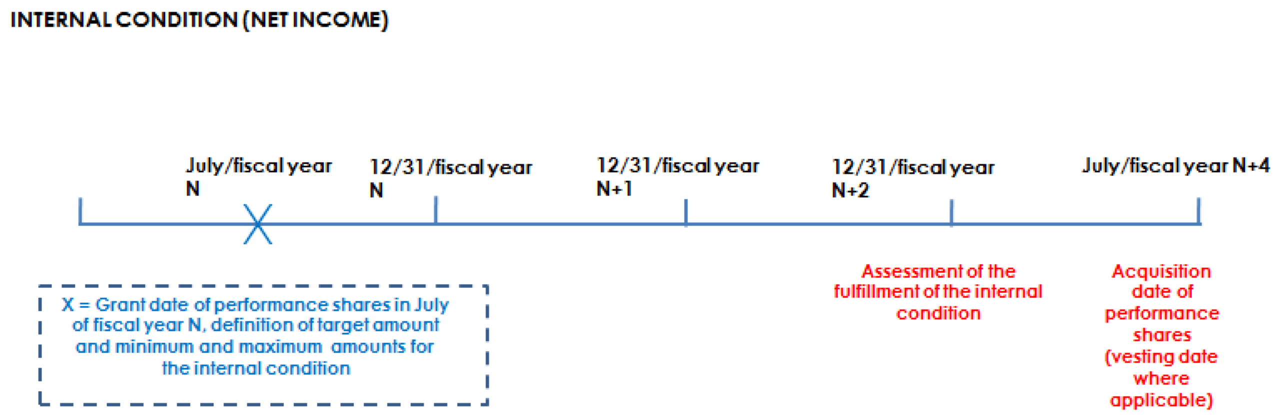
- 60% fulfillment of an internal performance condition related since 2016 to the Group net income after tax (before 2016, Group net income before tax), before taking into account any exceptional events. This internal condition is assessed by comparing the net income of the third fiscal year after the grant date of the performance shares against the one as forecasted in the Group's medium-term plan reviewed and approved by the Board of Directors on the grant date of the performance shares; and
- 40% fulfillment of an external performance condition, i.e., growth of the Company's net earnings per share assessed between the last fiscal year before the grant date of the performance shares and the third fiscal year ended after the grant date of the performance shares. This condition is assessed against the weighted growth of a reference group made up of twelve comparable international automotive suppliers over the same period.

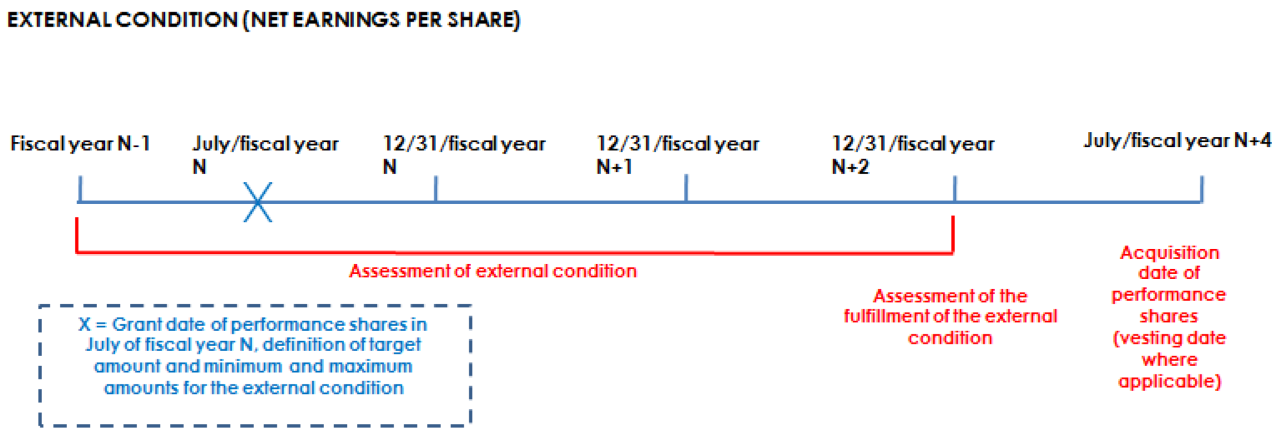
The reference group is made up of the following European and North American automotive suppliers:

- ✓ Autoliv (Sweden)
- ✓ Autoneum (formerly Rieter) (Switzerland)
- ✓ Borg Warner (United States)
- ✓ Continental (Germany)
- ✓ Delphi (United States)
- ✓ GKN (United Kingdom)
- ✓ Adient (United States)
- ✓ Lear (United States)
- ✓ Magna (Canada)
- ✓ Plastic Omnium (France)
- ✓ Tenneco (United States)
- ✓ Valeo (France)

This group is identical to last year's and is intended to be stable, even if it may be altered in the event of a major change affecting one of the players.

The plans are constructed as follows:





The Company's long-term compensation practices are reexamined on a regular basis to ensure their compliance with best market practices.

Pension

The Board of Directors also decided to grant to the Chief Executive Officer the same pension scheme as for the members of the Executive Committee.

This scheme is made of an additional defined contributions pension scheme available to all Group executives in France and an additional defined benefits pension scheme.

In accordance with French law, this additional defined benefits pension scheme is subject to performance conditions.

The Board of Directors has also decided that the annual amount of the total pension annuity paid to the Chief Executive Officer in accordance with the compulsory and additional Faurecia group schemes may not exceed 45% of his reference compensation, defined as being equal to the annual average of the total gross compensation collected within the Company during the three calendar years preceding the termination of service or departure from the Executive Committee.

In this regard, the total annual gross compensation includes the annual base compensation and all bonuses and variable elements of compensation pertaining to the three calendar years preceding the date of the termination of service, aside from any termination payment, exceptional compensation, sums granted under plans such as performance shares plans, benefits in kind and reimbursement of business expenses, contributions paid by the Company to fund additional pension schemes and personal risk insurance and any other allowances paid by the Company.

- *Additional defined contributions pension scheme:*

The Chief Executive Officer is a beneficiary of the defined contributions pension scheme (Article 83 of the French General Tax Code), which is available to all Group executives in France who have completed at least one year of service at the time of their retirement.

This scheme applies to the A and B brackets, amounting to 1% for the A bracket and 6% for the B bracket of the pay without the beneficiary's participation.

- *Additional defined benefits pension scheme (Article 39 of the French General Tax Code) subject to performance conditions:*

The Chief Executive Officer is eligible for an additional defined benefits pension scheme that includes two parts:

- a part that is available, subject to eligibility conditions, to all Group managerial staff in France who have at least five years' seniority upon their retirement.

  Benefits are calculated solely on the basis of bracket C and potential rights increase each year by 1% of this bracket being understood that the reference compensation taken into account upon retirement is the average of the annual compensation collected during the preceding three years in bracket C.

  With regard to the Chief Executive Officer, the benefit of this scheme is backed up by the following performance condition, which is tied to his annual variable compensation:

  - in case of 80% or greater achievement of the annual variable compensation targets, a 1% increase in potential rights (restricted to bracket C of the compensation) will be granted for the fiscal year in question;
  - in case of 80% or lower achievement of the annual variable compensation targets, the increase in rights will be reduced in proportion to the achievement of the targets (e.g., a target that is 30% achieved will result in a 0.30% increase in potential rights).

- an additional part decided by the Board of Directors of February 11, 2015, in favor of Faurecia's Executive Committee members holding an employment contract (current or suspended) or a term of office in France, who have been on the Executive Committee for a minimum term of three calendar years as of the implementation of this scheme or accession to the Executive Committee.

  The Company guarantees French beneficiaries an annual pension level determined according to the Company's operating income, in relation to the budget, as approved by the Board of Directors based on the formula:

  $$\sum X_i * R$$

  R = annual reference compensation (as defined in the preamble in the paragraph "Pension")
  Xi = entitlement for each year of seniority (i) equal to:

  - 3% if the operating income for the year is strictly more than 105% of the budgeted operating income;
  - 2% if the operating income for the year is between 95% and 105% of the budgeted operating income;
  - 1% if the operating income for the year is strictly less than 95% of the budgeted operating income.

  The operating income for year N is defined based on the income statement as of 12/31/N approved by the Board of Directors in year N+1 and the initial budget for year N approved by the Board of Directors in year N-1.

  Each year, the Board of Directors therefore decides how much should be granted, following approval of the financial statements.

In any event, on retirement, the annual pension paid under this plan plus any rights granted by other supplementary plans implemented by the Faurecia group are subject to two limits in addition to the 45% limit referred to in preamble:

- the sums paid by the Group must not exceed 25% of the reference compensation;
- the sums paid by the Group are capped at 8 times the annual social security limit.

Should either of these limits be exceeded, the relevant pension will be reduced accordingly.

Termination payment

The Chief Executive Officer is also the beneficiary of a termination payment, the Board of Directors having decided that the CEO can not be an employee and as a consequence can not enjoy the protective regime attached to such status.

This payment is backed by granting conditions in accordance 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 be due in case of resignation or retirement;
- the payment is subject to the achievement of the following performance conditions:
    - achievement of a positive operating income during each of the three fiscal years preceding the termination of the Chief Executive Officer's term of office,
    - achievement of a positive net cash flow during each of the three fiscal years preceding the termination of the Chief Executive Officer's term of office;
- the amount of the payment is equal to 24 months of the reference compensation (fixed compensation and variable target-based compensation) insofar as both of the conditions described above are met during each of the three fiscal years in question; in practice, this is equal to the fulfillment of six criteria;
- should one of the six criteria not be met, the termination payment is reduced proportionally by 1/6 and may equal to 0 should none of these six criteria be fulfilled;
- should the Chief Executive Officer's term of office be shorter than three years, the method of calculating the termination payment is identical, but the number of criteria is adjusted to take into account the actual length of the term of office.

Finally, the Chief Executive Officer is eligible for a company car and the medical/life/disability insurance scheme established within the Company.

1.5 Elements of compensation paid or granted for the past fiscal year to the executive and non-executive corporate officers (9th to 11th resolutions)

The elements of compensation paid or granted for the fiscal year ended December 31, 2017, to Mr. Yann Delabrière in his capacity as Chairman of the Board of Directors until May 30, 2017, to Mr. Michel de Rosen in his capacity as Chairman of the Board of Directors as from May 30, 2017, and to Mr. Patrick Koller in his capacity as Chief Executive Officer, and which are being submitted for shareholder approval in accordance with Article L. 225-100-II of the French Code of Commerce, are outlined in the following resolutions:

- <u>ninth resolution</u>: elements of compensation paid or granted for the past fiscal year to Mr. Yann Delabrière in his capacity as Chairman of the Board of Directors until May 30, 2017;
- <u>tenth resolution</u>: elements of compensation paid or granted for the past fiscal year to Mr. Michel de Rosen in his capacity as Chairman of the Board of Directors as from May 30, 2017;
- <u>eleventh resolution</u>; elements of compensation paid or granted for the past fiscal year ended to Mr. Patrick Koller in his capacity as Chief Executive Officer.

Elements of compensation paid or granted for the past fiscal year to Mr. Yann Delabrière in his capacity as Chairman of the Board of Directors until May 30, 2017.

The elements being submitted for shareholder approval in accordance with the ninth resolution appear in the table below, with the reminder that the principles and criteria for determining, allocating and awarding the elements comprising the compensation of the Chairman of the Board of Directors were submitted for shareholder approval during the General Meeting of May 30, 2017 (6th resolution):

Elements of compensation paid or granted until May 30, 2017, for the fiscal year ended December 31, 2017	Amounts	Presentation
Fixed compensation	€125,000 (amount paid for the period from January 1 to May 30, 2017)	The annual fixed compensation of Mr. Yann Delabrière in his capacity as Chairman of the Board of Directors was set at €300,000 by the Board of Directors' decision of February 8, 2017. It was unchanged from the compensation set by the Board of Directors on July 25, 2016, as of the segregation of the duties of Chairman and Chief Executive Officer, which took effect on July 1, 2016. This compensation was established with reference to a comparative compensation analysis prepared by an outside consultant based on a sample of French listed companies with a separated governance structure, and by taking into account Mr. Yann Delabrière's responsibilities as Chairman of the Board of Directors.
Annual variable compensation	Not applicable	No annual variable compensation
Multi-annual variable compensation	Not applicable	No multi-annual variable compensation
Exceptional compensation	Not applicable	No exceptional compensation
Stock options, performance shares or any other long-term benefit	Options = not applicable	No stock subscription or purchase options grant
	Performance shares = not applicable	No performance share grant
	Other long-term benefits = not applicable	No other long-term benefits grant
Attendance fees	Not applicable	No attendance fees allotment
All benefits	€3,071 (accounting valuation)	Availability of a company car
Termination payment	Not applicable	No termination payment
Non-competition indemnity	Not applicable	No non-competition indemnity
Supplementary pension scheme	Not applicable	Mr. Yann Delabrière retired on July 1, 2016.

Elements of compensation paid or granted for the past fiscal year to Mr. Michel de Rosen in his capacity as Chairman of the Board of Directors as from May 30, 2017.

The elements being submitted for shareholder approval in accordance with the tenth resolution appear in the table below, with the reminder that the principles and criteria for determining, allocating and awarding the elements comprising the compensation of the Chairman of the Board of Directors were submitted for shareholder approval during the General Meeting of May 30, 2017 (6th resolution):

Elements of compensation paid or granted as from May 30, 2017, for the fiscal year ended December 31, 2017	**Amounts**	**Presentation**
Fixed compensation	€175,000 (amount paid for the period from May 30 to December 31, 2017)	The annual fixed compensation of Mr. Michel de Rosen in his capacity as Chairman of the Board of Directors as from May 30, 2017, was set at €300,000 by the Board of Directors' decision of April 11, 2017. It was unchanged from the compensation set by the Board of Directors on February 8, 2017, for Mr. Yann Delabrière, who served as Chairman until May 30, 2017. This compensation was set in reference to a comparison of compensation prepared by an outside consultant based on a sample of French listed companies with a segregated governance structure, and by taking into account Mr. Michel de Rosen's responsibilities as Chairman of the Board of Directors.
Annual variable compensation	Not applicable	No annual variable compensation
Multi-annual variable compensation	Not applicable	No multi-annual variable compensation
Exceptional compensation	Not applicable	No exceptional compensation
Stock options, performance shares or any other long-term benefit	Options = not applicable	No stock subscription or purchase options grant
	Performance shares = not applicable	No performance share grant
	Other long-term benefits = not applicable	No other long-term benefits grant
Attendance fees	Not applicable	No attendance fees allotment
All benefits	€2,076 (accounting valuation)	Availability of a company car
Termination payment	Not applicable	No termination payment
Non-competition indemnity	Not applicable	No non-competition indemnity
Supplementary pension scheme	Not applicable	No supplementary pension scheme benefit

Elements of compensation paid or granted for the past fiscal year to Mr. Patrick Koller in his capacity as Chief Executive Officer.

The elements being submitted for shareholder approval in accordance with the eleventh resolution appear in the table below, with the reminder that the principles and criteria for determining, allocating and awarding the elements comprising the compensation of the Chief Executive Officer were submitted for shareholder approval during the General Meeting of May 30, 2017 (7th resolution):

Elements of compensation paid or granted for the fiscal year ended December 31, 2017	**Amounts**	**Presentation**
Fixed compensation	€750,000	Mr. Patrick Koller's annual fixed compensation as Chief Executive Officer was set at €750,000 by the Board of Directors' decision of February 8, 2017. It was unchanged from the compensation set by the Board of Directors on July 25, 2016, as of the segregation of the duties of Chairman and Chief Executive Officer, which took effect on July 1, 2016, the date on which Mr. Patrick Koller became Chief Executive Officer. This compensation was set in reference to a comparison of compensation prepared by an outside consultant based on a set of twenty manufacturers listed in Paris and with comparable revenues, capitalization and headcount.
Annual variable compensation	€1,293,750	At its meeting of February 8, 2017, the Board of Directors set the rules for determining Mr. Patrick Koller's variable compensation for 2017 as Chief Executive Officer. The Board decided that Mr. Patrick Koller's variable compensation may range from 0% to 180% of his fixed annual compensation depending on the achievement of quantitative and qualitative targets. The achievement of the following quantitative targets entitles him to a variable compensation ranging from 0% to 150% of his fixed annual compensation: • 40% of his variable compensation is based on operating income set by reference to the 2017 budget; • 60% is based on the free cash flow set by reference to the 2017 budget. On the recommendation of the Management Committee on February 12, 2018, the Board of Directors meeting of February 15, 2018, reviewed the extent to which these quantitative criteria had been met: • As regards the operating income, the Board of Directors formally noted that 150% of this initial quantitative target had been reached; • As regards free cash flow, the Board of Directors formally noted that 150% of this second quantitative target had been reached.

Elements of compensation paid or granted for the fiscal year ended December 31, 2017	Amounts	Presentation
		As a result of these two achievements, 150% of targets according to the scale adopted by the Board of Directors were reached: this entitles to quantitative variable compensation of €1,125,000 before the achievement of qualitative targets is reviewed. On February 15, 2018, the Board of Directors also reviewed the achievement of the qualitative targets set by the Board on February 8, 2017, which, if some or all of these targets are met, are used to determine a multiplier of the quantitative targets of between 0.70 and 1.20. If the achievement of the quantitative targets is equal to 0, the multiplier effect of the qualitative targets will not be taken into account. Therefore: • As regards the deployment of strategy through the execution of the priorities of organic growth and external acquisitions in line with the strategic plan (30% weighting on this criterion), i.e.: ✓ recommending to the Board of Directors alternative investments that would offer a genuine strategic choice; ✓ adding technology in the existing Business Groups through external acquisitions; ✓ growing in China with local OEMs; ✓ completing targeted acquisitions in order to speed up the growth of areas identified as new value-creation areas (Value Spaces*)*; ✓ investing in start-ups to reinforce the Group's product offering, the Board of Directors pointed to the following achievements in 2017: ✓ the acquisition of Parrot Automotive, Jiangxi Coagent Electronics Co. and Hug Engineering; ✓ investment in eight start-ups, growth in China through four new joint ventures; ✓ the record order book, with 35% of orders applying to Chinese OEMs; ✓ technological partnerships including those with ZF, Malhe and Accenture (announced in early 2018);

Elements of compensation paid or granted for the fiscal year ended December 31, 2017	Amounts	Presentation
		✓ five Cockpit of the Future projects under way with OEMs. The Board of Directors considered that 120% of this criterion has been met; • As regards the deployment of Group initiatives focused on R&D productivity and efficiency, so-called Global Business services and digital productivity services (25% weighting on this criterion), i.e.: ✓ defining a savings strategy for each initiative; ✓ setting associated net savings to achieve; ✓ implementing the first steps of a formalized plan; ✓ demonstrating the feasibility of the overall savings target at the end of the year, the Board of Directors considered that the savings plans were defined and implemented for each initiative with recorded cost reductions starting in 2017. The Board of Directors considered that 115% of this criterion has been met; • As regards the management of program launches (25% weighting on this criterion), with the objective being to achieve flawless launches of 14 programs identified as being at risk, the Board of Directors noted that the number of at-risk programs was reduced to five thanks to the establishment and implementation of prevention plans. Within this context, the Board acknowledged the absence of any negative impact for customers. The Board of Directors considered that 115% of this criterion has been met; • As regards the reinforcement of the entrepreneurship, accountability and agility components of the Being Faurecia approach (20% weighting on this criterion), i.e.: ✓ assessing the current situation through an internal survey; ✓ according to the results, organizing the design of an action plan; ✓ assessing the first feedback and change momentum,

Elements of compensation paid or granted for the fiscal year ended December 31, 2017	Amounts	Presentation
		the Board of Directors considered that the initiatives conducted were manifested, among other things, in: ✓ following an internal survey (Management Survey), the implementation of several working groups on simplifying organization and reducing bureaucracy, focusing on Capex management, reducing reporting and executing production; ✓ the launch of two specific corporate governance projects, one in the United States and one pertaining to the Cockpit of the Future; ✓ the change of the Senior Management to the Group Leadership Committee; ✓ an acceleration in leadership training through the Ignite and Drive programs, and continuous effort in diversity development; ✓ the launch of a CSR approach. The Board of Directors considered that 110% of this criterion has been met. As a result, the Board of Directors felt that the standard achieved in relation to these four qualitative targets was such that a multiplier of 1.15 should apply to the two quantitative targets. On this basis, on February 15, 2018, the Board of Directors decided on variable compensation for fiscal year 2017 for Mr. Patrick Koller in his capacity as Chief Executive Officer equal to €750,000 x 100% x 150% x 1.15, for a total of €1,293,750 corresponding to 173% of his fixed compensation collected for 2017 as Chief Executive Officer.

Elements of compensation paid or granted for the fiscal year ended December 31, 2017	Amounts	Presentation
Multi-annual variable compensation	Not applicable	No multi-annual variable compensation
Exceptional compensation	Not applicable	No exceptional compensation
Stock options, performance shares or any other long-term benefit	Options = not applicable	No stock subscription or purchase options grant
	Performance shares = €1,369,437 (accounting valuation)	At its meeting of July 20, 2017, the Board of Directors decided to grant up to 39,400 shares to Mr. Patrick Koller in the context of performance shares plan number nine, based on the authorization granted by shareholders at their General Meeting of May 27, 2016 (thirteenth resolution adopted in extraordinary session). These 39,400 shares correspond to 0.03% of the capital as of December 31, 2017. The Board of Directors made the definitive acquisition of these shares contingent on the following: • 60% on an internal performance condition: Group net income after tax as of December 31, 2019, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as it had been forecast in the Group's medium-term plan reviewed and set by the Board of Directors on the date the shares are granted; and • 40% on an external condition: the growth between 2016 and 2019 in the Company's net earnings per share compared with the weighted growth of a reference group of 12 international automotive suppliers comparable to Faurecia over the same period. If these performance conditions laid down in plan number nine have been met in full at the end of the 2019 fiscal year, Mr. Patrick Koller will be granted the maximum 39,400 shares of which he will take ownership on July 20, 2021.
	Other long-term benefits = not applicable	No other long-term benefits grant

Elements of compensation paid or granted for the fiscal year ended December 31, 2017	Amounts	Presentation
Attendance fees	Not applicable	No attendance fees allotment
All benefits	€13,068 (accounting valuation)	Availability of a company car
Termination payment	No payment made during the fiscal year	At the proposal of the Appointments and Compensation Committee on July 20, 2016, the Board of Directors authorized, on July 25, 2016, the principle of a termination payment payable to Mr. Patrick Koller, in line with the procedure set out in Articles L.225-38 *et seq.* of the French Code of Commerce, meeting the following requirements: • this payment will be due in case of termination of Mr. Patrick Koller's term of office as Chief Executive Officer, on Faurecia's initiative, subject to this termination not occurring due to Mr. Patrick Koller's serious or gross misconduct; • this payment will not be due in case of resignation or retirement; • the remittance of this payment is subject to the achievement of the following performance conditions: ✓ achievement of a positive operating income during each of the three fiscal years preceding the termination of Mr. Patrick Koller's term of office as Chief Executive Officer, ✓ achievement of a positive net cash flow during each of the three fiscal years preceding the termination of Mr. Patrick Koller's term of office as Chief Executive Officer; • the amount of the payment will be equal to twenty-four months of the reference compensation (fixed and variable target-based compensation) insofar as both of the conditions described above are met during each of the three fiscal years in question; in practice, this is equal to the fulfillment of six criteria; • should one of the six criteria not be met, the termination payment will be reduced proportionally by 1/6 and may equal 0 should none of these six criteria be fulfilled; • should Mr. Patrick Koller's term of office as Chief Executive Officer be shorter than three years, the method of calculating the termination payment will be identical, but the number of criteria will be adjusted to take into account the actual length of the term of office.

Elements of compensation paid or granted for the fiscal year ended December 31, 2017	Amounts	Presentation
		This scheme, which was authorized for Mr. Patrick Koller, Chief Executive Officer, by the Board of Directors' decision of July 25, 2016, was approved by the General Meeting of May 30, 2017 (5th ordinary business resolution).
Non-competition indemnity	Not applicable	No non-competition indemnity
Supplementary defined contribution pension scheme (Article 83 of the French General Tax Code) and supplementary defined benefits pension scheme (Article 39 of the French General Tax Code)	No payment made during the fiscal year	On July 25, 2016, the Board of Directors confirmed that although Mr. Patrick Koller no longer had an employment contract, he would continue to benefit from both schemes after July 1, 2016, in his capacity as Chief Executive Officer. <u>Defined contribution pension scheme</u>: • defined contribution pension scheme on the A and B brackets, amounting to 1% for the A bracket and 6% for the B bracket of the compensation without the beneficiary's participation; • estimated annual pension as of December 31, 2017: €4,218; • scheme available to all Group executives who have at least one year's seniority upon their retirement. <u>Defined benefits pension scheme</u>: • progressive increase in potential rights in relation to seniority and compensation: potential rights increase each year by 1% in bracket C; • reference compensation and maximum percentage of income permitted under the supplementary pension scheme: the reference compensation taken into account is the average of the annual compensation collected over the last three years, while benefits are calculated only for the C bracket; • estimated annual pension as of December 31, 2017: €31,431; • scheme available to all Group executives who have at least five years' seniority upon their retirement. Pursuant to Article L. 225-42-1 of the French Code of commerce in the version resulting from Act No. 2015-990 of August 6, 2015, the Board of Directors decided, on July 25, 2016, to subject Mr. Patrick Koller's right to benefit from the defined benefits pension scheme (Article 39 of the French General Tax Code) to the following performance condition which is linked to his annual variable compensation:

Elements of compensation paid or granted for the fiscal year ended December 31, 2017	Amounts	Presentation
		• in case of 80% or greater achievement of the annual variable compensation targets, a 1% increase in potential rights (restricted to bracket C of the compensation) will be granted for the fiscal year in question; • in case of 80% or lower achievement of the annual variable compensation targets, the increase in rights will be reduced in proportion to the achievement of the targets (e.g., a target that is 30% achieved will result in a 0.30% increase in potential rights). This scheme, which was authorized for Mr. Patrick Koller, Chief Executive Officer, by the Board of Directors' decision of July 25, 2016, was approved by the General Meeting of May 30, 2017 (5th ordinary business resolution).
Additional defined benefits pension scheme (Article 39 of the French General Tax Code)	No payment made during the fiscal year	This scheme benefits Faurecia's Executive Committee members holding an employment contract (current or suspended) or a term of office in France, having been on the Executive Committee for a minimum term of three consecutive calendar years as of the implementation of this scheme (January 1, 2015) or accession to the Executive Committee. The estimated annual pension as of December 31, 2017 is €332,323. This scheme, which was authorized for Mr. Patrick Koller, Chief Executive Officer, by the Board of Directors' decision of July 25, 2016, was approved by the General Meeting of May 30, 2017 (5th ordinary business resolution).

1.6 Share buy-back program (12th resolution)

This resolution will authorize the Board of Directors to purchase your Company's shares for the following purposes:

- to maintain a liquid market for your Company's shares through an independent investment services provider acting under a liquidity contract;
- to retain the shares and subsequently offer them in the context of external acquisitions;
- to allot shares to employees and executive and non-executive corporate officers of your Company or its affiliates, through the allotment of stock options or performance shares, either as part of their compensation or in respect of their profit sharing entitlement;
- to allot shares upon the exercise of rights attached to securities conferring an entitlement to the allotment of shares in your Company; and
- to cancel shares.

These shares may be purchased by any means, including through block purchases of shares, at times deemed appropriate by the Board of Directors.

The Board of Directors must obtain prior authorization from shareholders at the General Meeting in order to exercise this authority during a public offering initiated by a third party in relation to shares in the Company, until the offer period has ended.

Your Company reserves the right to use options or derivatives within the framework of applicable regulations.

The authorization to be granted to the Board of Directors includes a:

- maximum purchase price (€110);
- a cap on the overall amount that may be appropriated to the buy-back program (€1,428,818,600 based on the Company's capital as of December 31, 2017 in view of the treasury shares held on that date); and
- a cap on the number of shares which may be purchased (10% of your Company's capital on the date of purchase).

This authorization will be granted for a period of 18 months and will bring an end to the authorization granted to the Board of Directors by shareholders at their General Meeting of May 30, 2017 under their eighteenth ordinary resolution.

2- Explanatory notes to the extraordinary resolutions

The thirteenth resolution will allow the Board of Directors to reduce the capital by cancelling treasury shares.

Resolution fourteen concerns an authorization to grant performance shares.

Resolution fifteen concerns an amendment to the bylaws.

Lastly, resolutions sixteen and seventeen relate to the plan to convert your Company into a European company.

2.1 Cancellation of treasury shares (13th resolution)

This resolution will authorize the Board of Directors to cancel shares in your Company purchased pursuant to the twelfth resolution or under previously authorized share buy-back programs, up to a maximum limit of 10% of the capital stock, and to reduce the capital stock accordingly.

This authorization will be granted for a period of 18 months.

2.2 Employee and corporate officer share ownership: authorization to grant performance shares (14th resolution)

Extraordinary resolution fourteen aims to seek authorization to allow your Board of Directors to grant performance shares, free of charge, to Group employees and corporate officers under the terms of Article L.225-197-1 *et seq.* of the French Code of Commerce. Shares granted under this resolution may be existing or future shares.

This resolution would cancel any unused portion of the current authorization, granted for 26 months by the General Meeting of May 27, 2016 (extraordinary resolution thirteen).

The Meeting of May 27, 2016 authorized your Board of Directors to grant a maximum of 2,000,000 performance shares, the total number of shares awarded to corporate officers not exceeding 10% of this total.

The Board of Directors used this authorization in 2017: based on the decision of July 20, 2017, it granted a maximum of 816,300 shares, including a maximum of 39,400 shares to the Chief Executive Officer.

Given the use made of this resolution in 2016 when 989,945 shares were granted, the authorization granted by the General Meeting of May 27, 2016, was used to grant 1,806,245 shares.

Generally speaking, and not including two plans which were both granted in 2010, a performance share plan has been granted by your Board of Directors every year. To date, nine plans have been granted on the basis of authorizations given by the Meeting:

- two plans in 2010 (Plan No. 1 and Plan No. 2);
- one plan in 2011 (Plan No. 3);
- one plan in 2012 (Plan No. 4);
- one plan in 2013 (Plan No. 5);
- one plan in 2014 (Plan No. 6);
- one plan in 2015 (Plan No. 7);
- one plan in 2016 (Plan No. 8);
- one plan in 2017 (Plan No. 9).

In fact, the condition attached to the 1st plan in 2010 was met and the maximum number of shares were vested in beneficiaries in June 2012 (for French tax residents for tax purposes) and in June 2014 (for beneficiaries being tax residents in other countries).

The conditions attached to Plans No. 5 and No. 6 were also met: Plan No. 5 shares vested in their beneficiaries in July 2017; Plans No. 6 and No. 7 shares will not vest until July 2018 and July 2019 respectively.

That was not, however, the case with Plans No. 2 to No. 4; because the conditions set by the Board were not met, no shares were vested in beneficiaries under these three plans.

Plans No. 8 and No. 9 are now in progress.

Under the terms of the new authorization on which you will be asked to vote, the total number of free shares granted would not exceed 2,000,000 (two million), given that this is the maximum number that may be granted for the whole of this authorization period.

The total number of shares that may be granted for free to executive and non-executive corporate officers may not exceed 10% of the aforementioned amount.

The free share grant to the beneficiaries would become permanent at the end of a vesting period whose length would be set by the Board of Directors and that may not be shorter than three years. The General Meeting would authorize the Board of Directors to decide if it wishes to stipulate a lock-up period at the end of the vesting period.

By decision of the Board of Directors, the permanent share grant shall be subject to fulfillment of the following performance conditions:

- Group net income before or after tax and before taking into account any exceptional events. This internal condition is assessed by comparing the net income of the third fiscal year after the grant date of the performance shares against the one as forecasted in the Group's medium-term plan reviewed and approved by the Board of Directors on the grant date of the performance shares; and
- the growth of your Company's net earnings per share assessed between the last fiscal year before the grant date of the performance shares and the 3rd fiscal year ended after the grant date of the performance shares. This condition is assessed against the weighted growth of a reference group made up of twelve comparable international automotive suppliers over the same period.

Alternatively, or in addition to the conditions listed above, the Board of Directors may, for certain beneficiaries, set performance conditions with targets that are measured in relation to specific criteria of a quantitative and qualitative nature, assigned to a given Group organization.

This authorization will be granted for a term of 26 months.

2.3 Bylaws amendment (15th resolution)

You will be asked to extend the term of your Company prematurely for another 99 years as of the date this General Meeting. The purpose of resolution fifteen is then to amend the current Article 5 of the bylaws, under which the term of your Company is due to end on December 31, 2027.

Once approved, this bylaws amendment will apply right from the end of this General Meeting.

2.4 Conversion of your Company's form by adopting the form of a European company (16th and 17th resolutions)

The Board of Directors will ask you to decide to convert your Company into a European company (resolution sixteen) and to amend your Company's bylaws accordingly to adapt to this new form (resolution seventeen).

Economic aspects

A very high percentage of your Company's sales and those of its subsidiaries are generated in Europe (in 2017, total sales made by your Company and its subsidiaries in Europe stood at €8,500.4 million, or 50.1% of total value added sales).

Some 45,000 employees (around 55,000 employees in total, including temporary staff) located in Europe, out of which around 10, 000 employees are located in France, account for approximately half of the Group's headcount.

Your Company's adoption of European company form would reflect its European dimension, its equity interests and its businesses, both in relation to its employees and its customers and partners, would raise its international profile with all stakeholders and would establish a feeling of belonging for employees outside France.

Already adopted by large companies, European company form have the advantage of being based on a uniform structure, recognized within the European Union, in line with the economic reality of your Company, both in terms of its employees and its customers and partners.

Adoption of this form is also part of the transformation of the Group and of its strategy towards an activity with a strong technology dimension.

Legal aspects

Legal system and conversion procedure

The conversion is primarily governed by the provisions of (EC) Regulation No. 2157/2001 of October 8, 2001, on the statute for a European company (the "Regulation"), the provisions of Council Directive No. 2001/86/EC of October 8, 2001, supplementing the statute for a European company with regard to the involvement of workers (the "Directive") as well as current French legislation and regulations applicable to European companies and, where compatible, those applicable to *sociétés anonymes* (joint-stock corporations).

Your company meets the conditions required by current legislation for conversion into a European company, insofar as:

- it has capital stock in excess of €120,000;
- your Company has, for more than two years now, directly controlled several subsidiaries in the European Union, including ET Dutch Holdings BV (Netherlands), Faurecia Automotive Espana, S.A. (Spain), Faurecia Automotive GmbH (Germany), Faurecia Automotive Belgium (Belgium);
- Ledouble firm, auditor of the conversion, appointed by order of the President of the Nanterre Commercial Court on 16 March 2018, issued a report stating that your Company's net assets are at least equivalent to the capital stock plus reserves that cannot be distributed by law or under the bylaws.

If you approve the plan to convert your Company into a European company, the final conversion of your Company into a European company and its listing in the trade and companies registry can only take place once the procedure relating to the involvement of employees provided for in Articles L. 2351-1 *et seq.* of the French Labor Code is complete.

in this regard, in accordance with the provisions of the Directive, a Special Negotiating Body (SNB), made up of employee representatives from all of Faurecia's direct or indirect subsidiaries and establishments concerned with their registered office in the European Union or in the European Economic Area is in the process of being set up.

Negotiations may go on for six months from the date on which the SNB is set up.

SNB negotiations on employees' involvement in your Company may end as follows:

- an *ad hoc* agreement that will determine the set-up, and terms and conditions, of employees' involvement in Faurecia SE;
- in the absence of an agreement, the application of the subsidiary arrangements provided for by the Directive and Articles L. 2353-1 *et seq.* of the French Labor Code to organize the involvement of employees in the European company.

You are being asked to grant all powers to the Board of Directors to (i) acknowledge the completion of negotiations on the terms and conditions of employee involvement in the European company and to acknowledge, where applicable, of the signing of an agreement for that purpose, (ii) consequently to note that the prerequisite to registering the Company in its new form that is contingent on the completion of negotiations on employee involvement has been fulfilled, and (iii) to carry out the formalities required for registering the Company in the form of a European company.

Consequences of the conversion for your Company

As a European company, your Company will be governed by its bylaws, the Regulation and current French legislation and regulations applicable to European companies and, where compatible, those applicable to *sociétés anonymes* (joint-stock corporations).

The conversion will not result in your Company being wound up, nor in the creation of a new legal entity.

Your Company will retain the company name of "Faurecia" which will be followed by the initials "SE".

The conversion will not change the term of your Company nor its corporate purpose.

The duration of the current fiscal year will not change and financial statements will be prepared for said fiscal year, under the same conditions as before.

Your Company will continue to have a unitary board, in accordance with the option given by the Regulation and so will continue to have a Board of Directors, the composition of which will not change. The terms of office of the Board members, Chairman of the Board of Directors, Chief Executive Officer and the Statutory Auditors and Alternate Statutory Auditors in progress at the time of your Company's conversion into a European company will continue until they are scheduled to end.

All the authorizations and delegations of authority and powers granted to the Board of Directors in its current form as a *société anonyme* (joint-stock corporation) and that are in force on the date on which the conversion of the Company into a European company is completed shall be, on said date, automatically transferred to the Board of Directors of your Company in its new form as a European company.

Your Company's registered office and head office in its new form as a European company will remain unchanged and will continue to be located in France at 2, rue Hennape, 92000 Nanterre, until the delivery (scheduled for Autumn 2018) of the new global headquarters which is currently being built in Nanterre. In any event, the registered office and head office of your Company cannot be separated, by application of Article L. 229-1 of the French Code of Commerce.

Amendment of the bylaws

Draft bylaws for your Company in the form of a European company appear in the appendix to this document, amendments to the current bylaws being underlined. The draft adapts your Company's current bylaws to accommodate the form of a European company and does not take into consideration the bylaws amendment, not relating to this conversion plan, which you are asked to approve under the terms of resolution fifteen described above.

The Regulation provides for a limited number of rules regarding the operation of the European company and largely refers back to domestic legislation on the matter.

Not including adjustments to the wording, as in Article 1, to clarify the background of your Company's incorporation, or to reiterate the rules currently applicable to the *société anonyme* (e.g. the necessity for a Board member being a company to appoint an individual as permanent representative, decisions by the Board being taken at the simple majority of present or represented Board members or the regulated agreements and undertakings regime), the main amendments will aim at reflecting the following rules:

- as of the conversion of your Company into a European company, the quorum for meetings of the Board of Directors will be as follows: half the Board members shall be present or represented (whilst at the moment the quorum is as follows: half the Board members shall be present);

- rules for calculating voting majority at General Meetings of Shareholders shall be amended in accordance with the Regulation. In fact, whilst for a *société anonyme*, an abstention or a blank voting slip are the equivalent of a vote "against" the resolution, in a European company on the other hand, the "votes cast", which are used to calculate the outcome of the vote for a given resolution, do not include votes attached to shares for which a shareholder has not voted or has abstained or has submitted a blank ballot paper or a null and void ballot paper.

Consequences of the conversion for shareholders

The number of shares comprising the capital stock and their par value will remain unchanged. Your Company's shares will still be admitted for trading on the Euronext Paris regulated market.

The conversion will also not affect each shareholder's share in your Company's voting rights. The Company's bylaws on double voting rights will remain unchanged.

Please note that the conversion will increase shareholders' political rights, the Regulation recognizing the right of one or more shareholders with at least 10% of the subscribed capital stock of the European company to ask for a General Meeting to be convened and for an agenda to be set, this provision not having any equivalent in relation to the *société anonyme* governed by French law. In fact, under the system applicable to a *société anonyme* governed by French law, a request by shareholders for a meeting to be convened supposes recourse to a court-appointed official.

Consequences of the conversion for employees

The conversion will not bring about any change in the individual or collective rights of Faurecia's employees or those of its subsidiaries. Relations between individual employees and their employers will continue to be governed by current national rules; collective relations will continue to evolve in line with national rules.

You will find additional information on the plan to convert your Company into a European company as well as on the resolutions that you are being asked to approve, in the draft conversion treaty approved by the Board of Directors on February 15, 2018 (especially available on the Company's internet website) and in the text of the draft resolutions that you have received.

2.5 Powers (18th resolution)

To conclude, the eighteenth resolution concerns the powers to be given to complete formalities relating to the General Meeting, particularly filing and publicity formalities.

APPENDIX
Draft bylaws of Faurecia as a European company

European Company with a share capital of €966,250,607
Registered office : 2 rue Hennape - Nanterre (France)
542 005 376 R.C.S. Nanterre

DRAFT BYLAWS OF FAURECIA SE

I - GENERAL PROVISIONS

ARTICLE 1 Incorporation

The Company was created under the form of a private limited liability company *(SARL)* named "ETABLISSEMENTS BERTRAND FAURE" by means of a private formal agreement dated 1 July 1929. It became a public limited liability company (SA) by decision of the extraordinary shareholders' meeting dated 30 March 1954 and has been named "FAURECIA" since a decision of the extraordinary shareholders' meeting dated 1 June 1999 which also approved the contribution through a merger by Ecia-Equipements et Composants pour l'Industrie Automobile of its assets, rights and obligations. It has been converted into a European company (*societas europaea*) by decision of the extraordinary shareholders' meeting dated 29 May 2018.

In virtue of the preceding, relations between current and future owners of Company shares are governed by national and European provisions applicable to European companies and by these bylaws.

ARTICLE 2 Company name

The name of the Company is: FAURECIA

In all acts and other documents from the Company, the corporate name shall be preceded or followed by the words "*société européenne*" or the abbreviation "SE" and the statement of the share capital amount.

ARTICLE 3 Company's purpose

Faurecia's business 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 affiliated enterprises;
- To run plants and establishments which it owns or may acquire in the future;
- To manufacture, use and/or sell, regardless of form, its own products or those of affiliated enterprises;
- To manufacture and commercialize, by direct or indirect means, all products, accessories or equipment, regardless of their nature, intended for industrial use, and in particular the automobile industry;
- To directly or indirectly participate in all financial, industrial or commercial operations that may relate, directly or indirectly, to any one of the above-mentioned purposes, including but not limited to setting up new companies, making asset contributions, subscribing to or purchasing shares or voting rights, acquiring an interest or holding, mergers, or in any other way.

and, more generally, to conduct any industrial, commercial and financial operations, and operations relating to fixed or unfixed assets, that may relate, directly or indirectly, to any one of the above-mentioned purposes, totally or partially, or to any similar or related purposes, and even to other purposes of a nature to promote the Company's business.

ARTICLE 4 Registered office

The registered office is 2 rue Hennape Nanterre (92000), France.

The registered office can be transferred under the conditions set down by law.

ARTICLE 5 Duration

The duration of the Company has been set at 99 years counting from 1 January 1929, unless the Company be dissolved beforehand or unless its duration be extended.

II - SHARE CAPITAL AND SHARES

ARTICLE 6 Share capital

The share capital has been set at nine hundred and sixty-six million two hundred and fifty thousand six hundred and seven Euros (€966,250,607). It is divided into one hundred and thirty-eight million thirty-five thousand eight hundred and one (138,035,801) shares, each with a value of seven Euros (€7) and fully paid up.

ARTICLE 7 Shares

Shares may be issued in registered or bearer form, at the shareholder's option.

Registered shares are recorded in an individual account as per the terms and conditions provided by the applicable legislative and regulatory provisions.

These individual accounts can be "pure registered share" accounts or "administered registered share" accounts, at the shareholder's option.

Share ownership is established either via share registration in an account opened in the name of the owner(s) with the Company (case of registered shares) or with an accredited broker (case of bearer shares).

ARTICLE 8 Free transfer

Shares are freely negotiable.

ARTICLE 9 Rights attached to shares

Each share entitles the holder to an ownership interest in the business assets, in the sharing of profits and of liquidation surpluses, in proportion to the number of shares existing.

All shares composing the share capital, now or in the future, shall always be grouped together as regards fiscal charges. Consequently, any taxes or similar which, for whatever reason could, subsequent to a reimbursement of the capital of these shares, become due in the case of just some of them, either during the lifetime of the Company or on dissolving the Company, shall be apportioned over all the shares making up the share capital during said reimbursement(s), in such a way that all present or future shares give their holders, following adjustment for any par, non-redeemed value of shares and for different share categories, the same advantages and entitlement to receive the same net amount.

Whenever it is necessary to possess several shares to exercise a right, shares held individually or in a number below the requisite number do not entitle their holder to any right against the Company, it being up to the shareholder in such a case to personally seek to collect or group together the requisite number of shares.

ARTICLE 10 Contribution

Amounts outstanding on shares to be paid up in cash are called up by the board of directors.

The amounts called up are notified to the shareholders through the publication of a notice to this effect fifteen (15) clear days beforehand in the BALO.

Any shareholder failing to pay amounts due on time in relation to shares of which he is the owner shall automatically and without any formal notice needing to be served, owe the Company a late-payment penalty calculated day by day from the due date equal to the current official rate applied to commercial affairs to which 3 points are added, without prejudicing any forced execution measures provided for by law.

III- BOARD OF DIRECTORS - ADVISORS

ARTICLE 11 Composition of the Board

The Company is managed by a Board of Directors comprising at least three members and a maximum of fifteen members, excluding the Board members appointed in application of Article L. 225-27-1 of the French Code of commerce.

<u>A legal person may be appointed as Board member but shall, under the conditions provided for by law, appoint a natural person who will be its permanent representative at the Board of Directors.</u>

Each Board member must own at least 20 shares for the entire duration of his term of office.

Board members are appointed for a term of 4 years, which can be renewed without limit.

The number of Board members acting in their own capacity or as permanent representatives of a legal entity who are over 70 years old must not exceed one-third of the sitting Board members, as determined, and entering into effect, during the annual ordinary shareholders' meeting.

Where that proportion is exceeded, the oldest Board member is automatically considered to have resigned on closure of the first ordinary shareholders' meeting held after the date when such proportion was exceeded.

ARTICLE 12 Board members representing employees

Furthermore, pursuant to Article L. 225-27-1 of the French Code of commerce, the Board of Directors includes two Board members representing Group employees. Should the number of Board members appointed by the shareholders' meeting become less than thirteen, the number of Board members representing employees could be reduced to one when the current mandate for Board members representing employees expires.

The mandate for Board members representing employees has a duration of 4 years.

Should no Board member represent employees for any reason, the vacant position will be filled in accordance with the conditions provided for in Article L. 225-34 of the French Code of commerce.

By way of exception to the rule defined in Article 11 of these bylaws for Board members appointed by the shareholders' meeting, Board members representing employees are not required to hold a minimum number of shares.

Board members representing employees are appointed according to the following procedures:

(i) one is appointed by the union organization obtaining the most votes in the first round of the elections mentioned in Articles L. 2122-1 and L. 2122-4 of the French Labour Code in France;
(ii) the other is appointed by <u>the European council for the representation of employees established pursuant to Article L. 2352-16 of the French Labor Code or, failing that, Article L. 2353-1 of the said Code.</u>

The Board members appointed must have held an employment contract with the Company or one of its direct or indirect subsidiaries, with its head office in France, for at least two years.

By exception, <u>the Board member appointed by the European council for the representation of employees</u> must hold an employment contract with the Company or one of its direct or indirect subsidiaries, with its head office in France or abroad.

ARTICLE 13 Advisors

The ordinary shareholders' meeting can appoint one or several advisors, who may or may not be shareholders.

The duties of the advisors are as follows:

- advise the Board of Directors and the Company;
- make sure these bylaws are applied;
- audit the accounts, making any relevant observations in the course of the annual ordinary shareholders' meeting.

Their term of office shall not exceed six (6) years.

No person can be appointed advisor if he is older than seventy (70).

In the event of a death, resignation or revocation, the Board of Directors can, between two shareholders' meetings, make provisional appointments. These appointments shall be submitted for ratification at the next shareholders' meeting.

The advisors participate in Board of Directors' meetings and shareholders' meeting solely in a non-voting advisory capacity; under no circumstances shall they concern themselves with Company management.

ARTICLE 14 Meeting of the Board of Directors

Board members can be convened to Board of Directors meetings by any means, even orally.

Board of Directors meetings take place either at the registered office or at any other place given in the notice of meeting.

<u>The Board of Directors may validly deliberate when at least half of its members are present or represented.</u>

Decisions are made <u>at a simple majority of the members present or represented</u>; in the event of a tie vote, the Chairman of the meeting has the casting vote.

The Board of Directors' internal rules may provide that Board members attending meetings by videoconference or other forms of electronic communication shall be deemed present for quorum and majority purposes, in accordance with the limitations and terms and conditions set out in the applicable laws and regulations.

Copies or minutes of decisions taken by the Board of Directors can be validly certified by the chairman of the Board of Directors, the CEO, a director temporarily acting as chairman, or any duly accredited proxy.

ARTICLE 15 Powers of the Board

The Board of Directors determines the guidelines governing the Company's activity and oversees their application. Subject to the powers explicitly attributed to shareholder's meetings and within the limits of the business purpose, the Board considers any questions affecting the proper operation of the Company, and Board decisions settle matters concerning it. The Board of Directors shall meet at least once a quarter.

In the relationships with third parties, the Company is bound even by acts of the Board of Directors that go beyond the business purpose, unless the Company proves that the third party knew that said act was beyond the business purpose, or that he could not ignore it due to the surrounding circumstances.

The Board of Directors runs any audits and verifications it considers necessary.

The Board of Directors may, within the limit of a total amount that it determines, authorize the CEO to issue guarantees, endorsements or sureties on behalf of the Company.

Likewise, related party agreements are subject to prior authorization by the Board of Directors, under the conditions specified in Article 23 below.

If need be, the Board of Directors may specify in its internal rules, in accordance with the legal and regulatory provisions and with the present bylaws, the procedures for exercising the powers and functions of the Board of Directors, the chairman and the CEO, the operating rules of the committees set up by the Board of Directors and the articulation of these attributions and functions between these different bodies.

The Company chairman or CEO must provide each board member with all information and documents he requires to successfully perform his duties.

ARTICLE 16 Compensation of Board members

Board members are entitled to a fixed annual compensation consisting in attendance fees. This amount, charged to the general expenses line item, is determined by an ordinary shareholders' meeting, and remains in force until otherwise decided by said meeting.

The Board of Directors apportions attendance fees among its members in whatever way it considers appropriate.

ARTICLE 17 Chairman of the Board

The Board of Directors elects a Chairman from amongst its members; this must be a physical person.

The Chairman of the Board of Directors organizes and directs the board's work, and reports thereon to the shareholders at shareholders' meetings. He ensures the proper functioning of the Company's bodies and ensures, in particular, that the directors are able to carry out their duties.

The duties of the Chairman of the Board of Directors automatically terminate on closure of the first shareholders' meeting held once he is over the age of 70.

ARTICLE 18 Methods for exercising general management

The Board of Directors decides how the general management of the Company is to be carried out, said management done under its responsibility by the Chairman of the Board or by another physical person appointed by the board, bearing the title of Chief Executive Officer ("CEO").

Where the Board of Directors decides that the Company's general management is to be done by the chairman of the Board of Directors, this decision applies for the chairman's remaining term, unless he be revoked.

ARTICLE 19 Chief Executive Officer

The CEO or chairman responsible for general management of the Company is entrusted with far-reaching powers to act on behalf of the Company in all circumstances. He exercises these powers within the limits of the business purpose and subject to the powers explicitly attributed by law to shareholder's meetings and the Board of Directors.

He represents the Company in its relationship with third parties. The Company is bound even by acts of the CEO that go beyond the business purpose, unless the Company proves that the third party knew that said act was beyond the business purpose, or that he could not ignore it due to the surrounding circumstances.

The duties of the CEO or the chairman in charge of general management automatically terminate on closure of the first shareholders' meeting held after he is over the age of 70.

ARTICLE 20 Appointment of deputy Chief Executive Officers

Upon a proposal from the CEO or the chairman in charge of general management, the Board of Directors can appoint one or more physical persons bearing the title of "deputy Chief Executive Officers " for the purpose of assisting the CEO.

The maximum number of deputy Chief Executive Officers is set at five (5).

On agreement with the CEO or the chairman in charge of general management, the Board of Directors establishes the scope and duration of powers entrusted to each deputy Chief Executive Officer.

As regards relationships with third parties, deputy Chief Executive Officers have the same powers as the CEO.

ARTICLE 21 Termination of duties of deputy Chief Executive Officers

In the event of the CEO or Chairman in charge of general management ceasing to, or being prevented from, performing his duties, the deputy chief executive officers retain their posts and duties until a new CEO is appointed, unless the Board of Directors decides otherwise.

The duties of the deputy Chief Executive Officer(s) automatically terminate on closure of the first shareholders' meeting held once he/they is/are over the age of 70.

IV - COMPANY AUDITING

ARTICLE 22 Statutory Auditors

The Company is audited by one of more statutory auditors in accordance with the applicable law.

<u>ARTICLE 23 Related parties agreement</u>

<u>Any agreement referred to in Article L. 225-38 of the French Code of commerce entered into directly or indirectly or through an intermediary between the Company and its CEO, one of its deputy chief executive officers, one of its board members, one of its shareholders holding a fraction of voting rights greater than 10% or, if a corporate shareholder, the company controlling such shareholder under the meaning of Article L. 233-3 of the French Code of commerce, must be submitted to prior authorization by the board of directors.</u>

<u>Likewise for agreements in which one of the persons referred to in the previous paragraph has an indirect interest.</u>

<u>Agreements between the Company and another undertaking are also subject to prior authorization by the board of directors if the CEO, one of the deputy chief executive officers or one of the board members of the Company is the owner, a fully liable partner, manager, director, board member, supervisory board member or, in general, a person in any way involved in the management of that undertaking.</u>

<u>The provisions of this Article are not applicable to agreements referred to in Article L. 225-39 of the French Code of commerce.</u>

V - SHAREHOLDERS' MEETINGS

ARTICLE 24 Shareholders meetings: convening – attendance – vote

Shareholders' meetings are called, take place, deliberate and vote in accordance with legal provisions which are applicable to <u>European companies</u>.

Said meetings take place in the registered office and any other place given in the notice of meeting.

The right to participate in shareholders' meetings shall be substantiated in accordance with applicable regulations.

Subject to a decision to this effect being taken by the board of directors when convening the general meeting, shareholders may also participate and vote at general meetings by videoconference or any other means of telecommunication enabling positive identification, under the conditions and modalities provided for by law.

The voting right belongs to the usufructuary *(usufruitier)* in all general, extraordinary or special shareholders' meetings.

A double voting right is attached to all shares paid up in full, registered in the name of the same shareholder in the shareholders' register of the Company for at least two (2) years. Moreover, in the event of share capital increase by incorporation of reserves, profits or premiums on shares, a double voting right is attached, once issued, to registered shares allocated without charge to a shareholder with previously existing shares for which he benefits from the same right.

Aside from in the cases provided for by law, any shares converted to bearer form or whose ownership is transferred shall lose the associated double voting right.

ARTICLE 25 Shareholders meetings: quorum – majority – tenure

Extraordinary and ordinary general meetings, voting under quorum and majority conditions provided for by the respective conditions applicable to them, exercise the powers granted to them by law.

If the board of directors decides, in accordance with Article 24 of the bylaws, that shareholders can participate and vote by videoconference or any other means of telecommunication enabling positive identification, said shareholders are considered present when calculating the majority quorum.

VI - FINANCIAL STATEMENTS AND ALLOCATION OF EARNINGS

ARTICLE 26 Financial year

The Company's business year commences on the 1st of January and ends on the 31st of December.

ARTICLE 27 Distributable profit

Distributable profit consists in the profits of the business year, minus losses carried forward from previous years and amounts used to fund the legal or statutory reserves, plus profits carried forward from previous years.

From this profit, the shareholders' meeting decides the amount to allocate to shareholders as dividends, or withholds any amount it considers appropriate to fund optional, ordinary or extraordinary reserve accounts or the profits carried forward account.

Except for the case of share capital reduction, no funds can be distributed to shareholders if the Company's own funds are, or would be, as a result of the distribution, less than the share capital amount plus the reserve amount which cannot be distributed due to legal or statutory constraints.

The shareholders' meeting can decide to distribute funds taken from the optional reserves either as a new dividend or as a supplement to an existing dividend, or as an exceptional dividend; in this case, the shareholders' meeting decision shall explicitly name the reserve accounts from which said funds are to be taken. However, dividends shall, as a priority, be taken from the distributable profit of the business year.

The ordinary shareholders' meeting, voting on the accounts for the closed business year may grant, to each shareholder, an option to receive full or partial payment of the dividend or interim dividends in the form of shares or cash.

Losses, if any, and subsequent to the approval of the annual accounts by the shareholders' meeting, are written to a separate account to be set off against profits of future business years until exhaustion.

VII- DISSOLUTION - LIQUIDATION

ARTICLE 28 Liquidation

At the time of the Company's expiration or in the event of early dissolution, the shareholders' meeting determines the liquidation procedure and appoints one of several liquidators whose powers it determines, said liquidators performing their duties as per the applicable law.

VIII- DISPUTES

ARTICLE 29 Disputes

Any disputes that may arise during the Company's existence or at the time of its liquidation, either between the shareholders and the Company or between the shareholders themselves, concerning the interpretation or execution of these bylaws, or generally, concerning business matters, shall be referred to the jurisdiction of the competent courts of the place of the registered office.

To this end, in the event of a dispute, shareholders must elect a domicile within the jurisdiction of the competent court of the place of the registered office, and all writs and notifications shall be validly delivered to this domicile.

In the event of failure to elect a domicile, writs and notifications shall be validly delivered to the office of the *Procureur de la République* (Deputy Attorney-General) attached to the *Tribunal de Grande Instance* of the place of the registered office.

IX - IDENTIFICATION OF SHARE OWNERS

ARTICLE 30 Identification of share owners

The Company is entitled to request at any time the central securities depositary managing the account for the issuing of shares to identify the owners of shares granting immediate or future voting rights at Company shareholders' meetings, as well as information concerning the quantity of securities held by each shareholder and, if applicable, any restrictions applicable to said securities.

X - STATUTORY OBLIGATION TO DECLARE CROSSING OWNERSHIP THRESHOLDS

ARTICLE 31 Threshold crossing

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 representing 2% or more of the share capital or voting rights or any further multiple thereof, including over and above the legal thresholds, is required to notify the Company by recorded delivery mail of the total number of shares and voting rights held no later than four 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 shareholders' meeting, and collectively holding a share capital fraction (or voting rights) of at least 2%, make a request to this effect, logged in the minutes of the shareholders' meeting.

This measure completes the legal measure of Article L. 233-7 of the French Code of commerce regarding mandatory declarations on crossing share ownership thresholds.