2017
Registration document

faurecia
inspiring mobility

Contents

faurecia
inspiring mobility

Registration document 2017

including the annual financial report

Profile

Faurecia is a leading automotive technology company developing solutions for Sustainable Mobility and Smart Life on Board.

Ambition

Growth

Innovation

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration Document, including the annual financial report, was filed with the Autorité des Marchés Financiers (AMF) on April 26, 2018 pursuant to Article 212-13 of the General Regulation of the AMF. It may be used in connection with a financial transaction if accompanied by a memorandum approved by the AMF. This document has been prepared by the issuer under the responsibility of its signatories.

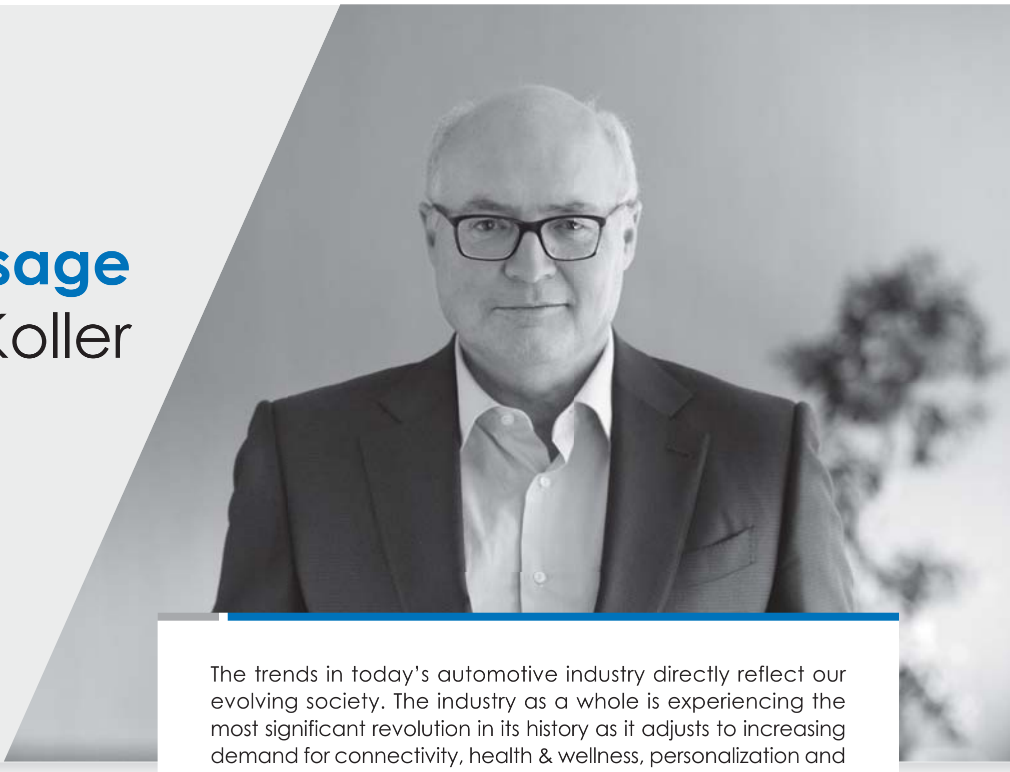
The English language version of this Registration Document is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views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

Faurecia 2017: a new trajectory

faurecia

inspiring mobility

Message from Patrick Koller



The trends in today's automotive industry directly reflect our evolving society. The industry as a whole is experiencing the most significant revolution in its history as it adjusts to increasing demand for connectivity, health & wellness, personalization and sustainability.

The increasing autonomy and connectedness of vehicles is radically altering the driving experience and as a consequence the vehicle interior. Different use cases are emerging for occupants allowing both drivers and passengers to be able to work or relax in certain situations. Faurecia has taken full measure of this, pioneering a comprehensive technology offer that makes the cockpit of the future a reality today.

"IN 2017 FAURECIA ACCELERATED SIGNIFICANTLY ITS STRATEGY FOCUSED ON SMART LIFE ON BOARD AND SUSTAINABLE MOBILITY."

Environmental and health concerns are driving ever more stringent regulations across the world to minimize emissions from passenger cars and commercial vehicles. Cities are looking for innovative ways to improve air quality and mobility for their citizens. To meet these challenges, the industry needs to continue to improve the performance of traditional powertrains, as well as accelerate powertrain electrification.

In 2017 Faurecia accelerated significantly its strategy focused on Smart Life on Board and Sustainable Mobility. The Group signed several major partnerships with ZF, Mahle and Accenture, invested in eight startups and signed agreements with several major academic research establishments. This investment in the future was achieved at the same time as a strong financial and operational performance.

I would like to thank all Faurecians around the world for this excellent year and for managing to balance both short term operational excellence with a strong acceleration of innovation for the future.

Patrick Koller

Chief Executive Officer

Automotive megatrends
accelerating the technology revolution

Three major automotive trends are impacting Faurecia and accelerating the technology revolution:

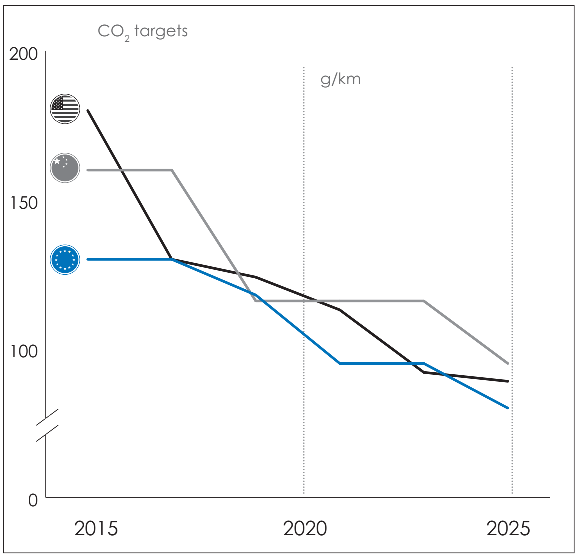
- **CO_2 and emissions regulations** continue to strengthen and societal pressure is increasing
- The powertrain mix is rapidly evolving towards increased **electrification**
- **Connected vehicles** are a reality and **autonomous driving** is developing fast

CO_2 emissions regulations continue to strengthen

From above 150g CO_2/km ten years ago, regulations have been rapidly imposing dramatic reductions around the world.

Whilst EU standards are the strictest, targeting 95g CO_2/km in 2021, China and the US will also converge to below 100g by 2025. Beyond that date, it is likely that the levels will continue to fall. In addition, the WLTP test cycle enforcement from September 2017 has, on average, an additional 10 - 15% impact on measured emissions making the target even more difficult to reach.

Pollutant emissions regulations (NOx and particulate NOx matter primarily) impact both diesel and direct injection gasoline engines. Whilst low emissions standards have already been reached with the implementation of EURO 6 legislation in Europe, Tier 2 in the US and the upcoming Euro 5 equivalent in China, the next challenges are the new real driving condition test procedures. These complementary test procedures are now being progressively introduced in Europe thus making emission targets more difficult to reach.



Evolution of the CO_2 emissions regulations

Commercial Vehicles and High Horsepower engines (HHP)

The main commercial vehicle markets that remain to be regulated are **China and India which together represent around 50% of global volumes.** These are now converging with Europe.

As legislation comes into place including in coastal areas, the high horsepower market, including marine applications, is also rapidly increasing.

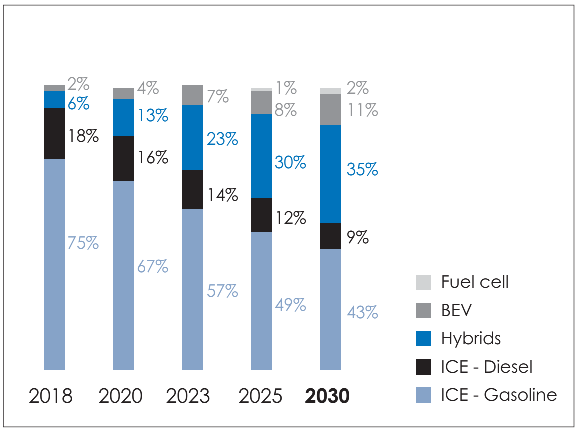
TECHNOLOGY IMPACT

- Regulations will lead to an increase in the complexity and therefore the value of after-treatment for all vehicles.
- In terms of the mix of solutions required by the market, lightweight, energy recovery and low pressure EGR (Exhaust Gas Recirculation) are gaining importance.
- For Air Quality, the emphasis will be on breakthrough innovations such as ASDS (Ammonia Storage and Delivery System) in particular for the rapidly growing commercial vehicle market as well as the high horsepower market.

The powertrain mix is evolving towards increasing electrification

Electrification of the powertrain is an undisputed trend and hybrid vehicles could represent over 30% of the market by 2025.

For full electric vehicles (battery and fuel cell) the ramp up rate is difficult to predict given the complexity of the different factors: technical, economic, political and societal. The diesel decline is making convergence to 2021 CO_2 targets more difficult, so investment in electrification is accelerating. The market should ramp up after 2020 for both pure and hybrid electric vehicles. The arrival of fuel cell electric vehicles (FCEV) will speed up from 2030 due to their advantages in terms of range and refueling time.



Number of vehicles sold worldwide and % mix by powertrain

TECHNOLOGY IMPACT

Powertrain electrification drives increased need for technologies such as energy recovery systems. Acceleration of both battery and fuel cell electric vehicles is driving the need for lightweight battery housing and integrated battery thermal management and well as efficient fuel cell systems and lightweight fuel cell tanks.

Connected vehicles are a reality and autonomous driving is arriving

Two main forces are reshaping the car industry:

- **Connectivity:** cars become part of the Internet-of-things
- **Autonomous driving:** cars become partly or totally autonomous.

The trend for connected cars is driven both by legislation for safety (emergency calls), customer expectations for infotainment and technology developments for autonomous cars. Autonomous driving will progressively allow the car driver to be hands-off the steering wheel, then eyes-off and ultimately mind-off the road in more and more situations. As a result, the vehicle occupants will be able to enter into non-driving occupations such as relaxing, working and socializing. OEM strategies for autonomous driving depend on the type of player: traditional OEMs are progressively moving up the chain through levels two, three and four whereas new entrants are moving directly to level 4 and already anticipating level 5.

In this context, the car interior will be completely re-invented. The "**Cockpit of the Future**" will be:

- **Connected**: smart and intuitive,
- **Versatile**: adaptive and transformable according to the driving situation,
- **Predictive**: welcoming, responsive, proactive and self-learning.

Automation Level (SAE)	Description
5 Full automation	**Full automation,** no more driver required
4 High automation	**High automation,** full automous drive in specific environments
3 Conditional automation	**Conditional automation,** driver has to take control back from car at any time
2 Partial automation	**Partial automation,** limited automous drive in very specific conditions
1 Driver assistance	**Driver automation,** limited lateral or longitudinal control

Levels of automation

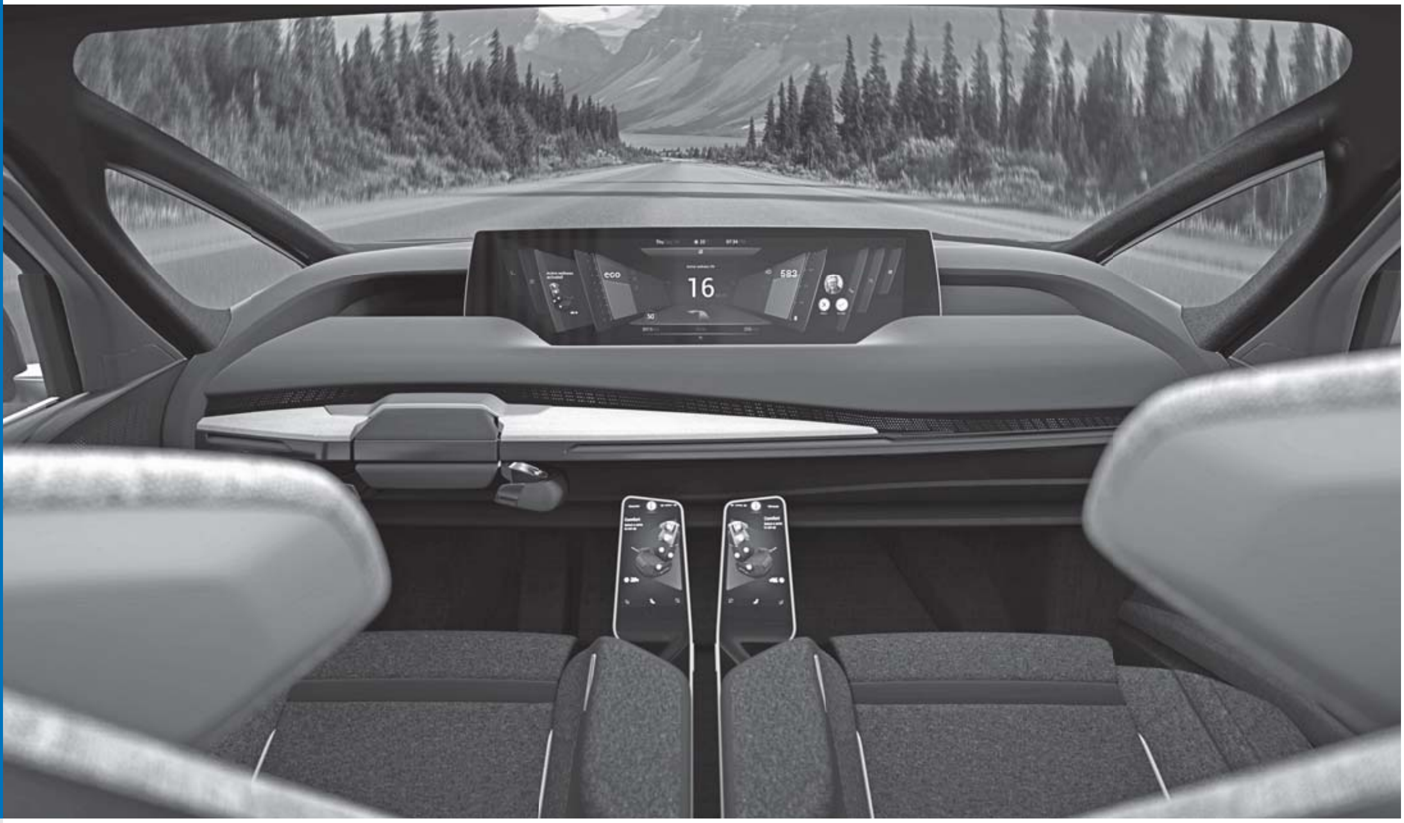
TECHNOLOGY IMPACT

Users are expecting a safe and personalized cockpit providing an intuitive and attractive interaction with the vehicle in different driving modes. The Cockpit of the Future will need to provide users with:

- Versatile architecture
- Advanced safety, health and wellness
- Personalized comfort
- Connectivity, infotainment and intuitive HMI Systems

Faurecia strategy

Faurecia's strategy is focused on an enhanced and sustainable driving experience and involves developing growth opportunities for Sustainable Mobility and Smart Life on Board. To this end, Faurecia has put in place a strategy with three axes:



1

Ensure that it is benchmark in each of its Business Groups and product lines through outstanding customer satisfaction and operational performance.

2

Accelerate innovation, expand its ecosystem and rapidly grow in its identified New Value Spaces for Sustainable Mobility and Smart Life on Board.

3

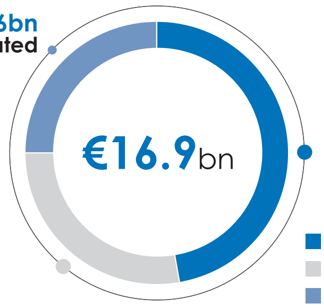
Continue its profitable growth in Asia, and in particular China through growth with Chinese OEMS.

Sustainable Mobility
strategic highlights

Advanced technologies for passenger vehicles

Faurecia's technology strategy for passenger vehicles has been focused on two main areas: developing a **low pressure Exhaust Gas Recirculation** system that will increase fuel economy by over three percent and expanding its capabilities in lightweight materials. In the latter area in 2017, Faurecia joined the **German composite carbon fiber cluster** in Augsburg in order to develop manufacturing processes capable of reaching automotive cycle times for mass production of composite parts. Finally, Faurecia continues to develop innovations for **energy recovery** both with its EHRS system and the EHPG system based on Rankine principles.

Value-added sales per Business Group
In €bn



Clean high horsepower systems, commercial vehicles on & off-road

The Group was awarded a contract to retrofit 20,000 vehicles in Seoul and has been selected as a supplier for London where it has already begun to retrofit buses.

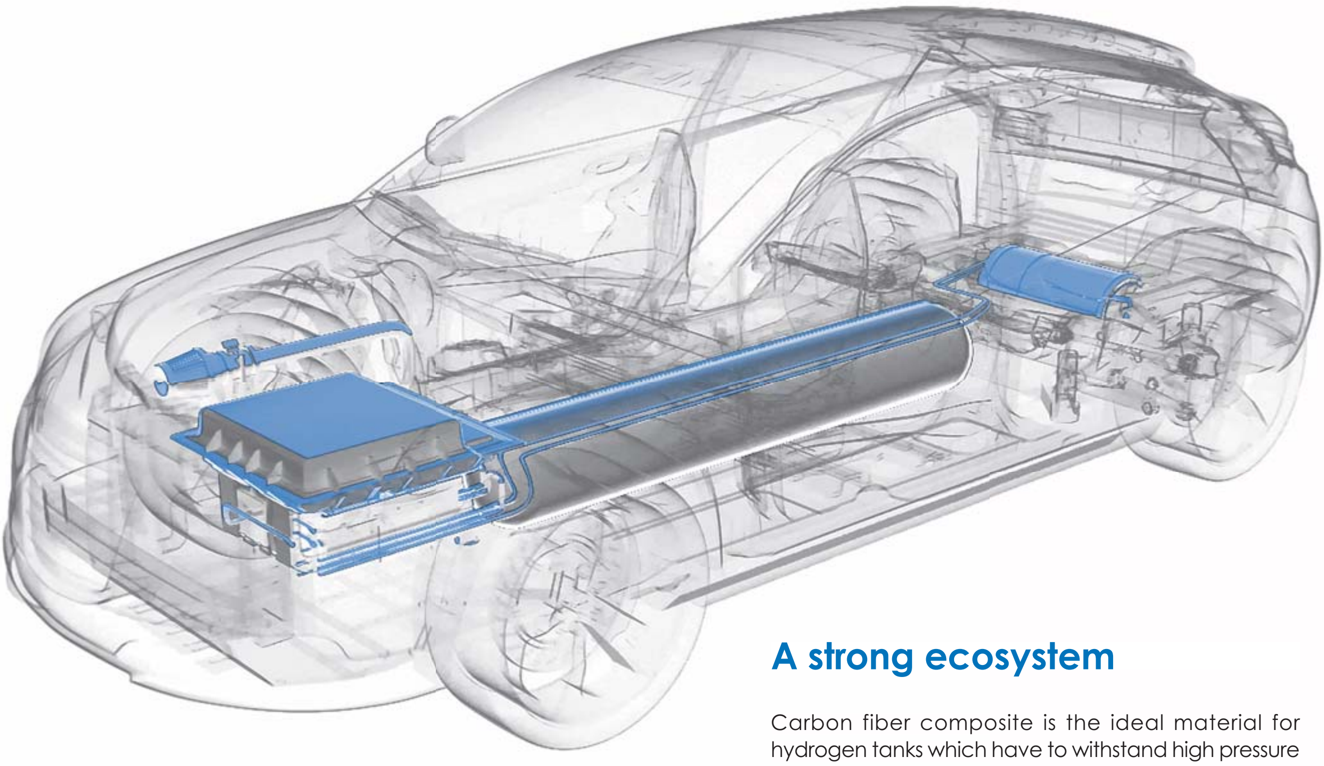
Faurecia's strategy for profitable growth in the commercial vehicles, high horsepower and industrial sector is based on leveraging premium technologies. The Group's leadership position in after-treatment technologies for light vehicles is a strong asset. In addition, **the Group has developed a breakthrough technology specifically targeting commercial vehicles**. ASDS offers breakthrough de-NOx performance for city driving and has started to take-off as a retrofit solution in 2017.

ACQUISITION

In the high horsepower engine market Faurecia acquired 100% of the Swiss company Hug Engineering. Hug Engineering is the market leader in Europe and one of the largest players worldwide. It develops and offers its customers complete systems for marine propulsion, power generation, rail, agricultural and other industries.

Advanced fuel cell systems

Fuel cell technology is a long term electric vehicle solution which offers increased autonomy (over 500 km) and quicker refueling time compared to battery electric vehicles. By 2030, Faurecia estimates that over 2 million vehicles equipped with fuel cell technology could be in production. Faurecia has identified two areas in which it intends to compete in the long term: hydrogen storage and management, and bipolar plates and stack systems.



A strong ecosystem

Carbon fiber composite is the ideal material for hydrogen tanks which have to withstand high pressure (700 bars) whilst being as light as possible. Through the partnership with **STELIA Aerospace Composites**, Faurecia will be able to design, industrialize and commercialize high pressure hydrogen tanks made of carbon fiber composites for fuel cell electric vehicles

Through its **investment in Ad-Venta**, a specialist in pressure valves for efficient and safe hydrogen storage, Faurecia has exclusive access to a unique, reliable and compact valve which allows pressure management from 700 to 10 bars for delivery to the fuel cell.

With its five-year **agreement with the CEA** (French Alternative Energies and Atomic Energy Commission), Faurecia will benefit from more than two decades of CEA research and expertise in fuel cell stacks and key components such as bipolar plates. Combined with Faurecia expertise in fluid dynamics and catalysis, the Group will be able to develop, mass-produce and commercialize a high performance fuel cell stack.

Smart Life on Board

strategic highlights

Faurecia is in a unique position based on its product portfolio and competences to become the leading interior supplier of the automotive industry. In 2017, Faurecia focused in particular on the development of its competencies in the fields of:

- Smart surfaces
- Connectivity, Infotainment and HMI systems
- Advanced safety, health and wellness
- Fully-integrated cockpit

Smart surfaces

Consumers are expecting an intuitive and attractive interaction with the car. "Smart surfaces" are merging surface materials, displays and decoration and will integrate thermal, sound and lighting systems. All of these require seamless integration into the vehicle with an intuitive interface.

Faurecia expanded its smart surface opportunities through internal capability development and in particular the creation of a pilot plant in Meru, including a clean room with optical bonding. It also invested in start-ups such as Canatu (3D-tactile films) and TactoTek (plastronics).

COCKPIT OF THE FUTURE LAB

Faurecia has set up multidisciplinary teams within its Cockpit of the Future Lab that combine various skills (architects, ergonomists, electronics engineers, etc.) from the Interiors and Seating Business Groups as well as new expertise. The aim is to develop use cases and solutions that integrate the products and technologies of Faurecia and its partners. Faurecia has Cockpit of the Future Labs in Paris, San Francisco, Yokohama and Shanghai.

Connectivity, Infotainment and HMI systems

The infotainment market is moving from internally integrated and proprietary development to open platforms. Android is expected to take a leading position in the in-vehicle infotainment Operating System (OS) landscape due to its advantages as a free, open-source OS with easy integration to the individual's ecosystem. This also facilitates the seamless connectivity between home and vehicle that users are expecting.

In 2017, Faurecia's investment in Parrot Automotive and the acquisition of Coagent (China) brings it into the playing field for infotainment and connectivity and represents an important step in software competencies and applications development. Parrot Automotive and Coagent present distinct characteristics:

- **Parrot Automotive** has developed standard and modular solutions which can be very flexible vs. traditional industry solutions. Parrot Automotive solutions are scalable & upgradable (Over-The-Air) and offer secure hardware, software and data protection. The Parrot Automotive architecture and set-up allows shortened development times and competitive innovative solutions. Parrot Automotive is well positioned to benefit from the growth of the Android core OS segment.
- **Coagent** is quick and agile in developing new solutions, is very competitive, and has easy access to Chinese OEMs, suppliers and a digital service ecosystem. The Coagent portfolio integrates displays for clusters, center stacks and other end-consumer applications.

With the support of **Accenture**, Faurecia has been able to integrate into the Parrot Automotive system **voice-activated control,** based initially on **Amazon Alexa**, for navigation, infotainment and seat comfort. This demonstrator, presented at the Las Vegas CES (*Consumer Electronics Show)* in January 2018, shows Parrot Automotive's unique know how in software development and electronics design combined with Faurecia's systems integration capabilities across the full vehicle interior.

Advanced safety, health and wellness

With the emergence of autonomous driving, additional use cases where occupants can work, socialize or relax will become prevalent. This presents major challenges for safety, acoustics, postural and thermal comfort as traditional systems rely on the occupant being in a relatively limited number of positions inside the vehicle.

Advanced safety

Faurecia developed a **partnership with ZF** to develop innovative safety and interior solutions linked to different potential occupant positions in the vehicle for autonomous driving. As occupant positions may no longer be fixed facing forward and upright, new solutions for seat-belts and air bags will be needed. The active safety of the future will be occupant centric and integrated into seating system.

Faurecia and ZF have developed an all-new frame concept: the **Advanced Versatile Structure** (AVS) which provides a safety cocoon in all positions of the seat. It offers intelligently powered kinematics to allow occupants to effortlessly recline, lift, adjust and swivel their seat and then return it smoothly and quickly back to the upright driving position. Crucially, the seatbelt and belt retractor are both integrated into the seat, meaning the seatbelt can function optimally in different seat positions. ZF and Faurecia have also worked to integrate a pre-safe technology with an automatic emergency return action to the safest position. In addition, on both the driver and passenger side the frame has airbags on its outer edges, protecting occupants in the event of an accident.

Health and Wellness

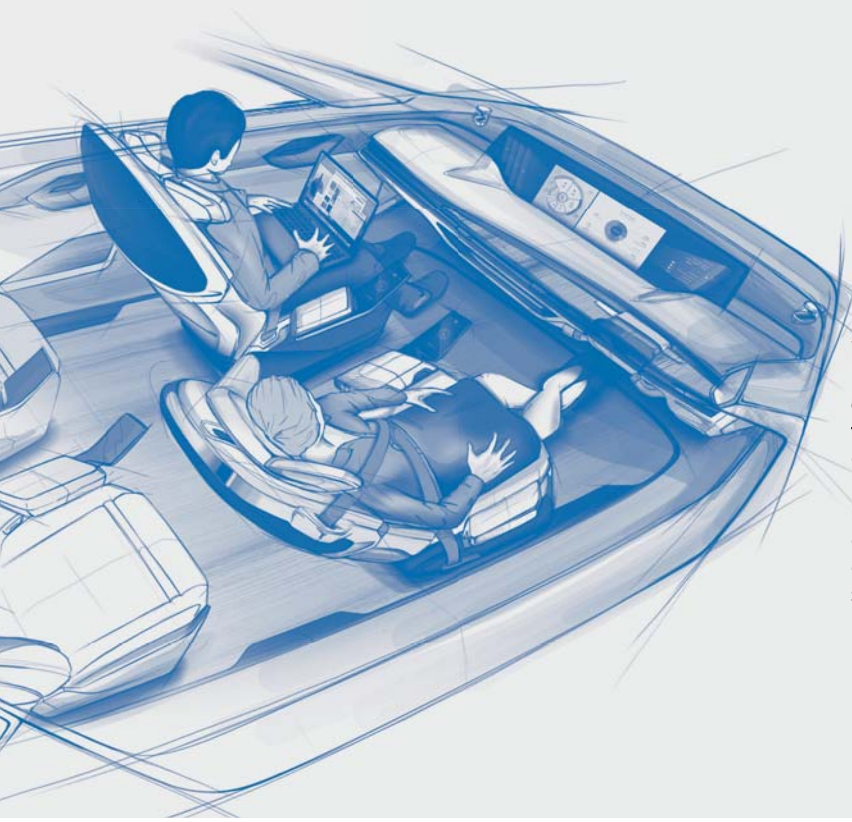
The cockpit will learn the occupant's preferences over time to provide a more comfortable and enjoyable onboard experience. This starts with first identifying the occupants and, based on their profile, establishing a baseline recommendation for thermal comfort, postural comfort and audio. Over time, as the occupants adjust their settings, the seats will register these adjustments and leverage Artificial Intelligence to learn and predict when the occupant will need certain adjustments to maintain the most positive overall experience.

Faurecia developed a **partnership with Mahle** to develop **innovative interior thermal management technologies** for future mobility solutions. This includes several collaboration fields addressing topics such as air distribution, air conditioning integration solutions for electric vehicles and the mutual development of personalized thermal management for the Cockpit of the Future. The first demonstration of this collaboration was demonstrated at CES with the thermal comfort seat that optimizes seat heating and cooling using Mahle and Faurecia's combined technology expertise.

Faurecia has taken occupant health and wellness a step further by creating **Active Wellness 2.0™,** which employs a system of sensors in the seat and cameras in the instrument panel to analyze data on the occupant's biometrics. In this way, the system can provide the best level of comfort and well-being, and enhanced safety. Importantly, the system can help the driver remain alert by detecting drowsiness or stress and triggering the appropriate response.

Full-integrated Cockpit

Critical in the evolution of the interior is also the increasingly high-level of systems integration of multiple functions and features. Customers are looking at Faurecia as a "solution-provider" for multiple vehicle-level performance functions, which can include safety, thermal management, sound and acoustic performance, comfort, perceived quality and ergonomics.



Faurecia is well positioned to master the fully-integrated cockpit with the following capabilities:

- Identify and fulfil end-consumers' needs and create associated superior User Experiences (UX);
- Master the major elements of the interior sub-system, in particular in smart surfaces, infotainment and connectivity, adaptive safety and thermal and postural comfort;
- Understand subsystem architecture with capabilities for hardware, Artificial Intelligence and machine learning;
- Be the system supplier, able to integrate all technologies required to deliver an attribute or function.

Based on its systems integration expertise as well as its unique positioning in both seating and interiors, **Faurecia has integrated a full Cockpit of the Future into a serial production vehicle which was demonstrated at the CES show**. It demonstrates a versatile architecture and smart systems for a safe and personalized user experience for different driving modes. Functions demonstrated including a personalized welcome, a morphing instrument panel, an immersive sound experience, a smart control unit and an advanced safety and comfort seat.

Accelerating innovation
expertise

For several years, Faurecia has identified the need to develop an open innovation ecosystem in order to be more agile in a world where technologies evolve rapidly and transformation is accelerating.

This has resulted in the development of 25 chairs with universities and more recently the acceleration of investment in start-ups, and the development of partnerships with industrial and technology companies.

6,400 engineers
in **30** R&D centers

330 patents
First filing in 2017
+35% vs 2016

5 technology
platforms

370 experts in
54 strategic areas

€160M investment
in innovation
+23% vs 2016

25 academic
research
establishments
in open innovation
network

€50M to invest
in startups

Open innovation network: academic partnerships

2017 saw the emergence of an additional partnership with the Indian Institute of Science (IISC) aimed at developing innovative human-machine interfaces as well as different types of sensors.

In 2017, Faurecia also signed an agreement with the **Collège de France** to support the development of new technologies and understand their evolution.

Finally, Faurecia has a five-year agreement with the **CEA (French Commission for Atomic Energy and Alternative Energies)** for a research and development program on fuel cells.

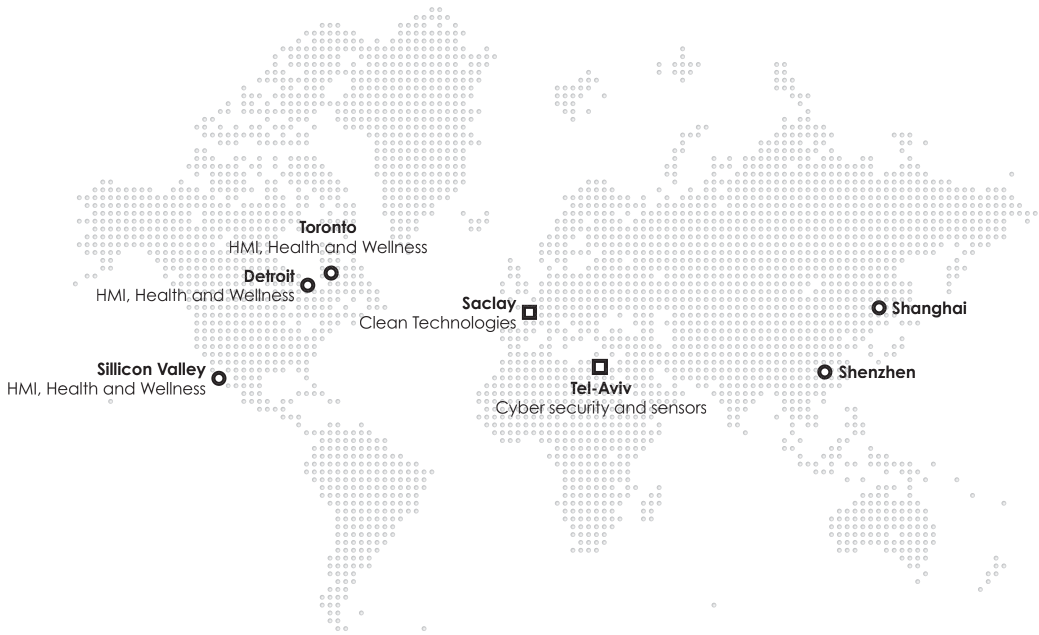
Faurecia Ventures

Faurecia Ventures aims to invest in start-ups able to bring a technological advantage and create long-term value for Faurecia**. In 2017 the Group invested in eight start-ups**: Canatu, Tactotek, Alsentis and Hoana for Cockpit of the Future, and Mirsense, Enogia, and Ad-Venta for sustainable mobility.

Technology Platforms

Faurecia organizes its relationships with local start-up ecosystems via technology platforms.

The first was set-up in Silicon Valley in 2017 and others will be established in Toronto, Saclay, Tel Aviv and Shenzhen. The role of these platforms is to interact with the local ecosystem, scout startups and develop proofs of concept.



Strategic technology partnerships

To quickly accelerate its development in key areas, Faurecia has developed partnerships with other industrial or technology companies. The main partnerships signed in 2017 were with **ZF** and **Mahle** for the Cockpit of the Future, and with **Accenture** for the development of digital services and digital transformation.

The goal of the partnership with **Accenture** is to bring together the two groups' expertise in innovation and co-invest to create products and services for connected and autonomous vehicles. The two companies will initially focus on two areas: cognitive technologies to reinvent the on board experience, and services dedicated to improving the health and wellness of drivers and passengers. **Faurecia and Accenture** will also leverage digital technologies such as artificial intelligence, analytics, virtual and augmented reality, blockchain and quantum computing to further accelerate Faurecia's digital transformation.

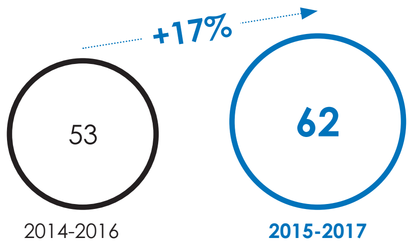
Customer confidence
drives growth

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

Record order intake

By the end of 2017 the Group's three-year rolling order intake represented **62 billion euros of sales**: a record for the Group. This demonstration of our customers' confidence ensures that we will continue to show growth above that of automotive production in the coming years.

Order intake: three-year rolling
Value-added sales in bn€



Two major orders were won in 2017 for the seating business, one with **BMW** for several cars including the Mini, which is the single biggest order intake ever, and another with another German premium customer for seat frames. These two orders ensure the strong growth of Faurecia with its premium German customers.

The year 2017 was also important for the arrival of **15 new customers** in the portfolio including **Lucid** and **Byton** who both gave orders for the first Cockpit of the Future systems.

In **China,** the Group accelerated in its target to have 40% of sales with Chinese OEMs from 2020. In the second half of the year **four joint-ventures** were signed with major Chinese OEMs: one with Dongfeng Motors for Clean Mobility, two with Wuling Industry for Seating and for Interiors and one with BYD for Seating. In China, the Group was awarded over six billion euros of sales in 2017 of which almost 40% was with Chinese OEMs.

Customer recognition

Faurecia is a confirmed strategic partner of many of its major customers: FAST supplier with VW, ABF partner with Ford, Alliance Growth Partner with Renault Nissan and a member of the Supplier Councils for Ford, PSA and Fiat Chrysler. In addition **Faurecia received over 40 recognition awards in 2017 for quality and operational performance**. Many of these were awarded by Chinese OEMs demonstrating the strong increase in intimacy and business with these customers. Particularly notable were two awards from Hyundai Kia including the 2017 Best Supplier Award and the prestigious 5 Star quality Award. The Group was also awarded the Gender Diversity award from Ford, the first customer recognition of the company's initiatives in this area.

Over 200 programs launched in 2017

Some of the emblematic vehicles launched with Faurecia content:

- Peugeot 5008 and DS7;
- Audi A8 and Q8;
- Volkswagen Touareg and Porsche Cayenne;
- Borgward BX5 and Chang'an CS75;
- Infiniti QX50;
- Jeep Wrangler;
- Volvo XC60.

Operating efficiency

Organization of the Group

Faurecia is organized in three Business Groups which are responsible worldwide for the management and development of their product line.

- **Faurecia Seating** develops and produces seat systems that optimize the comfort and safety of occupants while offering premium quality to its customers. It develops innovative solutions for thermal and postural comfort, health and wellness and advanced safety for the use cases of today and the cockpit of the future.
- **Faurecia Interiors** develops and produces full interior systems including instrument panels, center consoles and door panels. It is focusing in particular on seamlessly integrating smart surfaces and displays with new HMI solutions and versatile architecture for the cockpit of the future.
- **Faurecia Clean Mobility** develops and produces solutions to drive Mobility and Industry towards zero emissions. The Business Group's solutions for air quality, energy efficiency, acoustic performance and powertrain electrification address the needs of passenger cars and commercial vehicles manufacturers, industrial and high horsepower applications, as well as mobility operators and cities.

Management of programs

Faurecia maintains close relationships with almost all of the world's leading car manufacturers and works closely with its customers to develop and design and functionalities of the products on offer.

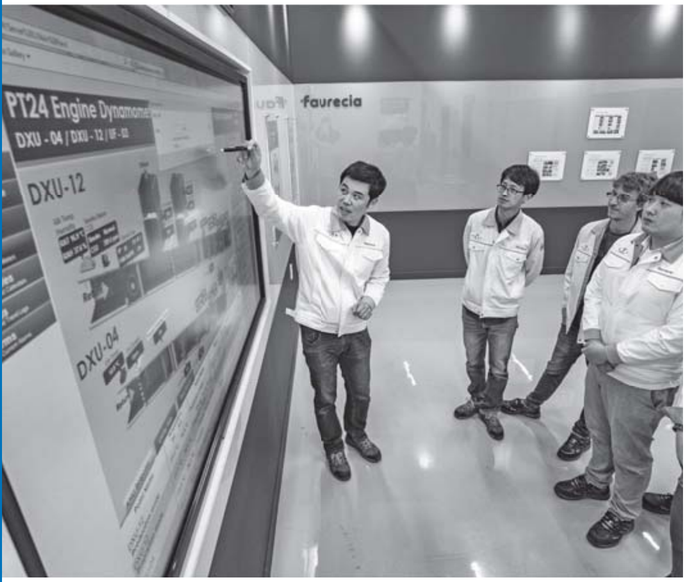
The research and innovation teams cover activities upstream of any program acquisition. Through the development of new products and technologies as well as the study and development of generic products and processes, this function is the key to an attractive and competitive offer for customers.

The engineering program cluster covers vehicle applications. This downstream division develops customer programs in accordance with the defined schedule, the costs and the level of quality required.

Vehicle application programs follow a unique process involving all the players needed for the development and serial launch of a new product. The Program Management System (PMS) process describes all the requirements to be fulfilled at each phase of the program. Each program is timed by intermediate reviews to validate its progress.

THE PMS HAS FIVE PHASES:

- Acquisition and verification of the client's needs;
- Product development;
- Product validation and development of the manufacturing process;
- Industrialization and validation of the means of production;
- Ramp-up and start of serial production.



In order to drive performance throughout development phase, Faurecia has introduced the notion of excellence in program management. This new approach takes the above elements and adds:

- System audits on the requirements of the program to ensure discipline in execution;
- Performance indicators reviewed monthly with anticipation of risks.

These various tools have significantly improved program performance in terms of financial achievements, quality, time and serial launches.

Digital transformation and excellence in production

Digital transformation

Since 2015, Faurecia has engaged in a strategic transformation of its operations, using the Industry 4.0 or "Internet of Things" approach. The emergence of new solutions, such as collaborative robots ("cobots") or self-guided handling devices (AGVs or "Autonomous Guided Vehicles"), has led to a breakthrough in the automation of assembly and handling of our products. The implementation of Radio Frequency Identification (RFID) technology allows products to be tracked inside the production sites, from reception to shipping, which automates certain logistical tasks, and adapt the process parameters according to the reference of each manufactured product. In addition, the connection of programmable controllers in the production machinery to computer databases allows real-time analysis of many parameters, prevents breakdowns and avoids the production of non-compliant parts.

After an investigation phase in 2015, Faurecia selected a number of digital technologies, whose maturity and economic relevance were confirmed in 2016 on some thirty pilot sites.

From 2017, the Digital Transformation of Operations entered mass deployment mode, with several hundred cobots and AGVs installed during the year. Dozens of factories have digital dashboards, allowing real-time information sharing on the smooth running of production lines. Thus, the reaction of operational teams is immediate in case of quality drift or production line stoppage.

The implementation of these digital management tools, combined with "big data" for an ever greater control of manufacturing processes, opens up new prospects for optimizing the operating conditions of production lines, for ever better use of industrial assets.

The Faurecia Excellence System

The Faurecia Excellence System (FES) governs the organization of Faurecia's production and operations. It is designed to continuously improve the quality, cost, delivery and security performance of the Group.

The FES complies with the requirements of the quality, environment and safety standards of the automotive industry (ISO / TS 16949, IATF 16949, ISO 14001, OHSAS 18001). It benefits from the capitalization of more than fourteen years of Faurecia's experience and has been continuously enriched with the best internal and external practices of lean manufacturing.

The FES makes it possible to secure an appropriate operational performance of Faurecia's production sites, whatever their geographical position and their local activity specificities, thanks to common working methods and language.

This approach by Faurecia is fundamental because the globalization of the automotive market requires suppliers of car manufacturers to guarantee the same level of quality and service throughout the world.

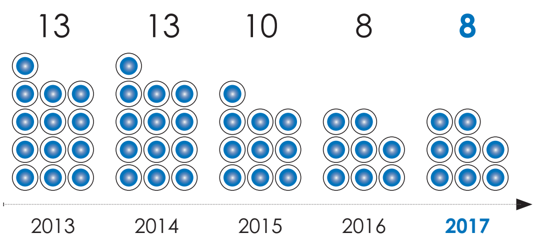
Quality results

The quality performance of Faurecia measured in rejected parts per million pieces delivered to customers (ppm) calculated on average half-yearly is now stabilized at a result below the target of 15 ppm set by Group.

This quality performance is mainly due to the rigorous application of the method defined in Faurecia's Quality Breakthrough Plan, well as to specific actions related to the application of the 2017 quality basics. In 2017, a reinforcement plan has been implemented in order to guarantee the application of the quality fundamentals, and of the 20 rules related to the Safety and Regulation, which involve each of the Group's employees on a daily basis. For this, the number of quality audits conducted at the production sites has been increased. Faurecia is now recognized by its main customers for having achieved one of the highest levels in the world in terms of quality.

Faurecia has benefited from its experience in solving quality problems to continually evolve its methodology, the Quick Response Continuous Improvement (QRCI). The QRCI is a management attitude according to which any defect must be the subject of a corrective action within twenty-four hours, then of a complete and factual analysis to determine the causes of the problems encountered the technical solutions and their roll-out across functions. The QRCI is applied at all levels of the Group, from the operator on the production line to the supervision of the workshops and site management, but also within the project development teams and development centers.

PPM with external customers as of December 31
(rolling six-month period)



Governance

Composition of the Board of Directors as of December 31, 2017

CHAIRMAN OF THE BOARD OF DIRECTORS Michel de ROSEN **CHIEF EXECUTIVE OFFICER (CEO)** Patrick KOLLER	**BOARD MEMBERS AFFILIATED WITH THE SHAREHOLDER PSA** Jean-Baptiste CHASSELOUP de CHATILLON Olivia LARMARAUD Robert PEUGEOT Carlos TAVARES
INDEPENDENT BOARD MEMBERS Éric BOURDAIS de CHARBONNIÈRE Jean-Pierre CLAMADIEU * Odile DESFORGES Hans-Georg HÄRTER Linda HASENFRATZ Penelope HERSCHER Valérie LANDON ** Bernadette SPINOY	**BOARD MEMBERS REPRESENTING EMPLOYEES** Daniel BERNARDINO Emmanuel PIOCHE

* *Jean-Pierre Clamadieu resigned from the Board of Directors with effect at the end of the General Meeting of May 29, 2018.*

** *The cooptation of Valérie Landon will be submitted for ratification by the General Meeting of May 29, 2018.*

Nolwenn DELAUNAY, General Counsel of the Faurecia group, serves as secretary of the Board of Directors.

Profile of the Board of Directors as of December 31, 2017

16
BOARD MEMBERS

3 years 10 months
AVERAGE SENIORITY

64 %
INDEPENDENT BOARD MEMBERS (1)

2
BOARD MEMBERS REPRESENTING EMPLOYEES

43%
FEMALE BOARD MEMBERS (1)

37.5%
NON-FRENCH BOARD MEMBERS

92%
ATTENDANCE RATE AT BOARD MEETINGS

100%
ATTENDANCE RATE AT COMMITTEE MEETINGS

(1) Excluding Board members representing employees

3 Specialized Committees

AUDIT COMMITTEE

As of December 31, 2017, this Committee had **three members:**

- **Odile Desforges** (independent Board member), **Chairwoman**
- **Valérie Landon** (independent Board member), and
- **Olivia Larmaraud**

GOVERNANCE COMMITTEE

As of December 31, 2017, this Committee had **four members:**

- **Jean-Pierre Clamadieu** (independent Board member), **Chairman**,
- **Éric Bourdais de Charbonnière** (independent Board member),
- **Jean-Baptiste Chasseloup de Chatillon**, and
- **Bernadette Spinoy** (independent Board member)

MANAGEMENT COMMITTEE

As of December 31, 2017, this Committee had **four members:**

- **Linda Hasenfratz** (independent Board member), **Chairwoman**,
- **Hans-Georg Härter,** (independent Board member),
- **Penelope Herscher** (independent Board member), and
- **Robert Peugeot**

The Secretary of the Board of Directors serves as Secretary of the Committees.

Executive Committee
as of December 31, 2017

The Executive Committee guides the implementation of the Group's strategy. It meets monthly to discuss issues pertaining to the Group's Executive Management. It prepares the major operational decisions of the Company and its subsidiaries; these decisions are then enacted by each committee member in his or her area of expertise.

Faurecia's Executive Committee is comprised of the Group's Chief Executive Officer, the Executive Vice-Presidents in charge of the Business Groups, and the Executive Vice-Presidents in charge of the support functions.

Patrick Koller
Chief Executive Officer (CEO)

Michel Favre
Executive Vice-President,
Group Chief Financial Officer

Hervé Guyot
Executive Vice-President, Group Strategy

Thorsten Muschal
Executive Vice-President,
Sales and Program Management

Kate Philipps
Executive Vice-President, Group Communications

Jean-Michel Renaudie
Executive Vice-President, Faurecia Interiors

Christophe Schmitt
Executive Vice-President, Faurecia Clean Mobility

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

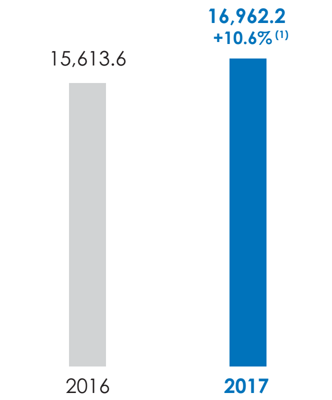
Eelco Spoelder
Executive Vice-President, Faurecia Seating

Jean-Michel Vallin *
Executive Vice-President, Faurecia China

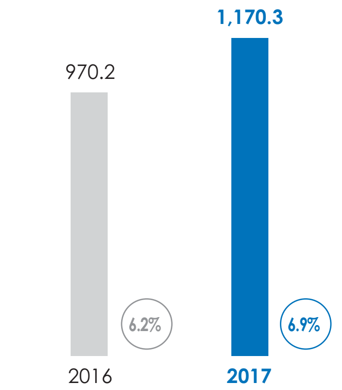
Hagen Wiesner
Executive Vice-President, Group Operations

* *François Tardif starting January 1, 2018*

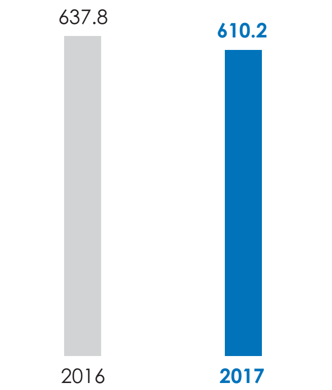
2017 Key figures



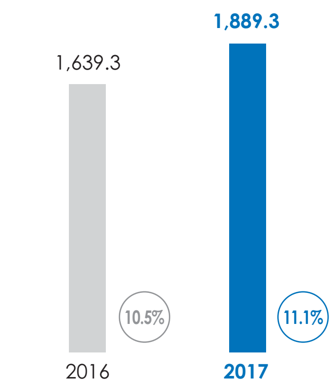
Value Added Sales
(in €m)



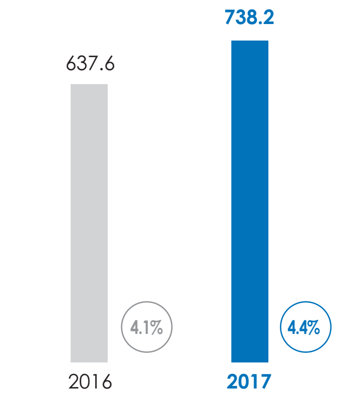
Operating Income [2]
(in €m and as a % of value added sales)



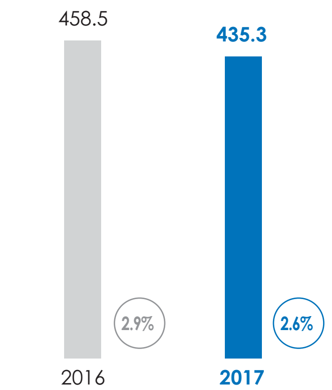
Net Income Group Share
(in €m)



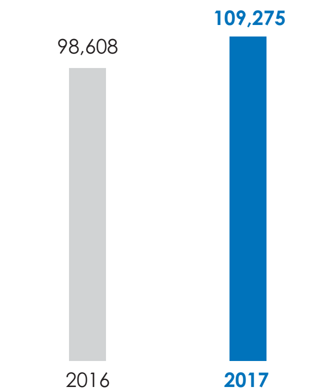
EBITDA [3]
(in €m and as a % of value added sales)



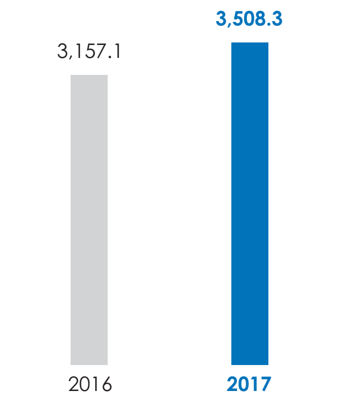
Capital expenditure
(in €m and as a % of value added sales)



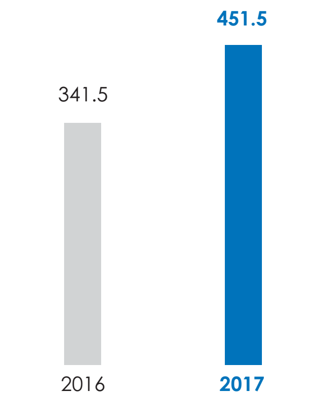
Net Cash Flow
(in €m and as a % of value added sales)



Number of employees



Total equity
(in €m)



Net debt [4]
(in €m)

(1) At constant currencies and scope, and including JV consolidation (JVs for Changan in China and for FCA in Brazil).
(2) Definition in note 4.1 to the consolidated financial statements.
(3) Operating income before provisions and amortizations of non-recurrent assets (see table 1.1.2.3 to the consolidated financial statements).
(4) Definition in note 26.1 to the consolidated financial statements.

1.

Financial statements

In accordance with Article 28 of European Commission Regulation No. 809/2004, the following information is incorporated by reference in this Registration Document:

- the consolidated financial statements, the annual financial statements, the corresponding Statutory Auditors' reports, the comments on the consolidated financial statements and significant events of the year by business, set out respectively on pages 175 to 236, 243 to 263, 237 and 238, 264 and 265, and 8 to 19 of the 2016 Registration Document filed with the AMF on April 24, 2017 under number D. 17.0417;
- the consolidated financial statements, the annual financial statements, the corresponding Statutory Auditors' reports, the comments on the consolidated financial statements and significant events of the year by business, set out respectively on pages 155 to 224, 230 to 251, 225 and 226, 252 and 253, and 8 to 20 of the 2015 Registration Document filed with the AMF on April 21, 2016 under number D. 16.0374.

This Section provides a description of Faurecia's activities and results in 2017. All information concerning market positions is based on estimates made by Faurecia on the basis of information contained in the annual reports of the various actors of the market, industry publications and other market research.

1.1. The Faurecia group - business review and financial statements

1.1.1. Business review

Upon application of accounting rule IFRS 5, the assets and liabilities sold as well as net income (loss) from discontinued operations have been isolated in distinct lines in the consolidated balance sheet and in the income statement (Chapter 1.1.2).

The impact of IFRS 5 application concerns only the Automotive Exteriors which was sold on July 29, 2016 and for which the final arbitration took place in October 2017.

1.1.1.1. Automotive Production

Worldwide automotive production grew by 2.3% between 2016 and 2017. It grew in all regions of the world except in North America, where it fell by 4.0%. Production increased in Europe (including Russia) by 3.2%, in South America by 19.7% and continued to grow in Asia by 2.7% (2.6% in China).

All the data related to automotive production and volume evolution in 2017 is coming from IHS Automotive report dated January 2018.

1.1.1.2. Events

1.1.1.2.1. FISCAL YEAR EVENTS(1)

February 2017: Faurecia announced a partnership agreement with TactoTek. TactoTek is a Finnish company providing solutions for Injection Molded Structural Electronics: integrating printed circuitry and electronic components into 3D injection molded plastics. This investment made through Faurecia Ventures strengthens Faurecia's capabilities for its "smart life on Board" strategy, and in particular the development and production of intelligent surfaces which are necessary for the cockpit of the future.

March 2017: Faurecia finalized and signed its strategic partnership with Parrot Automotive, an automotive connectivity and infotainment specialist. This partnership will allow Faurecia to accelerate development of electronic solutions for the connected vehicle. In addition, this partnership could enable Faurecia to gradually take control of Parrot Automotive. Faurecia acquired a 20% share through a capital increase reserved for Faurecia based on a corporate value of €100 million for 100% ownership of Parrot Faurecia Automotive. At the same time, Faurecia subscribed to a bond issued by Parrot SA, convertible into Parrot Faurecia Automotive shares, which could increase Faurecia's stake in the company to 50.01% from 2019, in case of conversion. By 2022, Faurecia could be in possession of all Parrot Faurecia Automotive shares.

April 2017: Faurecia's Board of Directors decided to appoint Mr. Michel de Rosen, succeeding to Mr. Yann Delabrière, as Chairman of the Board of Directors. This appointment took effect after the General meeting of May 30, 2017.

May 2017:

- Faurecia's shareholders' meeting in Paris approved, based on the performance of the Group, the distribution of a gross dividend of €0.90 per share, paid in cash on June 6, 2017;
- The European Commission decided to close the case opened on March 25, 2014 involving the exhaust systems sector. Faurecia was one of the companies involved in this investigation.

June 2017: At its Investor Day held on June 27, in London, Faurecia focused on Sustainable Mobility. This is one of the Group's strategic priorities, the other one being Smart Life on Board. Faurecia demonstrated the strong profitable growth potential of its Clean Mobility business.

July 2017:

- Faurecia announced its new joint venture with Liuzhou Wuling Industry Co.Ltd. The joint venture will develop, manufacture and deliver automotive seating products to serve SGM Wuling affiliated OEM brands and other customers. Located in Liuzhou, Guangzhou province, the joint venture will manufacture and sell complete seats, frames and other seat components initially to SGM Wuling from three existing plants and one additional plant to be built. The annual sales will reach 1.8 billion RMB (€230 million) by 2022.
- Faurecia signed a joint venture agreement for its Clean Mobility business with Dongfeng Motor Parts & Components Group Co., Ltd in Wuhan. The new company aims to provide advanced clean mobility solutions to Dongfeng affiliated OEM brands, for both passenger cars and commercial vehicles. This joint venture builds upon Faurecia's long term partnership with Dongfeng, with whom it already has a joint venture for its Automotive Interiors business. Located in Xiangyang, the new joint venture will begin operations in 2018. The annual sales should reach €1.2 billion RMB (€155 million) by 2021.

(1) All these press releases are available on the site www.faurecia.com

September 2017:

- at the 2017 International Auto Show (IAA) in Frankfurt, Germany, Faurecia demonstrated how it is accelerating new and disruptive technologies in its two strategic areas of focus – Sustainable Mobility and Smart Life on Board. Faurecia revealed for the first time breakthrough technologies that will support the automotive industry's evolution towards more autonomous and connected driving and powertrain electrification. Technologies showcased on the booth were the result of Faurecia's rapid development of its innovation ecosystem through partnerships, acquisitions and investment in start-ups.
- Faurecia announced the signature of a five year agreement with the CEA (French Alternative Energies and Atomic Energy Commission) to collaborate in a research and development program of fuel cell stack technologies. Faurecia will benefit from more than two decades of CEA research and expertise in fuel cell stacks and key components such as bipolar plates. Combined with Faurecia expertise in fluid dynamics and catalysis, the Group will be able to develop, mass-produce and commercialize a high performance fuel cell stack that will meet auto industry expectations.

October 2017:

- Faurecia and Mahle, both leading global automotive systems suppliers, will collaborate for the development of innovative interior thermal management technologies for future mobility solutions. Within the framework of this cooperation, Faurecia will bring its unique expertise as a full interior system integrator. Mahle adds its holistic thermal expertise for passenger comfort and energy efficiency. The two companies have already identified several potential collaboration fields addressing topics such as air distribution, air conditioning integration solutions for electric vehicles and the mutual development of personalized thermal management for the cockpit of the future.
- Faurecia announced its new joint venture with the pioneering Chinese electric vehicle OEM, BYD. The new company, called Shenzhen Faurecia Automotive Parts Co., Ltd. (70% Faurecia – 30% BYD) aims to develop and manufacture advanced seating solutions for BYD-affiliated OEM brands. The strategic partnership will bring together BYD's seating production activities in Shenzhen, Xi'an and Changsha. Sales generated by this new company are expected to reach 2.4 billion RMB (€315 m) by 2020.

November 2017:

- As announced in July, Faurecia took a majority share in the Chinese company Jiangxi Coagent Electronics for a total investment of 1.45 billion RMB (€193 million). Jiangxi Coagent Electronics is a private Chinese company specialized in infotainment and interior electronic solutions, including the integration of digital displays and HMI technologies. The Company employs 1,300 people including more than 300 engineers. Jiangxi Coagent Electronics is based in Foshan for its research and development activities and in Jiangxi Province for its industrial production. The Company is a supplier to leading Chinese automotive manufacturers and is seeing a strong growth in sales, which reached €148 million in 2016 and will rise to €270 million by 2019.
- Faurecia opened a new tech center in Silicon Valley to strengthen its relationships with automakers, innovative start-ups, leading universities and new actors in the mobility sector. Faurecia will accelerate its start-up scouting activities in the region and build a technology platform for its Smart Life on Board and Sustainable Mobility innovation ecosystems. The tech center will host one of the Group's Artifical Intelligence teams.
- Faurecia announced the signing of a research partnership with the Indian Institute of Science (IISc). This collaboration will enrich Faurecia's ecosystem of high-level scientific and academic collaborations in its two strategic areas of focus: Smart Life on Board and Sustainable Mobility. Faurecia and the Indian Institute of Science will conduct collaborative research to develop new technologies and solutions in three areas: online air quality monitoring, data analysis and algorithms for driver behavior and artificial intelligence for industrial design.
- Faurecia announced its new joint-venture with Liuzhou Wuling Industry Co.Ltd, named Faurecia Liuzhou Automotive Interior Co., Ltd. The joint venture consolidated by Faurecia will develop and manufacture automotive interior products including instrument panels, center consoles, door panels and acoustic products to SGMW affiliated OEM brands and other customers. Located in Liuzhou (Guangxi Zhuang Autonomous Region), the joint venture targets annual sales of 1.3 billion RMB (€170 m) by 2022 from 3 plants. This new joint venture follows the joint venture agreement signed in July 2017 between Faurecia and Wuling Industry, covering Seating activity.

December 2017:

- Faurecia, alongside 88 French companies, signed the French business Climate Pledge, a commitment to fight climate change around the world. The pledge was signed on the occasion of the One Planet Summit initiative launched by French President E. Macron on December 12, 2017. As a result, from 2016 to 2020, the undersigning companies will finance over €320 billion of R&D and innovation in renewable energies, energy efficiency, the deployment of sustainable farming practices and other low-carbon technologies to fight climate change. This concrete set of actions will help make the ecological transition a reality.

1.1.1.2.2. RECENT EVENTS[1]

January 2018:

- For the first time, Faurecia attended CES® Las Vegas (January 9–12, 2018), where it had a booth at the Las Vegas Convention Center. Faurecia unveiled breakthrough innovations in customization and on-board safety of a connected, adaptable and predictive Cockpit of the Future. The Group also gave exclusive presentations of digital solutions that foster health and well-being and support clean smart cities. Faurecia seeks to spotlight its role as a systems integrator that can respond to the new mobility imperatives and optimize user experience by drawing on the rapid growth of its innovation ecosystem, which has been created through partnerships, acquisitions and investments in start-ups. Some of the noteworthy Smart Life on Board and Sustainable Mobility technologies and services presented were:
  - a fully integrated Cockpit of the Future based on intelligent, modular systems that create a safe, customized on-board experience for different driving modes,
  - a connected seat cover equipped with sensors to monitor the health status and well-being of professional drivers. This closed-circuit monitoring system will keep track of occupants' states and offer them treatments to improve their well-being,
  - infotainment that is customized through voice assistants integrated into the Parrot Automotive multiplatform system,
  - and real-time emissions control managed by sensor technology that aims to improve cities' air quality and the impact of vehicle fleets.

  A delegation from Faurecia's partner start-ups also worked the booth;
- Faurecia and Accenture, a global leader in technology consulting, announced the signature of a five-year partnership agreement aspiring to speed up innovation in mobility services;
- Standard & Poor's gave Faurecia a BB+ long-term credit rating with a stable outlook.

February 2018:

- On February 15, 2018, Faurecia's Board of Directors decided to recommend to shareholders the conversion of the Company into a European company (Societas Europaea, SE). Faurecia will continue to be governed by French laws and regulations and will still be listed on the Paris Stock Exchange. This change in form will not affect the registered office. In this respect, a new global headquarters is currently being built in Nanterre, France, and will be delivered in fall 2018. There will be no repercussions for the Company's shareholders or employees;
- The conversion project will be submitted to Faurecia's General Meeting of Shareholders on May 29, 2018;
- Moody's upgraded Faurecia's credit rating from Ba2 to Ba1, with a stable outlook;
- Fitch upgraded Faurecia's credit rating to BB+, with a stable outlook;
- Faurecia announced a €700 million bond issue due in 2025, with an interest rate of 2.625%. Faurecia used the income from this bond issue and its available cash to redeem all the 700 million 3.125% senior bonds due in June 2022 (the "2022 Bonds").

March 2018: Faurecia announced that it had finalized the complete takeover of Hug Engineering, a Swiss company that is a market leader in complete exhaust gas purification systems for heavy-duty motors.

1.1.1.3. Value Added Sales

Starting January 1st, 2018, upon application of IFRS 15, Faurecia will communicate only on "value added sales".

A reconciliation between the value added sales and total sales is available in 1.1.1.4.

(in € millions)	H2 2016	Currencies	Scope	Organic*	H2 2017
Product Sales	6,952.4	(273.8)		782.7	7,461.4
Var. in %		-3.9%	0.0%	11.3%	7.3%
Development, Tooling, Prototypes and Other Services	739.5	(26.4)		203.2	916.2
Var. in %		-3.6%	0.0%	27.5%	23.9%
Value Added Sales	7,691.9	(300.2)		985.9	8,377.6
Var. in %		-3.9%	0.0%	12.8%	8.9%

* *At constant currencies and scope, and including JVs consolidation for €234.2 million or 3.0%.*

(1) All these press releases are available on the site www.Faurecia.com

(in € millions)	2016	Currencies	Scope[(1)]	Organic[(2)]	2017
Product Sales	14,247.1	(176.9)	(113.9)	1,316.1	15,272.4
Var. in %		-1.2%	-0.8%	9.2%	7.2%
Development, Tooling, Prototypes and Other Services	1,366.5	(14.1)	(3.3)	340.7	1,689.8
Var. in %		-1.0%	-0.2%	24.9%	23.7%
Value Added Sales	15,613.6	(191.0)	(117.2)	1,656.8	16,962.2
Var. in %		-1.2%	-0.8%	10.6%	8.6%

(1) Divestment of Fountain Inn (USA) plant in H1 2016.
(2) At constant currencies and scope, and including JVs consolidation for €424.9 million or 2.7%.

Sales of products (parts and components delivered to manufacturers) reached €15,272.4 million compared to €14,247.1 million in 2016. This represented an increase in product sales of 7.2% on a reported basis and an organic growth of 9.2%.

Sales of tooling, R&D, prototypes and other services in 2017 totaled €1,689.8 million versus €1,366.5 million in 2016. This represented an increase of 23.7% on a reported basis and an organic growth of 24.9%.

Value added sales totaled €16,962.2 million in 2017 compared to €15,613.6 million in 2016, showing an increase of 8.6% on a reported basis and 10.6% on organic growth.

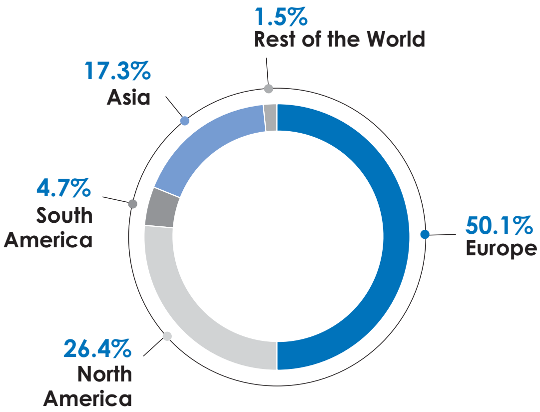
1.1.1.3.1. BY REGION

(in € millions)	H2 2017	H2 2016	Reported	Organic[(1)]	Automotive Production
Value Added Sales					
Europe	4,205.2	3,703.2	13.6%	14.4%	5.4%
North America	2,069.1	2,207.4	-6.3%	1.1%	-7.3%
South America	399.7	291.5	37.2%	46.9%	20.5%
Asia	1,564.7	1,375.9	13.7%	19.2%	1.2%
Rest of the World	138.9	113.9	21.8%	25.7%	9.9%
TOTAL	**8,377.6**	**7,691.9**	**8.9%**	**12.8%**	**1.3%**

(1) At constant currencies and scope, and including JVs consolidation for €234.2 million or 3.0% (€138.9 million in Asia and €95.3 in South America).

(in € millions)	2017	2016	Reported	Organic[(1)]	Automotive Production
Value Added Sales					
Europe	8,500.4	7,906.6	7.5%	8.2%	3.2%
North America	4 470,2	4,432.7	0.8%	5.6%	-4.0%
South America	788,0	509.6	54.6%	51.1%	19.7%
Asia	2 942,3	2,557.2	15.1%	18.1%	2.7%
Rest of the World	261,3	207.5	25.9%	20.2%	11.7%
TOTAL	**16,962.2**	**15,613.6**	**8.6%**	**10.6%**	**2.3%**

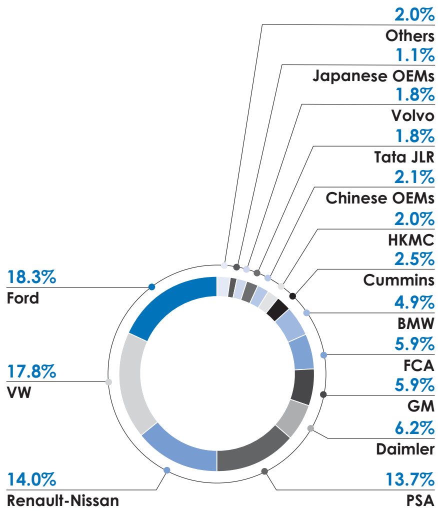
(1) At constant currencies and scope, and including JVs consolidation for €424.9 million or 2.7% (€266.8 million in Asia and €158.1 in South America).



Value added sales by region for 2017 were as follows:

- in Europe, value added sales totaled €8,500.4 million (50.1% of total value added sales) in 2017, compared to €7,906.6 million in 2016. Value added sales were up 7.5% on a reported basis when compared to 2016 and represented an organic growth of 8.2%. Over the same period, car manufacturers increased production in Europe by 3.2% (2.3% when excluding Russia);
- in North America, value added sales increased by 0.8% on a reported basis, to €4,470.2 million (26.4% of total value added sales), versus €4,432.7 million for 2016. This generated an organic growth of 5.6% compared to a 4% downturn in production market in the region;
- in South America, value added sales increased significantly to €788.0 million (4.7% of the total value added sales), compared to €509.6 million in 2016. Value added sales increased by 54.6% on a reported basis. The corresponding organic growth represented 51.1%. This is to be compared to a 19.7% increase of the automotive production;
- in Asia, value added sales were up by 15.1% on a reported basis to €2,942.3 million (17.3% of total value added sales), compared to €2,557.2 million in 2016 representing an organic growth of 18.1%. China increased by 15.3% on a reported basis, and 19.7% in organic growth. In 2017, the automotive production increased by 2.7% in Asia and by 2.6% in China;
- in the rest of the world (South Africa and Iran), value added sales amounted to €261.3 million. Value added sales were up 25.9% on a reported basis and up 20.2% in organic growth. This can be compared to an increase in production of 11.7% in the region.

1.1.1.3.2. BY CUSTOMER



Faurecia's four main customers represented 63.8% of value added sales: Ford 18.3%, VW 17.8%, Renault-Nissan 14.0% and PSA 13.7%.

Value added sales to Ford group accounted for 18.3% of Faurecia's total value added sales, totaling €3,106.5 million. Compared to 2016, value added sales to Ford group showed a 16.1% reported growth or 18.4% organic growth.

Value added sales to the Volkswagen group totaled €3,012.4 million in 2017. They accounted for 17.8% of Faurecia's total value added sales. Compared to 2016, it represented a 3.0% increase on a reported basis and 4.0% increase in organic growth.

Value added sales to the Renault-Nissan group represented €2,379.2 million or 14.0% of Faurecia's total value added sales. They were down 1.5% when compared to 2016 on a reported basis and down 0.8% in organic growth. Value added sales to Renault were down 2.5% in organic growth whereas value added sales to Nissan decreased by 0.2% in organic growth.

Value added sales to the PSA Peugeot Citroën group totaled €2,316.1 million in 2017 (including €38.4 million related to Opel's from August 2017), up by 16.1% on a reported basis and up by 16.5% in organic growth. They accounted for 13.7% of Faurecia's total value added sales.

Value added sales to the Daimler group totaled €1,049.8 million (6.2% of total value added sales). They were down by 2.3% on a reported basis and by 1.5% in organic growth.

Value added sales to General Motors group in 2017 were €1,005.9 million or 5.9% of total value added sales. They decreased by 14.8% on a reported basis and by 13.3% in organic growth. They include the sales to Opel from January to July 2017 for €55.0 million.

Value added sales to the Fiat-Chrysler group reached €1,004.7 million (5.9% of total value added sales). This represented a 42.0% reported growth and a 41.9% organic growth.

They were down 7.6% with BMW (but up +6.3% in organic growth) and up 37.3% with Cummins (39.0% of organic growth). They increased with HKMC by 3.1% on a reported basis and by 2.8% in organic growth.

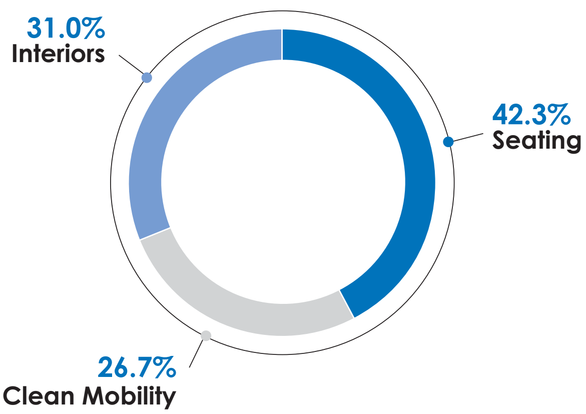
1.1.1.3.3. BY BUSINESS GROUP

(in € millions)	H2 2017	H2 2016	Reported	Organic(1)
Value Added Sales				
Seating	3,499.9	3,308.1	5.8%	9.2%
Interiors	2,671.7	2,293.0	16.5%	20.5%
Clean Mobility	2,206.0	2,090.8	5.5%	10.1%
TOTAL	**8,377.6**	**7,691.9**	**8.9%**	**12.8%**

(1) At constant currencies and scope, and including JVs consolidation for €234.2 million or 3.0% (all for Interiors business).

(in € millions)	2017	2016	Reported	Organic(1)
Value Added Sales				
Seating	7,132.9	6,607.4	8.0%	9.0%
Interiors	5,336.1	4,810.9	10.9%	14.8%
Clean Mobility	4,493.2	4,195.3	7.1%	8.3%
TOTAL	**16,962.2**	**15,613.6**	**8.6%**	**10.6%**

(1) At constant currencies and scope, and including JVs consolidation for €424.9 million or 2.7% (all for Interiors business).



The Seating business reached €7,132.9 million value added sales in 2017, up by 8.0% when compared to 2016 on a reported basis and up by 9.0% in organic growth.

In 2017, the Interiors business reached €5,336.1 million value added sales. Compared to 2016, it represented a 10.9% increase on a reported basis and a 14.8% increase in organic growth.

The Clean Mobility business generated €4,493.2 million value added sales in 2017, up by 7.1% on a reported basis and by 8.3% in organic growth.

1.1.1.4. Total sales

(in € millions)	H2 2016	Currencies	Scope	Organic[(1)]	H2 2017
Value Added Sales	7,691.9	(300.2)		985.9	8,377.6
Var. in %		-3.9%	0.0%	12.8%	8.9%
Monoliths Sales	1,487.0	(46.2)		68.6	1,509.3
Var. in %		-3.1%	0.0%	4.6%	1.5%
Total Sales	9,178.9	(346.4)		1,054.5	9,886.9
Var. in %		-3.8%	0.0%	11.5%	7.7%

(1) At constant currencies and scope, and including JVs consolidation for €234.2 million or 3.0%.

(in € millions)	2016	Currencies	Scope[(1)]	Organic[(2)]	2017
Value Added Sales	15,613.6	(191.0)	(117.2)	1,656.8	16,962.2
Var. in %		-1.2%	-0.8%	10.6%	8.6%
Monoliths Sales	3,096.9	(31.1)		153.7	3,219.5
Var. in %		-1.0%	0.0%	5.0%	4.0%
Total Sales	18,710.5	(222.1)	(117.2)	1,810.5	20,181.7
Var. in %		-1.2%	-0.6%	9.7%	7.9%

(1) Divestment of Fountain Inn (USA) plant.
(2) At constant currencies and scope, and including JVs consolidation for €424.9 million or 2.7%.

Monolith sales, products mandated by the customers on which Faurecia will be considered as an agent under the new IFRS 15 accounting rule, reached €3,219.5 million in 2017 compared to €3,096.9 million in 2016. They were up by 4.0% on a reported basis and by 5.0% in organic growth.

Total sales reached €20,181.7 million in 2017, compared to €18,710.5 million for 2016. Total sales grew by 7.9% on a reported basis between 2017 and 2016. In organic growth, total sales increased by 9.7% compared to 2016.

1.1.1.5. Operating income

Operating income in 2017 (defined in 4.1. - Accounting principles - of the Notes to the consolidated financial statements) reached €1,170.3 million (6.9% of value added sales), compared to €970.2 million in 2016 (6.2% of value added sales).

Gross expenditures for R&D in 2017 totaled €1,152.3 million, or 6.8% of value added sales, versus €1,021.5 million, or 6.5% of value added sales in 2016. The portion of R&D expenditure capitalised in 2017 totaled €474.3 million, compared to €389.1 million in 2016. This represented 41.2% of total R&D expenditure in 2017, whereas it represented 38.1% in 2016.

These items resulted in a net R&D expenses for 2017 of €265.0 million, down from €289.5 million in 2016.

Selling and administrative expenses amounted to €680.4 million (4.0% of value added sales), versus €666.2 million (4.3% of value added sales) in 2016.

EBITDA – which represents operating income before depreciation, amortisation and provisions for impairment of property, plant and equipment and capitalised R&D expenditures – stood at €1,889.3 million (11.1% of value added sales) in 2017, compared to €1,639.3 million (10.5% of value added sales) in 2016.

1.1.1.5.1. BY REGION

(in € millions)	H2 2017 Value Added Sales	H2 2017 Operating Income	H2 2017 %	H2 2016 Value Added Sales	H2 2016 Operating Income	H2 2016 %	2017 Value Added Sales	2017 Operating Income	2017 %	2016 Value Added Sales	2016 Operating Income	2016 %
Europe	4,205.2	261.1	6.2%	3,703.2	185.9	5.0%	8,500.4	527.0	6.2%	7,906.6	440.0	5.6%
North America	2,069.1	116.5	5.6%	2,207.4	119.4	5.4%	4,470.2	257.6	5.8%	4,432.7	239.4	5.4%
South America	399.7	5.7	1.4%	291.4	(7.0)	-2.4%	788.0	11.6	1.5%	509.6	(23.2)	-4.6%
Asia	1,564.7	182.0	11.6%	1,375.9	170.9	12.4%	2,942.3	341.8	11.6%	2,557.2	310.4	12.1%
Rest of the World	138.9	18.3	13.2%	114.0	13.5	11.8%	261.3	32.2	12.3%	207.5	18.8	9.1%
IFRS 5 adjustment		0.0			(2.8)			0.0			(15.2)	
TOTAL	**8,377.6**	**583.6**	**7.0%**	**7,691.9**	**479.9**	**6.2%**	**16,962.2**	**1,170.3**	**6.9%**	**15,613.6**	**970.2**	**6.2%**

The 2016 IFRS 5 adjustment has been isolated for a homogeneous comparison.

The €200.1 million improvement in operating income in 2017 compared to 2016 is split as follows:

- in Europe, the operating income increased by €87.0 million, bringing operating income to 6.2% of value added sales or €527.0 million. This compares to 5.6% or €440.0 million in 2016;
- in North America, the operating income increased by €18.2 million to €257.6 million. Operating income stood at 5.8% of value added sales, compared to 5.4% in 2016;
- in South America, the operating income increased by €34.8 million to €11.6 million compared to an operating loss of €23.2 million in 2016;
- in Asia, the operating income increased by €31.4 million to reach €341.8 million. Operating income reached at to 11.6% of value added sales compared to 12.1% of value added sales (€310.4 million) in 2016;
- in the rest of the world (South Africa and Iran), the operating income increased by €13.4 million in operating income;
- upon application of accounting rule IFRS 5, the exclusion of the recharge of selling and administrative expenses to discontinued operations generated a non-recurring charge of €15.2 million in 2016. There is no impact in 2017.

1.1.1.5.2. BY BUSINESS GROUP

(in € millions)	H2 2017 Value Added Sales	H2 2017 Operating Income	H2 2017 %	H2 2016 Value Added Sales	H2 2016 Operating Income	H2 2016 %	2017 Value Added Sales	2017 Operating Income	2017 %	2016 Value Added Sales	2016 Operating Income	2016 %
Seating	3,499.9	208.2	5.9%	3,308.1	168.1	5.1%	7,132.9	410.9	5.8%	6,607.4	343.7	5.2%
Interiors	2,671.7	147.4	5.5%	2,293.0	119.2	5.2%	5,336.1	299.7	5.6%	4,810.9	247.9	5.2%
Clean Mobility	2,206.0	228.1	10.3%	2,090.8	195.4	9.3%	4,493.2	459.7	10.2%	4,195.3	393.8	9.4%
IFRS 5 adjustment	0.0	0.0		0.0	(2.8)		0.0	0.0		0.0	(15.2)	
TOTAL	**8,377.6**	**583.6**	**7.0%**	**7,691.9**	**479.9**	**6.2%**	**16,962.2**	**1,170.3**	**6.9%**	**15,613.6**	**970.2**	**6.2%**

The 2016 IFRS 5 adjustment has been isolated for a homogeneous comparison.

The Business Groups' operating income improved as follows:

- operating income for Seating in 2017 totaled €410.9 million (5.8% of value added sales) compared to €343.7 million in 2016 (5.2% of value added sales);
- in 2017, Interiors generated an operating income of €299.7 million (5.6% of value added sales) to be compared to €247.9 million in 2016 (5.2% of value added sales);
- operating income for Clean Mobility in 2017 reached €459.7 million (10.2% of value added sales) to be compared to €393.8 million in 2016 (9.4% of value added sales).

1.1.1.6. Net income

In 2017 net income group share stood at €610.2 million, or 3.6% of value added sales compared to €637.8 million in 2016 or 4.1% of value added sales. This is a decrease of €27.6 million, but an increase of €168.0 million excluding the 2016 net result from discontinued operations.

The amortization of intangible assets acquired in business combinations represented an expense of €1.2 million in 2017.

The "other non-recurring operating income and expenses" represented an expense of €96.1 million, compared to an expense of €105.9 million in 2016. This item included €85.0 million in restructuring charges compared to €86.3 million in 2016 implemented to bring costs in line with new market realities.

Financial income totaled €12.6 million, versus €11.4 million in 2016. Financial costs totaled €120.9 million, versus €150.5 million in 2016.

Other financial income and expense represented an expense of €23.0 million, versus €23.3 million in 2016. This expenses included €6.8 million from discounting pension benefit liabilities, €5.9 million commitment fees on credit facilities and €5.6 million linked to the amortization of debt issuance costs.

The tax expense for the year was €261.8 million, versus €189.2 million in 2016, representing an average tax rate of 27.8% in 2017 compared to an average rate of 26.9% in 2016.

The result from discontinued operations represented an expense of €7.4 million in 2017 compared to €188.3 million in 2016.

The share of net income of associates totaled €34.6 million, versus €19.7 million in 2016.

Net income attributable to minority interests totaled €96.9 million in 2017. It consists of net income accruing to investors in companies in which Faurecia is not the sole shareholder, mainly in China.

Basic earnings per share on continued operations were €4.50 in 2017 (diluted net earnings per share on continued operations at €4.48) compared to €3.28 in 2016 (diluted on continued operations also at €3.28).

1.1.1.7. Financial structure and net debt

(in € millions)	Notes	2017	2016
Recurring net cash flow		**435.3**	**332.5**
Variation of factoring related to discontinued operations		0.0	119.0
Other changes		0.0	7.0
Net cash flow		**435.3**	**458.5**
Acquisitions/Sales of investments and business (net of cash and cash equivalents) from continued activities	2.3	(218.0)	532.5
Other changes from continued activities	2.3	(52.9)	20.8
Financing surplus from discontinued operations	2.3	0.0	(175.0)
Surplus (used) from operating and financing activities	**2.3**	**164.4**	**836.8**

The net cash inflow was €435.3 million over the year compared to a net cash inflow of €458.5 million in 2016. It can be explained as follows:

- the operating margin before depreciations and amortizations of non-current assets or EBITDA reached €1,889.3 million compared to €1,639.3 million in 2016, due to the increase in operating income for €200.1 million and the increase in depreciation and amortization by €49.9 million;
- restructuring represented cash outflows of €88.3 million compared to €63.5 million in 2016;
- net financial costs represented cash outflows of €124.5 million, versus €132.0 million in 2016;
- the change in working capital requirement, including receivables factoring, represented a positive impact of €213.0 million compared to €162.5 million in 2016. This change consisted in part of an increase in inventories of €185.3 million, a net increase in trade receivables of €103.9 million, an increase in trade payables of €595.2 million and a positive variation of other trade receivables and payables for €93.0 million. The evolution of these balance sheet positions was impacted by exchange rate changes;
- capital expenditures on property, plant and equipment and on intangible assets represented cash outflows of €738.6 million, versus €638.0 million in 2016;
- capitalized research and development costs represented cash outflows of €468.9 million, versus €406.9 million in 2016;
- income taxes represented cash outflows of €286.5 million, compared to €257.7 million in 2016;
- finally, other cash flow items represented €39.8 million in inflows, compared to €154.8 million in inflows in 2016.

Net debt stood at €451.5 million at the end of December 2017, versus €341.5 million at year-end 2016.

The Group's shareholders' equity rose from €3,157.1 million at year-end 2016 to €3,508.3 million at the end of December 2017, an increase of €351.2 million mainly driven by the net income for the year.

The main elements of long-term financial resources are the syndicated credit facility for €1,200 million, signed in December 2014 and renegotiated in June 2016, maturing in June 2021, and which was not drawn at December 31, 2017, the €700 million of bonds maturing in June 2022 and the €700 million of bonds maturing in June 2023.

1.1.1.8. Outlook

In the current environment and in line with the latest IHS forecast, Faurecia expects worldwide automotive production to grow by around 2%[1] in 2018 vs 2017.

Based on this assumption[1] and continued momentum in building profitable growth, Faurecia targets for the full-year 2018:

- sales growth of at least +7% (at constant currencies) i.e. at least 500 bps above worldwide automotive production growth;
- operating margin above 7% of sales;
- net cash flow of above €500 million;
- earnings per share of €5.00.

These targets exceed the 2018 ambitions that Faurecia announced at its April 2016 Capital Markets Day.

After the Capital Markets Day held in London on June 27, 2017 and focused on Sustainable Mobility, Faurecia will hold a new Capital Markets Day in Paris on May 15, 2018, which will focus on Smart Life on Board (Seating and Interiors) with an update on Sustainable Mobility.

(1) Main regional automotive production assumptions (PC + LV < 3.5t):

- *Europe: at least +2%;*
- *North America: below +1%;*
- *China: at least +2%.*

2018 currency assumptions:

- *USD/€ @ 1.20 on average;*
- *CNY/€ @ 7.80 on average.*

1.1.2. Consolidated financial statements

1.1.2.1. Consolidated statement of comprehensive income

(in € millions)	Notes	2017	2016
SALES	**4**	**20,181.7**	**18,710.5**
Cost of sales	5	(18,066.0)	(16,784.6)
Research and development costs	5	(265.0)	(289.5)
Selling and administrative expenses	5	(680.4)	(666.2)
OPERATING INCOME	**4**	**1,170.3**	**970.2**
Amortization of intangible assets acquired in business combinations	11	(1.2)	0.0
Other non-recurring operating income	6	5.2	7.0
Other non-recurring operating expense	6	(101.3)	(112.8)
Income from loans, cash investments and marketable securities		12.6	11.4
Finance costs		(120.9)	(150.5)
Other financial income and expense	7	(23.0)	(23.3)
INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES		**941.7**	**702.0**
Taxes	8	*(261.8)*	*(189.2)*
of which deferred taxes	8	*(23.7)*	32.6
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES		*679.9*	*512.8*
Share of net income of associates	13	34.6	19.7
NET INCOME FROM CONTINUED OPERATIONS		**714.5**	**532.5**
NET INCOME FROM DISCONTINUED OPERATIONS	**2.3**	**(7.4)**	**188.3**
CONSOLIDATED NET INCOME (LOSS)		**707.1**	**720.8**
Attributable to owners of the parent		**610.2**	**637.8**
Attributable to minority interests	23	96.9	83.0
Basic earnings (loss) per share *(in €)*	9	4.45	4.65
Diluted earnings (loss) per share *(in €)*	9	4.42	4.65
Basic earnings (loss) from continued operations per share *(in €)*	9	4.50	3.28
Diluted earnings (loss) from continued operations per share *(in €)*	9	4.48	3.28
Basic earnings (loss) from discontinued operations per share *(in €)*	9	(0.05)	1.37
Diluted earnings (loss) from discontinued operations per share *(in €)*	9	(0.05)	1.37

OTHER COMPREHENSIVE INCOME

(in € millions)	*Note*	2017	2016
CONSOLIDATED NET INCOME (LOSS)		707.1	720.8
Amounts to be potentially reclassified to profit or loss		**(191.0)**	**34.0**
Gains (losses) arising on fair value adjustments to cash flow hedges		9.8	(0.9)
of which recognized in equity		*5.9*	*1.7*
of which transferred to net income (loss) for the period		*3.9*	*(2.6)*
Exchange differences on translation of foreign operations		(200.8)	34.9
Amounts not to be reclassified to profit or loss		**3.1**	**(27.5)**
Actuarial gain/(loss) on post-employment benefit obligations	*25*	3.1	(27.5)
Other comprehensive income from discontinued operations		**0.0**	**(8.3)**
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		**519.2**	**719.0**
Attributable to owners of the parent		438.6	638.5
Attributable to minority interests		80.6	80.5

1.1.2.2. Consolidated balance sheet

Assets

(in € millions)	*Notes*	2017	2016
Goodwill	*10*	1,216.1	1,217.7
Intangible assets	*11*	1,281.3	1,107.7
Property, plant and equipment	*12*	2,649.7	2,468.2
Investments in associates	*13*	151.1	130.7
Other equity interests	*14*	239.9	67.1
Other non-current financial assets	*15*	96.8	66.7
Other non-current assets	*16*	43.1	43.0
Deferred tax assets	*8*	232.6	266.2
TOTAL NON-CURRENT ASSETS		**5,910.6**	**5,367.3**
Inventories, net	*17*	1,419.2	1,264.0
Trade accounts receivables	*18*	1,766.1	1,652.1
Other operating receivables	*19*	270.3	269.8
Other receivables	*20*	556.0	426.8
Other current financial assets	*30*	7.3	2.2
Cash and cash equivalents	*21*	1,563.0	1,562.2
TOTAL CURRENT ASSETS		**5,581.9**	**5,177.1**
Assets held for sale		0.0	0.0
TOTAL ASSETS		**11,492.5**	**10,544.4**

Liabilities

(in € millions)	*Notes*	**2017**	**2016**
EQUITY			
Capital	22	966.3	966.3
Additional paid-in capital		632.8	632.8
Treasury stock		(34.2)	(25.7)
Retained earnings		1,014.9	500.0
Translation adjustments		43.6	230.8
Net income (loss)		610.2	637.8
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**3,233.6**	**2,942.0**
Minority interests	23	274.7	215.1
TOTAL SHAREHOLDERS' EQUITY		**3,508.3**	**3,157.1**
Non-current provisions	25	397.2	399.7
Non-current financial liabilities	26	1,598.4	1,594.0
Other non-current liabilities		1.5	1.7
Deferred tax liabilities	8	18.6	14.2
TOTAL NON-CURRENT LIABILITIES		**2,015.7**	**2,009.6**
Current provisions	24	178.0	221.1
Current financial liabilities	26	423.4	311.9
Prepayments from customers		127.7	155.1
Trade payables		4,219.3	3,733.3
Accrued taxes and payroll costs	27	627.4	579.1
Sundry payables	28	392.7	377.2
TOTAL CURRENT LIABILITIES		**5,968.5**	**5,377.7**
Liabilities linked to assets held for sale		0.0	0.0
TOTAL EQUITY AND LIABILITIES		**11,492.5**	**10,544.4**

1.1.2.3. Consolidated cash flow statement

(in € millions)	*Notes*	2017	2016
I- OPERATING ACTIVITIES			
Operating Income (loss)		1,170.3	970.2
Depreciations and amortizations of assets	*5.5*	719.0	669.1
EBITDA		**1,889.3**	**1,639.3**
Operating current and non-current provisions		(6.7)	25.5
Capital (gains) losses on disposals of operating assets		2.1	10.3
Paid restructuring		(88.3)	(63.5)
Paid finance costs net of income		(124.5)	(132.0)
Other non-recurring operating income and expenses paid		(2.4)	15.7
Paid taxes		(286.5)	(257.7)
Dividends from associates		16.6	18.1
Change in working capital requirement		**213.0**	**162.5**
Change in inventories		(185.3)	(151.0)
Change in trade accounts receivables		(103.9)	6.5
Change in trade payables		595.2	268.6
Change in other operating receivables and payables		(17.6)	68.3
Change in other receivables and payables (excl. Tax)		(75.4)	(29.9)
Operating cash flows from discontinued activities		**0.0**	**(121.5)**
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		**1,612.6**	**1,296.7**
II- INVESTING ACTIVITIES			
Additional property, plant and equipment	*12*	(738.2)	(637.6)
Additional intangible assets	*11*	(0.4)	(0.4)
Capitalized development costs	*11*	(468.9)	(406.9)
Acquisitions/Sales of investments and business (net of cash and cash equivalents)*		(218.0)	532.5
Proceeds from disposal of property, plant and equipment		23.9	27.0
Proceed from disposal of financial assets		0.0	0.0
Change in investment-related receivables and payables		6.3	55.9
Other changes		(52.9)	23.1
Investing cash flows from discontinued operations		**0.0**	**(53.5)**
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		**(1,448.2)**	**(459.9)**
CASH PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES (I)+(II)		**164.4**	**836.8**
III- FINANCING ACTIVITIES			
Shares issued by Faurecia and fully consolidated companies (net of costs)		24.3	3.2
Dividends paid to owners of the parent company		(122.6)	(88.8)
Dividends paid to minority interests in consolidated subsidiaries		(63.4)	(76.2)
Acquisitions of treasury stocks		(40.1)	(24.0)
Other financial assets and liabilities		0.0	0.0
Debt securities issued and increase in other financial liabilities		194.9	710.2
Repayment of debt and other financial liabilities		(108.6)	(720.7)
Financing cash flows from discontinued activities		**0.0**	**(8.6)**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		**(115.5)**	**(204.9)**
IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS			
Impact of exchange rate changes on cash and cash equivalents		(48.1)	(4.8)
Net cash flows from discontinued operations		**0.0**	**2.6**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**0.8**	**629.7**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		**1,562.2**	**932.5**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**1,563.0**	**1,562.2**

* *Of which mainly sale of Faurecia Automotive Exteriors in 2016.*

The net cash flow amounts to €435.3 million as of December 31, 2017.

1.1.2.4. Consolidated statement of changes in equity

						Valuation adjustments					
(in € millions)	Number of shares[1]	Capital stock	Additional paid-in capital	Treasury Stock	Retained earnings and net income (loss) for the period	Translation adjus-tments	cash flow hedges	Actuarial gain/ (loss) on post employment benefit obligations	Equity attribu-table to owners of the parent	Minority interests	Total
shareholders' equity as of December 31, 2015 before appropriation of net income (loss)	**137,192,778**	**960.4**	**621.9**	**(1.1)**	**698.2**	**203.4**	**(5.7)**	**(79.5)**	**2,397.6**	**211.9**	**2,609.5**
Net income (loss)					637.8				637.8	83.0	720.8
Other comprehensive income						30.6	(0.9)	(29.0)	0.7	(2.5)	(1.8)
Comprehensive income					***637.8***	***30.6***	***(0.9)***	***(29.0)***	***638.5***	***80.5***	***719.0***
Capital increase[2]	843,023	5.9	10.9						16.8	1.8	18.6
2015 dividends					(88.8)				(88.8)	(80.0)	(168.8)
Measurement of stock options and shares grant					17.8				17.8		17.8
Purchases and sales of treasury stock				(24.6)	(0.1)				(24.7)		(24.7)
Changes in scope of consolidation and other					(12.0)	(3.2)			(15.2)	0.9	(14.3)
shareholders' equity as of December 31, 2016 before appropriation of net income (loss)	**138,035,801**	**966.3**	**632.8**	**(25.7)**	**1,252.9**	**230.8**	**(6.6)**	**(108.5)**	**2,942.0**	**215.1**	**3,157.1**
Net income (loss)					610.2				610.2	96.9	707.1
Other comprehensive income						(184.5)	9.8	3.1	(171.6)	(16.3)	(187.9)
Comprehensive income					***610.2***	***(184.5)***	***9.8***	***3.1***	***438.6***	***80.6***	***519.2***
Capital increase									0.0	16.9	16.9
2016 dividends					(122.6)				(122.6)	(65.8)	(188.4)
Measurement of stock options and shares grant					(10.4)				(10.4)		(10.4)
Purchases and sales of treasury stock				(8.5)					(8.5)		(8.5)
Changes in scope of consolidation and other					(2.8)	(2.7)			(5.5)	27.9	22.4
shareholders' equity as of December 31, 2017 before appropriation of net income (loss)	**138,035,801**	**966.3**	**632.8**	**(34.2)**	**1,727.3**	**43.6**	**3.2**	**(105.4)**	**3,233.6**	**274.7**	**3,508.3**

(1) Of which 807,216 treasury stock as of 12/31/2016 and 814,320 as of 12/31/2017 - See Note 9.
(2) Capital increase mainly arising from the payment of dividends in shares for the Group part.

1.1.2.5. Notes to the consolidated financial statements

Contents

Faurecia SA and its subsidiaries ("Faurecia") form one of the world's leading automotive equipment suppliers in three vehicle businesses: Seating, Interiors and Clean Mobility.

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

The consolidated financial statements were approved by Faurecia's Board of Directors on February 15, 2018.

The accounts were prepared on a going concern basis.

Note 1 Summary of significant accounting policies

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

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

The standards used to prepare the 2017 consolidated financial statements and comparative data for 2016 are those published in the Official Journal of the European Union (OJEU) as of December 31, 2017, whose application was mandatory at that date.

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

Since January 1, 2017, Faurecia has applied the amendments to standards IAS 7, IAS 12 and the amendments and revisions to the existing standards which have no impact on the consolidated financial statements.

However, Faurecia has not undertaken any early application of the new standards, amendments or interpretations whose application is mandatory from December 31, 2017, irrespective of whether or not they are adopted by the European Union. The impact analysis of these standards and amendments is in progress.

In particular, as regards IFRS 15, Faurecia has carried out an in depth analysis of contracts and sales transactions in order to identify and assess any change to the presentation of the sales figure and the rules for recognition over time. This analysis has confirmed Faurecia will operate as an agent for monoliths sales, these sales will then be recorded at net value in the income and total sales would be only added-value sales, as defined by Faurecia. Indeed, these components are used in catalyst and their technical specifications are directly settled between final customer and monoliths producer. They are bought by Faurecia to be integrated to emission control systems sold to final customers without added value. This impact on sales is presented in the Note 4.

Moreover, revenue on tooling will generally be recognized at the transfer of control of these toolings to the customer, usually shortly before serial production starts and development costs will generally be recognized as set up costs for the serial parts production and capitalized, they will then no more be considered as a revenue distinct from product sales, except specific cases depending on the contract with the customer; the corresponding impacts are not significant.

IFRS 9 will not generate any significant impact on the Group financial statements. As regards IFRS 16, analysis are in progress to identify the impact of the standard.

The accounting principles applied are given in each Note hereafter.

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

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

Value added sales represent total sales excluding monoliths. Monoliths are precious metals and ceramics used in emission control systems.

1.A Consolidation principles

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

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

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

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

Companies over which the Group exercises significant influence but not control, generally through a shareholding representing between 20% and 50% of the voting rights, are accounted for by the equity method.

The Faurecia group’s financial statements are presented in euros.

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

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

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

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

Note 2 Change in scope of consolidation and recent events

2.1 Change in scope of consolidation in 2017

Within the Seating consolidation scope, the companies Tianjin Faurecia Xuyang Automotive Seat Co., Ltd and Faurecia (Changshu) Automotive System Company Co., Ltd have been created in China, they are held respectively at 60% and at 100% and fully consolidated since May and August 2017. The company Faurecia Liuzhou Automotive Seating Co., Ltd has been created in China, held at 50%, and is fully consolidated since December 2017.

Within Interiors, in China, the company Chongqing Faurecia Changpeng Automotive Parts Company Ltd, held at 80% since October 2016, is fully consolidated since January 2017. In addition, the company CSM Faurecia Automotive Systems Company, held at 50% is fully consolidated since January 2017; these two companies are serving their customer Changan group; Faurecia has acquired 16% of FMM Pernambuco Componentes Automotivos Ltda in Brazil, serving FCA as customer, previously consolidated by equity method and which is now held at 51% and fully consolidated since February 2017. The company Faurecia Shing Sun Co. Ltd in South Korea, previously held at 60%, has been sold in March 2017. Faurecia has acquired, on March 31, 2017, 20% of Parrot Faurecia Automotive which is consolidated by equity method. Faurecia Automotive Industries Morocco Sarl has been created in Morocco and is fully consolidated. In India, the companies Basis Mold India Private Limited and PFP Acoustic and Soft Trims India Private Limited have been created, respectively held at 38% and 100%, the first one is consolidated by equity method and the second one is fully integrated. Faurecia Coagent Electronics S&T Co., Ltd has been acquired in November 2017 in China at 50.1%; its integration is in progress as at December 31, 2017 and will be fully consolidated starting in 2018.

Within the Clean Mobility perimeter, in China, the companies Faurecia (Tianjin) Emissions Control Technologies Co., Ltd, Faurecia Yinlun Emissions Control Technologies (Weifang) Co., Ltd and Dongfeng Faurecia Emissions Control Technologies Co., Ltd have been created; respectively held at 51%, 52% and 50%, they are fully consolidated; the company Dongfeng Faurecia (Xiangyang) Emissions Systems Co., Ltd has been created, held at 50%, and is consolidated by equity method.

2.2 Reminder of change in scope of consolidation introduced in 2016

On July 29, 2016, Faurecia completed the sale to Plastic Omnium of its Automotive Exteriors branch for €665 million (enterprise value). The divestiture commitment made by Plastic Omnium towards the European Commission did not have any impact on the sale of the business by Faurecia nor on the price of the transaction. As at December 31, 2016, the capital gain net of tax had been recorded within “Net profit from discontinued operations”.

Within the Seating consolidation scope, the company Faurecia Automotive Systems Technologies based in Morocco, has been fully consolidated since March 2016, as well as Faurecia (Tianjin) Automotive Systems (China) since July 2016.

The entity Faurecia Automotive Seating Canada merged in Faurecia Emissions Control Technologies Canada in December 2016.

Beijing WKW-FAD Automotive Parts Company Limited, part of the Interiors business was created in China and the entity Ligneos was created in Italy. Both are held at 50% by Faurecia and consolidated by equity method.

Within the Clean Mobility consolidation scope, the entities Faurecia Emissions Control Technologies, Novaferra GmbH and Faurecia Emissions Control Technologies, Finnentrop GmbH have been merged into Faurecia Emissions Control Technologies, Germany GmbH.

Faurecia Exhaust Systems Qingpu and Faurecia (Jimo) Emissions Control Technologies were created and are held at 100% by Faurecia. Faurecia also acquired shares of OOO Faurecia ADP in Russia and holds 100% of the company.

Faurecia Automotive Seating Korea (Seating), Faurecia Jit And Sequencing Korea (Clean Mobility) and Faurecia Trim Korea (Interior systems) have been merged into Clean Mobility Faurecia Emissions Control Systems Korea in December 2016.

Changchun Huaxiang Faurecia Automotive Plastic Components has been sold in August. The Company was consolidated by equity method.

Fountain Inn activities for BMW have been sold to Yanfeng Automotive Interiors on June 30, 2016. The plant sales were €226 million in 2015 and €115 million in 2016.

2.3 Recent events

SALE OF THE AUTOMOTIVE EXTERIORS BRANCH

In accordance with the sale and purchase agreement, the procedure for determining any potential price adjustment based on the FAE accounts at closing date has been subject to a contradictory expertise initiated by Plastic Omnium, whose conclusions have been finalized in October 2017; the impacts, not significant for the Group financial statements, have been recorded within “Net profit from discontinued operations”.

Note 3 Post-balance sheet events

No significant post-balance sheet events have occurred.

Note 4 Information by operating segment

The Group is structured into three business units based on the nature of the products and services offered:

- Seating (design and manufacture of complete vehicle seats, seating frames and adjustment mechanisms);
- Interiors (design and manufacture of instrument panels, complete cockpits, door panels and modules, and acoustic systems);
- Clean Mobility (design and manufacture of exhaust systems).

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

4.1 Accounting principles

Sales are recognized when the risks and rewards incidental to ownership of the modules or parts produced are transferred. This generally corresponds to when the goods are shipped.

For development contracts or the sale of tooling, sales are recognized when the technical stages are validated by the customer. If no such technical stages are provided for in the contract, sales are recognized when the related study is completed or the tooling is delivered.

Operating margin is the Faurecia group's principal performance indicator.

It corresponds to net income of the fully consolidated companies before:

- the amortization of intangible assets acquired in business combinations (customer relationship,…);
- other non-recurring operating income and expenses, corresponding to material, unusual and non-recurring items including reorganization costs and early retirement costs, the impact of exceptional events such as the discontinuation of a business, the closure or sale of an industrial site, disposals of non-operating buildings, impairment losses and reversals recorded for property, plant and equipment or intangible assets, as well as other material and unusual losses;
- income on loans, cash investments and marketable securities;
- finance costs;
- other financial income and expenses, which include the impact of discounting the pension benefit obligation and the return on related plan assets, the ineffective portion of interest rate and currency hedges, changes in value of interest rate and currency instruments for which the hedging relationship does not satisfy the criteria set forth in IAS 39, and gains and losses on sales of shares in subsidiaries;
- taxes.

4.2 Key figures by operating segment

2017

(in € millions)	Seating	Interiors	Clean Mobility	Other	Total
VALUE ADDED SALES	**7,167.9**	**5,358.3**	**4,499.7**	**514.2**	**17,540.1**
MONOLITH SALES	**0.0**	**0.0**	**3,219.5**	**0.0**	**3,219.5**
TOTAL SALES	**7,167.9**	**5,358.3**	**7,719.2**	**514.2**	**20,759.6**
Inter-segment eliminations	(35.0)	(22.2)	(6.5)	(514.2)	(577.9)
Consolidated sales	**7,132.9**	**5,336.1**	**7,712.7**	**0.0**	**20,181.7**
Operating income	**410.9**	**299.7**	**459.7**	**0.0**	**1,170.3**
Amortization of intangible assets acquired in business combinations					(1.2)
Other non-recurring operating income					5.2
Other non-recurring operating expenses					(101.3)
Finance costs, net					(108.3)
Other financial income and expenses					(23.0)
Corporate income tax					(261.8)
Share of net income of associates					34.6
Net income from continued operations					**714.5**
Net income from discontinued operations					**(7.4)**
NET INCOME (LOSS)					**707.1**
Segment assets	**3,383.9**	**2,464.8**	**2,916.0**	**199.3**	**8,964.0**
Net property, plant and equipment	747.5	962.7	883.5	56.0	2,649.7
Other segment assets	2,636.4	1,502.1	2,032.5	143.3	6,314.3
Investments in associates					151.1
Other equity interests					239.9
Short and long-term financial assets					1,696.0
Tax assets (current and deferred)					441.5
Assets held for sale					0.0
TOTAL ASSETS					**11,492.5**
Segment liabilities	**1,875.4**	**1,601.7**	**2,133.6**	**275.1**	**5,885.8**
Borrowings					2,021.8
Tax liabilities (current and deferred)					76.6
Liabilities linked to assets held for sale					0.0
Equity and minority interests					3,508.3
TOTAL LIABILITIES					**11,492.5**
Capital expenditure	219.5	262.3	240.4	21.6	743.8
Depreciation of property, plant and equipment	(123.9)	(162.1)	(137.5)	(9.2)	(432.7)
Impairment of property, plant and equipment	0.2	(0.4)	(2.0)	0.0	(2.2)
Headcounts	44,794	39,120	22,799	2,562	109,275

2016

(in € millions)	Seating	Interiors	Clean Mobility	Other	Total
VALUE ADDED SALES	**6,621.5**	**4,840.5**	**4,203.2**	**511.1**	**16,176.3**
MONOLITH SALES	**0.0**	**0.0**	**3,096.9**	**0.0**	**3,096.9**
TOTAL SALES	**6,621.5**	**4,840.5**	**7,300.1**	**511.1**	**19,273.2**
Inter-segment eliminations	(14.1)	(29.6)	(7.9)	(511.1)	(562.7)
Consolidated sales	**6,607.4**	**4,810.9**	**7,292.2**	**0.0**	**18,710.5**
Operating income	**343.7**	**247.9**	**393.8**	**(15.2)**	**970.2**
Amortization of intangible assets acquired in business combinations					0.0
Other non-recurring operating income					7.0
Other non-recurring operating expenses					(112.8)
Finance costs, net					(139.1)
Other financial income and expenses					(23.3)
Corporate income tax					(189.2)
Share of net income of associates					19.7
Net income from continued operations					**532.5**
Net income from discontinued operations					**188.3**
NET INCOME (LOSS)					**720.8**
Segment assets	**3,241.7**	**2,105.9**	**2,734.1**	**185.4**	**8,267.1**
Net property, plant and equipment	695.4	859.3	846.5	67.0	2,468.2
Other segment assets	2,546.3	1,246.6	1,887.6	118.4	5,798.9
Investments in associates					130.7
Other equity interests					67.1
Short and long-term financial assets					1,654.9
Tax assets (current and deferred)					424.6
Assets held for sale					0.0
TOTAL ASSETS					**10,544.4**
Segment liabilities	**1,767.6**	**1,350.2**	**1,986.8**	**304.4**	**5,409.0**
Borrowings					1,905.9
Tax liabilities (current and deferred)					72.4
Liabilities linked to assets held for sale					0.0
Equity and minority interests					3,157.1
TOTAL LIABILITIES					**10,544.4**
Capital expenditure	179.1	224.0	215.9	49.6	668.6
Depreciation of property, plant and equipment	(116.4)	(145.2)	(124.4)	(6.0)	(392.0)
Impairment of property, plant and equipment	(1.7)	(5.3)	(0.5)	0.0	(7.5)
Headcounts	42,123	32,401	21,651	2,433	98,608

4.3 Sales by operating segment

Sales by operating segment break down as follows:

	2017				2016			
(in € millions)	Value added sales	%	Total sales	%	Value added sales	%	Total sales	%
Seating	7,132.9	42	7,132.9	35	6,607.4	42	6,607.4	35
Interiors	5,336.1	31	5,336.1	27	4,810.9	31	4,810.9	26
Clean Mobility	4,493.2	27	7,712.7	38	4,195.3	27	7,292.2	39
TOTAL	**16,962.2**	**100**	**20,181.7**	**100**	**15,613.6**	**100**	**18,710.5**	**100**

4.4 Sales by major customer

Sales[1] by major customer break down as follows:

	2017				2016			
(in € millions)	Value added sales	%	Total sales	%	Value added sales	%	Total sales	%
Ford group	2,748.0	16	3,004.5	15	2,351.9	15	2,619.9	14
VW group	2,351.5	14	2,795.9	14	2,324.8	15	2,776.3	15
PSA Peugeot Citroën	2,096.0	12	2,368.2	12	1,843.9	12	2,108.8	11
Renault-Nissan	1,847.0	11	2,181.1	11	1,897.5	12	2,165.0	12
GM	921.6	5	1,366.7	7	1,024.2	7	1,530.6	8
Daimler	977.2	6	1,119.8	6	991.8	6	1,182.6	6
BMW	735.9	4	770.5	4	804.1	5	838.6	5
Autres	5,285.0	32	6,575.0	31	4,375.4	28	5,488.7	29
TOTAL	**16,962.2**	**100**	**20,181.7**	**100**	**15,613.6**	**100**	**18,710.5**	**100**

4.5 Key figures by geographic area

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

2017

(in € millions)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Value added sales	2,066.5	2,205.3	4,172.7	4,473.4	811.6	2,934.0	298.7	16,962.2
Monolith sales	350.3	369.4	1,038.4	821.8	48.1	572.0	19.5	3,219.5
Consolidated sales	2,416.8	2,574.7	5,211.1	5,295.2	859.7	3,506.0	318.2	20,181.7
Net property, plant and equipment	336.4	148.8	793.7	607.2	145.8	589.0	28.8	2,649.7
Capital expenditure	114.8	37.8	206.2	177.4	18.7	177.1	11.8	743.8
Headcounts as of December 31	13,739	6,827	39,491	20,690	5,895	20,716	1,917	109,275

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

2016

(in € millions)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Value added sales	1,687.3	2,210.7	3,942.5	4,422.4	546.3	2,560.7	243.7	15,613.6
Monolith sales	308.2	439.4	1,002.2	763.0	35.5	533.9	14.7	3,096.9
Consolidated sales	1,995.5	2,650.1	4,944.7	5,185.4	581.8	3,094.6	258.4	18,710.5
Net property, plant and equipment	313.9	143.9	722.6	643.7	110.2	511.5	22.4	2,468.2
Capital expenditure	112.2	28.9	190.5	148.2	18.4	165.9	4.5	668.6
Headcounts as of December 31	13,167	6,927	35,693	20,086	4,425	16,515	1,795	98,608

Note 5 Analysis of operating expenses

5.1 Analysis of operating expenses by function

(in € millions)	2017	2016
Cost of sales	(18,066.0)	(16,784.6)
Research and development costs	(265.0)	(289.5)
Selling and administrative expenses	(680.4)	(666.2)
TOTAL	**(19,011.4)**	**(17,740.3)**

5.2 Analysis of operating expenses by nature

(in € millions)	2017	2016
Purchases consumed	(13,448.4)	(12,518.3)
External costs	(1,972.8)	(1,785.1)
Personnel costs	(3,548.6)	(3,360.1)
Taxes other than on income	(54.4)	(53.5)
Other income and expenses*	722.9	641.0
Depreciation, amortization and provisions for impairment in value of non-current assets	(719.0)	(660.2)
Charges to and reversals of provisions	8.9	(4.1)
TOTAL	**(19,011.4)**	**(17,740.3)**
* *Including production taken into inventory or capitalized.*	*610.4*	*576.3*

The CICE (tax credit for competitiveness and employment) is allocated to personnel costs; it amounted to €14.9 million in 2017 (€12.7 million in 2016).

5.3 Personnel costs

(in € millions)	2017	2016
Wages and salaries *	(2,804.9)	(2,663.1)
Payroll taxes	(743.7)	(697.0)
TOTAL	**(3,548.6)**	**(3,360.1)**
* *Of which temporary employee costs.*	*(305.2)*	*(301.0)*

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

5.4 Research and development costs

(in € millions)	2017	2016
Research and development costs, gross	(1,152.3)	(1,021.5)
■ amounts billed to customers and changes in inventories	670.7	587.5
■ capitalized development costs	474.3	389.1
■ amortization of capitalized development costs	(258.8)	(239.3)
■ allowances to and reversals of provisions for impairment of capitalized development costs	1.1	(5.3)
TOTAL	**(265.0)**	**(289.5)**

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

(in € millions)	2017	2016
Amortization of capitalized development costs	(258.8)	(239.3)
Amortization of other intangible assets	(29.2)	(25.0)
Depreciation of specific tooling	(13.3)	(13.8)
Depreciation and impairment of other property, plant and equipment	(418.8)	(376.8)
Provisions for impairment of capitalized development costs	1.1	(5.3)
TOTAL	**(719.0)**	**(660.2)**

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

Note 6 Other non recurring operating income and expenses

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

OTHER NON RECURRING OPERATING INCOME

(in € millions)	2017	2016
Release of provision for impairment of assets	1.4	0.0
Losses on disposals of assets	0.0	1.9
Others	3.8	5.1
TOTAL	**5.2**	**7.0**

OTHER NON RECURRING OPERATING EXPENSES

(in € millions)	2017	2016
Other provisions for impairment of assets	0.0	(8.8)
Reorganization expenses *	(85.0)	(86.3)
Losses on disposal of assets	(0.7)	0.0
Others	(15.6)	(17.7)
TOTAL	**(101.3)**	**(112.8)**

* *As of December 31,2017, this item includes restructuring costs in the amount of €79.2 million and provisions for impairment in value of non-current assets in the amount of €5.8 million, versus respectively, €84.2 million and €2.1 million in 2016.*

RESTRUCTURING

Reorganization costs (€85.0 million) include redundancy and site relocation payments for 1,424 people.

Note 7 Other financial income and expenses

(in € millions)	2017	2016
Impact of discounting pension benefit obligations	(6.8)	(7.5)
Changes in the ineffective portion of currency hedges	(0.2)	0.8
Changes in fair value of currency hedged relating to debt	4.0	(2.4)
Foreign exchange gains and losses on borrowings	(7.7)	(3.5)
Others *	(12.3)	(10.7)
TOTAL	**(23.0)**	**(23.3)**

* *As of December 31, 2017, this item includes mainly amortization of costs related to bonds, and other long-term debts and commissions for non-use of the credit facility.*

Note 8 Corporate income tax

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

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

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available in the short or medium term against which the temporary differences or the loss carry forward can be utilized.

When appropriate, a deferred tax liability is booked to cover taxes payable on the distribution of retained earnings of subsidiaries and associates which are not considered as having been permanently reinvested and for which the Group is not in a position to control the date when the timing difference will reverse.

Corporate income tax can be analyzed as follows:

(in € millions)	2017	2016
Current taxes		
■ Current corporate income tax	(238.1)	(221.8)
Deferred taxes		
■ Deferred taxes for the period	(23.7)	32.6
TOTAL	**(261.8)**	**(189.2)**

8.1 Analysis of the tax charge

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

(in € millions)	2017	2016
Pre-tax income of consolidated companies	941.7	702.0
Theoretical Tax (34.43%)	*(324.2)*	*(241.7)*
Effect of rate changes on deferred taxes recognized on the balance sheet	(1.6)	(4.6)
Effect of local rate differences *	68.5	70.0
Tax credits	12.5	11.3
Change in unrecognized deferred tax	1.6	15.4
Permanent differences & others **	(18.6)	(39.6)
Corporate tax recognized	**(261.8)**	**(189.2)**

* *The impact of local rate differences mainly relates to Chinese entities.*
** *Mainly due to withholding tax on gains or losses of disposal.*

Under the 2018 Finance Act, an additional decrease of the tax rate has been voted in France at 25.82% from 2022, this decrease has not had any significant impact on the Group deferred tax assets as of December 31, 2017. The US tax reform effective as at January 1st, 2018 is among other reducing the federal tax rate to 21%, as the deferred tax assets concerned were not significant as of December 31, 2017, this measure has not had any significant impact on the Group financial statements.

8.2 Analysis of tax assets and liabilities

(in € millions)	2017	2016
Current taxes		
■ Assets	208.9	158.4
■ Liabilities	(58.0)	(58.2)
	150.9	**100.2**
Deferred taxes		
■ Assets *	232.6	266.2
■ Liabilities	(18.6)	(14.2)
	214.0	**252.0**
* *Of which tax assets on tax losses.*	*61.5*	*97.8*

The assessment of the ability to recover net deferred tax assets as of December 31, 2017 (€214 million) is based on the Group's 2018-2020 strategic plan for the long-term recovery of tax losses.

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

(in € millions)	2017	2016
Amount as at the beginning of the year	**252.0**	**204.5**
■ Deferred taxes carried to net income from continued operations for the period	(23.7)	32.6
■ Deferred taxes carried to net income from discontinued operations for the period	0.0	(14.8)
■ Deferred taxes recognized directly in equity *	(1.6)	17.9
■ Effect of currency fluctuations and other movements	(12.7)	11.8
Amount at the end of the year	**214.0**	**252.0**

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

8.3 Deferred tax assets and liabilities by nature

(in € millions)	2017	2016
Tax asset and tax losses	61.5	97.8
Intangible assets	(213.0)	(174.6)
Other tangible assets and long term assets	109.6	80.8
Pensions	75.1	79.5
Other reserves	15.9	15.9
Stocks	61.7	60.0
Other working capital	103.2	92.6
TOTAL	**214.0**	**252.0**
of which deferred tax assets	*232.6*	*266.2*
of which deferred tax liabilities	*(18.6)*	*(14.2)*

8.4 Impairment of tax asset carryforwards

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

(in € millions)	2017	2016
N+1	10.8	17.3
N+2	12.2	17.4
N+3	13.4	10.9
N+4	2.7	1.3
N+5 and above	13.2	20.1
Unlimited	619.4	655.8
TOTAL	**671.7**	**722.8**

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

Note 9 Earnings per share

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

	2017	2016
Number of shares outstanding at year-end(1)	**138,035,801**	**138,035,801**
Adjustments:		
■ treasury stock	(814,320)	(807,216)
■ weighted impact of share issue prorated	0	(55,666)
Weighted average number of shares before dilution	**137,221,481**	**137,172,919**
Weighted impact of dilutive instruments:		
■ stock options(2)	0	6,982
■ free shares attributed	761,865	0
■ bonds with conversion option	0	0
Weighted average number of shares after dilution	**137,983,346**	**137,179,901**

(1) *Changes in the number of shares outstanding as of December 31, 2017, are analyzed as follows:*

As of December 31, 2016: Number of Faurecia shares outstanding	**138,035,801**
Exercise of stock options	*0*
As of December 31, 2017: Number of Faurecia shares outstanding	**138,035,801**

(2) *As of December 31, 2017, no stock options were still outstanding.*

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

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

Starting in 2017, the potentially dilutive impact of free shares is taken into account considering the number of shares to be distributed for the plans of which the realization of the performance conditions has already been stated. This impact was not material on the computation of the earnings per share after dilution on previous periods.

Earnings per share

Earnings per share break down as follows:

	2017	2016
Net Income (loss) *(in € millions)*	**610.2**	**637.8**
Basic earnings (loss) per share	4.45	4.65
After dilution	4.42	4.65
Net Income (loss) from continued operations *(in € millions)*	**617.5**	**449.5**
Basic earnings (loss) per share	4.50	3.28
After dilution	4.48	3.28
Net Income (loss) from discontinued operations *(in € millions)*	**(7.4)**	**188.3**
Basic earnings (loss) per share	(0.05)	1.37
After dilution	(0.05)	1.37

Note 10 Goodwill

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

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

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

- Seating;
- Interiors;
- Clean Mobility.

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

(in € millions)	Gross	Impairment	Net
Amount as of January 1, 2016	**1,719.5**	**(509.7)**	**1,209.8**
Acquisitions	0.0	0.0	0.0
Translation adjustments and other movements	9.1	(1.2)	7.9
Amount as of December 31, 2016	**1,728.6**	**(510.9)**	**1,217.7**
Acquisitions	19.6	0.0	19.6
Translation adjustments and other movements	(21.3)	0.1	(21.2)
Amount as of December 31, 2017	**1,726.9**	**(510.8)**	**1,216.1**

Breakd own of the net amount of goodwill by operating segment:

(in € millions)	2017	2016
Seating	793.6	793.9
Interiors	66.9	47.9
Clean Mobility	355.6	375.9
TOTAL	**1,216.1**	**1,217.7**

Cash generating units and impairment tests

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

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

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

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

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

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

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

The cash flow forecasts used to calculate value in use were based on the Group's 2018-2020 strategic plan which was drafted in mid-2017. The volume assumptions used in the 2018-2020 strategic plan are based on external information sources.

The main assumption affecting value in use is the level of operating income used to calculate future cash flows and particularly the terminal value. The operating margin assumption for 2020 is 8% of value added sales for the Group as a whole.

Projected cash flows for the last year of the Strategic Business Plan (2020) have been projected to infinity by applying a growth rate determined based on analysts' trend forecasts for the automotive market. The growth rate applied for the year-end 2017 test was 1.4% (1.4% applied for 2016).

Faurecia called on an independent expert to calculate the weighted average cost of capital used to discount future cash flows. The market parameters used in the expert's calculation were based on a sample of 19 companies operating in the automotive supplier sector (8 in Europe, 5 in the United States and 6 in Asia). Taking into account these parameters and a market risk premium of 7% on average, the weighted cost of capital used to discount future cash flows was set at 9% (on the basis of a range of values provided by the independent expert) in 2017 (9.0% in 2016). This rate was applied for the impairment tests carried out on all of the Group's CGUs. They all bear the same specific risks relating to the automotive supplier sector and the CGUs multinational operation does not justify using geographically different discount rates.

The tests performed at year-end 2017 did not show any indication of further impairment in goodwill.

The table below shows the sensitivity of the impairment test results to changes in the assumptions used as of December 31, 2017 to determine the value in use of the CGUs to which the Group's goodwill is allocated:

Sensitivity *(in € millions)*	**Test income (value in use - net carrying value)**	**cash flow discount rate +0.5 pt**	**Growth rate to infinity -0.5 pt**	**Operating margin rate for terminal value -0.5 pt**	**Combination of the 3 factors**
Seating	2,447	(276)	(243)	(300)	(745)
Interiors	1,333	(199)	(176)	(235)	(554)
Clean Mobility	3,451	(292)	(258)	(313)	(785)

Note 11 Intangible assets

A. Research and development expenditure

The Faurecia group incurs certain development costs in connection with producing and delivering modules for specific customer orders which are not considered as sold to the customer, especially when paid for by the customer on delivery of each part. In accordance with IAS 38, these development costs are recorded as an intangible asset where the Company concerned can demonstrate:

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

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

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

B. Other intangible assets

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

Intangible assets break down as follows:

(in € millions)	Development costs	Software and other *	Total
AMOUNT AS OF JANUARY 1, 2016	**888.9**	**46.1**	**935.0**
Additions	407.0	0.5	407.5
Depreciation and amortization	(239.3)	(25.0)	(264.3)
Funding of provisions	(5.3)	0.1	(5.2)
Translation adjustments and other	3.0	31.7	34.7
AMOUNT AS OF DECEMBER 31, 2016	**1,054.3**	**53.4**	**1,107.7**
Additions	473.6	0.4	474.0
Depreciation and amortization	(258.8)	(30.5)	(289.3)
Funding of provisions	1.1	0.1	1.2
Translation adjustments and other	(55.7)	43.4	(12.3)
AMOUNT AS OF DECEMBER 31, 2017	**1,214.5**	**66.8**	**1,281.3**

* *Inluding intangible assets acquired.*

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

Note 12 Property, plant and equipment

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

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

In accordance with the amended version of IAS 23, borrowing costs on qualifying assets arising subsequent to January 1, 2009 are included in the cost of the assets concerned.

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

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

Specific tooling is produced or purchased specifically for the purpose of manufacturing parts or modules for customer orders, which are either a) not sold to the customer, or b) paid for by the customer on delivery of each part. In accordance with IAS 16, this tooling is recognized as property, plant and equipment.

It is depreciated to match the quantities of parts delivered to the customer over a maximum of five years, in line with the rate at which models are replaced.

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

Property, plant and equipment acquired under finance leases which transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee are recorded under assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The recognized assets are subsequently depreciated as described above. An obligation of the same amount is recorded as a liability.

(in € millions)	Land	Buildings	Plant, tooling and equipment	Specific tooling	Other property, plant and equipment and property, plant and equipment in progress	Total
AMOUNT AS OF JANUARY 1, 2016	**89.2**	**416.6**	**1,241.4**	**79.9**	**420.2**	**2,247.3**
Additions (including own work capital)[1]	0.0	2.4	24.2	32.3	609.7	668.6
Disposals	(2.4)	(36.6)	(210.1)	(5.0)	(28.6)	(282.7)
Funding of depreciation, amortization and impairment provisions	(0.4)	(48.8)	(280.3)	(30.1)	(32.4)	(392.0)
Non-recurring impairment losses	(0.5)	(0.4)	(6.0)	(0.3)	(0.3)	(7.5)
Depreciation written off on disposals	0.5	27.1	181.8	4.1	28.3	241.8
Currency translation adjustments	0.7	9.4	17.5	0.1	5.1	32.8
Entry into scope of consolidation & other movements	0.4	62.9	358.7	0.6	(462.7)	(40.1)
AMOUNT AS OF DECEMBER 31, 2016	**87.5**	**432.6**	**1,327.2**	**81.6**	**539.3**	**2,468.2**
Additions (including own work capital)[1]	0.0	1.2	23.1	48.5	671.0	743.8
Disposals	(6.3)	(61.2)	(182.3)	(14.5)	(14.4)	(278.7)
Funding of depreciation, amortization and impairment provisions	(0.3)	(51.2)	(314.9)	(29.5)	(36.8)	(432.7)
Non-recurring impairment losses	0.0	0.1	(0.9)	(0.5)	(0.9)	(2.2)
Depreciation written off on disposals	0.8	44.3	179.1	14.5	13.9	252.6
Currency translation adjustments	(2.2)	(20.9)	(87.2)	(3.0)	(28.9)	(142.2)
Entry into scope of consolidation & other movements	0.9	58.1	583.0	1.0	(602.1)	40.9
AMOUNT AS OF DECEMBER 31, 2017	**80.4**	**403.0**	**1,527.1**	**98.1**	**541.1**	**2,649.7**

(1) Including assets held under finance leases:
- *in 2016* 2.6
- *in 2017* 1.1

	2017			2016	
(in € millions)	Gross	Depreciation	Net	Gross	Net
Land	90.3	(9.9)	80.4	98.0	87.5
Buildings	1,087.4	(684.4)	403.0	1,125.9	432.6
Plant, tooling and technical equipment	3,919.2	(2,392.1)	1,527.1	3,683.2	1,327.2
Specific tooling	270.7	(172.6)	98.1	241.6	81.6
Other property, plant and equipment & property, plant and equipment in progress	787.7	(246.6)	541.1	769.8	539.3
TOTAL	**6,155.3**	**(3,505.6)**	**2,649.7**	**5,918.5**	**2,468.2**
Including assets subject to lease financing	65.3	(56.5)	8.8	83.4	8.0

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

Note 13 Investments in associates

Investment in associates for continued operations:

(in € millions)	% interest *	Group share of equity **	Dividends received by the Group	Group share of sales	Group share of total assets
Teknik Malzeme	50	5.5	(1.5)	34.8	19.0
Changchun Xuyang Faurecia Acoustics & Soft Trim Co., Ltd	40	3.2	0.0	20.7	15.9
Dongfeng Faurecia Automotive Exterior Systems Co. Ltd	50	13.4	0.0	32.6	51.0
Detroit Manufacturing Systems LLC	45	6.4	(2.1)	391.2	71.3
DMS leverage lender (LLC)	45	3.1	0.0	0.0	14.7
Faurecia-NHK Co. Ltd	50	0.0	0.0	217.3	33.3
Parrot Faurecia Automotive	20	26.8	0.0	11.1	29.9
Others	-	32.2	(3.0)	174.5	83.7
SUB TOTAL		**90.6**	**(6.6)**	**882.2**	**318.8**
SAS group	50	60.5	(10.0)	1,584.3	269.5
TOTAL		**151.1**	**(16.6)**	**2,466.5**	**588.3**

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

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

13.1 Change in investments in associates

(in € millions)	2017	2016
Group share of equity at beginning of period	**130.7**	**111.5**
Dividends	(16.6)	(18.2)
Share of net income of associates	34.6	19.7
Change in scope of consolidation	7.2	(1.8)
Capital increase	1.9	21.7
IFRS 5 reclassifications	0.0	0.2
Currency translation adjustments	(6.7)	(2.4)
Group share of equity at end of period	**151.1**	**130.7**

13.2 Information on significant associates

SAS is a joint venture with Continental Automotive GmbH which manufactures full cockpit modules with electronics and circuitry built into the instrument panels. Its headquarters is located in Karlsruhe (Germany), with subsidiaries mainly in France, Slovakia, Spain, Mexico, Turkey, Czech Republic and United States of America. Additional information on this entity (actual data as of November and December forecasts) is provided below:

(in € millions)	2017	2016
Sales	3,168.5	3,285.9
Operating income (loss)	46.1	57.2
Net income (loss)	37.0	34.0

(in € millions)	2017	2016
Fixed assets	113.8	76.4
Current assets	351.5	273.2
Cash	73.6	127.8
TOTAL ASSETS	**538.9**	**477.4**
Equity	121.0	110.0
Borrowings	0.0	0.6
Other non-current liabilities	20.4	19.3
Non-current financial liabilities	397.5	347.5
TOTAL EQUITY AND LIABILITIES	**538.9**	**477.4**

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

In accordance with IAS 39, the Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets, and financial assets at fair value through profit or loss. They are recorded on the following balance sheet items: “Other equity interests” (Note 14), “Other non-current financial assets” (Note 15), “Trade account receivables” (Note 18), “Other operating receivables” (Note 19), “Other receivables” (Note 20) and “Cash and cash equivalents” (Note 21).

The Group does not use the IAS 39 categories of “Held-to-maturity investments” nor “Financial assets held for trading”.

Note 14 Other equity interests

Equity interests correspond to the Group's interests in the capital of non-consolidated companies. They are subject to impairment testing based on the most appropriate financial analysis criteria.

An impairment loss is recognized when appropriate. The criteria generally applied are the Group's equity in the underlying net assets and the earnings outlook of the Company concerned.

	% of share	2017		2016
(in € millions)	capital	Gross	Net	Net
Changchun Xuyang Industrial Group	19.0	12.4	12.4	13.2
Amminex Emissions Systems APS	91.5	24.0	24.0	24.0
Chongqing Faurecia Changpeng Automotive Parts Co., Ltd *	80.0	-	-	21.2
TactoTek Oy	9.8	5.0	5.0	4.0
Canatu Oy	7.5	5.0	5.0	3.0
Coagent **	50.1	187.5	187.5	-
Others	-	7.8	6.0	1.7
TOTAL		**241.7**	**239.9**	**67.1**

* *Consolidated in 2017.*
** *See Note 2.1.*

Note 15 Other non-current financial assets

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

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

	2017			2016
(In € millions)	Gross	Provisions	Net	Net
Loans with maturity longer than one year	44.3	(17.1)	27.2	24.6
Others	79.2	(9.6)	69.6	42.1
TOTAL	**123.5**	**(26.7)**	**96.8**	**66.7**

Note 16 Other non-current assets

This item includes:

(in € millions)	2017	2016
Pension plan surpluses	18.3	20.1
Guarantee deposits and other	24.8	22.9
TOTAL	**43.1**	**43.0**

Note 17 Inventories and work-in-progress

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

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

Work-in-progress includes the costs of internally-manufactured specific tooling or development work which is sold to customers, i.e. where the related risks and rewards are transferred. These costs are recognized in the income statement over the period in which the corresponding sales are made, as each technical stage is validated by the customer, or when the tooling is delivered if the contract does not provide for specific technical stages.

Provisions are booked for inventories for which the probable realizable value is lower than cost.

	2017			2016
(In € millions)	**Gross**	**Depreciations**	**Net**	**Net**
Raw materials and supplies	589.1	(73.3)	515.8	437.5
Engineering, tooling and prototypes	569.3	(10.8)	558.5	512.7
Work in progress for production	2.4	(0.2)	2.2	3.4
Semi-finished and finished products	410.4	(67.7)	342.7	310.4
TOTAL	**1,571.2**	**(152.0)**	**1,419.2**	**1,264.0**

Note 18 Trade accounts receivables

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

The following table shows the amount of receivables sold with maturities beyond December 31, 2017, for which substantially all the risks and rewards have been transferred, and which have therefore been derecognized, as well as the financing under these programs which corresponds to the cash received as consideration for the receivables sold:

(in € millions)	**2017**	**2016**
Financing	1,146.5	1,083.6
Guarantee reserve deducted from borrowings	(39.4)	(36.1)
Cash received as consideration for receivables sold	1,107.1	1,047.5
Receivables sold and derecognized	(1,038.7)	(1,045.9)

Individually impaired trade receivables are as follows:

(in € millions)	**2017**	**2016**
Gross total trade receivables	1,781.8	1,670.1
Provision for impairment of receivables	(15.7)	(18.0)
TOTAL	**1,766.1**	**1,652.1**

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

Late payments as of December 31, 2017 were €159.0 million, breaking down as follows:

- €82.8 million less than one month past due;
- €26.4 million between one and two months past due;
- €9.9 million between two and three months past due;
- €11.3 million between three and six months past due;
- €28.6 million more than six months past due.

Note 19 Other operating receivables

(In € millions)	2017	2016
Down payments	103.3	117.1
Currency derivatives for operations	4.3	0.9
Other receivables[1]	162.7	151.8
TOTAL	**270.3**	**269.8**
(1) Including the following amounts for VAT and other tax receivables.	*156.9*	*145.7*

Note 20 Other receivables

(in € millions)	2017	2016
Short-term portion of loans	24.0	10.9
Prepaid expenses	223.1	178.3
Current taxes	208.9	158.4
Other sundry payables	100.0	79.2
TOTAL	**556.0**	**426.8**

In 2017, the receivables on *Crédit d'Impôt pour la Compétitivité et l'Emploi* (CICE) and *Crédit d'Impôt Recherche* (CIR) have been sold respectively for amounts of €14.2 million and €43.1 million.

Note 21 Cash and cash equivalents

Cash and cash equivalents include current account balances in the amount of €868.1 million (compared to €1,315.3 million in 2016) and short-term investments in the amount of €694.9 million (compared to €246.9 million in 2016), or a total of €1,563 million as of December 31, 2017.

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

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

Note 22 Shareholders' equity

22.1 Capital

As of December 31, 2017, Faurecia's capital stock totaled €966,250,607 divided into 138,035,801 fully paid-up shares with a par value of €7 each.

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

As of December 31, 2017, Peugeot S.A. held 46.34% of the capital stock and 63.09% of the voting rights.

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

	Number of shares	Capital *(in € millions)*	Additional paid-in capital *(in € millions)*
Amount as of January 1, 2017	**138,035,801**	**966.3**	**604.0**
Exercise of stock options	-	-	-
Amount as of December 31, 2017	**138,035,801**	**966.3**	**604.0**

22.2 Share-based payment

A - Stock options

Faurecia has a policy of issuing stock options to the executives of Group companies.

Options are measured at fair value as of the grant date using the Black & Scholes option pricing model. The fair value of stock options is recognized in payroll costs on a straight-line basis over the vesting period (the period between the grant date and the vesting date), with a corresponding adjustment to equity.

As of December 31, 2017, no stock options were still outstanding.

Movements in the aggregate number of options under all of the plans in force were as follows:

	2017	2016
Amount as at beginning of the period	**244,200**	**636,500**
Options granted	0	0
Options exercised	0	(152,900)
Options cancelled and expired	(244,200)	(239,400)
Amount as at the end of the year	**0**	**244,200**

B - Free share grant

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

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

The amount recognized for the period is an expense of €21.1 million, compared to €17.8 million in 2016.

Details of the share grant plans as of December 31, 2017 are set out in the table below:

		Maximum number of free shares that can be granted * for:				Adjustments			
Date of Annual shareholders' meeting	Date of Board meeting	reaching the objective	exceeding the objective	Performance condition	share market value at grant date *(€)*	dividend rate	Non-transferability discount	Acquisition date	sales date (from)
5/27/2015	7/23/2015	570,122	741,081	2017 pretax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies	37.4	1.25%	NA	7/23/2019	7/23/2019
5/27/2016	7/25/2016	687,711	894,665	2018 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies	32.875	1.25%	NA	7/25/2020	7/25/2020
5/27/2016	7/20/2017	617,595	802,830	2019 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies	48.46	1.75%	NA	7/20/2021	7/20/2021

* *Net of free shares granted cancelled.*

The performance conditions for the plan attributed by the Board of July 24, 2013 have been met, the corresponding shares, (i.e. 947,050) have been distributed in July 2017.

The performance conditions for the plan attributed by the Board of July 28, 2014 have been met, the corresponding shares, (i.e. 761,865) will be distributed in July 2018.

22.3 Treasury stock

As of December 31, 2017, Faurecia held 814,320 treasury stock shares.

The cost of the shares held in treasury stock as of December 31, 2017 totaled €34.2 million, representing an average cost of €42.01 per share.

Note 23 Minority interests

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

Changes in minority interests were as follows:

(in € millions)	2017	2016
Amount as at beginning of the period	**215.1**	**211.9**
Increase in minority shareholder interests	16.9	1.8
Other changes in scope of consolidation	27.9	0.8
Minority interests in net income for the year	96.9	83.0
Dividends allocated to minority interests	(65.8)	(80.0)
Currency translation adjustments	(16.3)	(2.4)
Amount as the end of the year	**274.7**	**215.1**

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

Note 24 Current provisions and contingent liabilities

24.1 Current provisions

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

(in € millions)	2017	2016
Restructuring	72.5	83.5
Risks on contracts and customer warranties	48.4	57.0
Litigation	17.6	35.7
Other provisions	39.5	44.9
TOTAL	**178.0**	**221.1**

Changes in these provisions in 2017 were as follows:

(in € millions)	Amount as of January 1, 2017	Additions	Expenses charged	Reversal *	Sub-total changes	Change in scope of consolidation and other changes	Amount as of December 31, 2017
Restructuring	83.5	60.0	(69.4)	(0.5)	(9.9)	(1.1)	72.5
Risks on contracts and customer warranties	57.0	25.7	(27.3)	(4.6)	(6.2)	(2.4)	48.4
Litigation	35.7	7.9	(22.5)	(3.2)	(17.8)	(0.3)	17.6
Other provisions	44.9	14.7	(9.8)	(2.1)	2.8	(8.2)	39.5
TOTAL	**221.1**	**108.3**	**(129.0)**	**(10.4)**	**(31.1)**	**(12.0)**	**178.0**

* *Surplus provisions.*

24.2 Contingent liabilities

LITIGATION

As a reminder, on March 25, 2014, the European Commission and the department of Justice of the United States of America and on November 27, 2014, the Competition Commission of South Africa, initiated an inquiry covering certain suppliers of emission control systems on the basis for suspicions of anti-competitive practices in this market. Faurecia is one of the companies covered by these inquiries. As communicated by Faurecia on May 2nd, 2017, the European Commission has announced to close the case. The other inquiries are still ongoing.

On May 19, 2017, the Brazilian competition authority (the CADE) initiated an inquiry covering Faurecia Emissions Control Technologies do Brazil and some of its former employees, alleging anticompetitive practices in regard to the exhaust systems market in Brazil.

The Group has reached agreements in principal with the plaintiffs to settle all three pending class actions which were filed in the United States District Court for the Eastern District of Michigan against several suppliers of emissions control systems, including group affiliates, alleging anticompetitive practices in regard to Exhaust Systems. When finalized with the court, these settlements, for non-significant amounts in line with potential defense costs, will put an end to these class actions.

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

In the event anti-competitive practices are proven, possible sanctions include fines, criminal charges or civil damages. The Group is at present unable to predict the consequences of such inquiries and class actions, including the level of fines or sanctions that could be imposed: therefore, no accruals were accounted for as of December 31, 2017.

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

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

25.1 Non-current provisions

(in € millions)	2017	2016
Provisions for pensions and other employee obligations	**397.2**	**399.7**
■ Pension plan benefit obligations	224.0	228.3
■ Post-retirement benefit obligations	128.2	122.2
■ Long-service awards	26.2	27.1
■ Healthcare costs	18.8	22.1
TOTAL	**397.2**	**399.7**

CHANGES IN NON-CURRENT PROVISIONS

(in € millions)	2017	2016
Amount as at beginning of the period	**399.7**	**344.1**
Changes in scope of consolidation	(0.4)	0.0
Other movements	(6.5)	3.2
Allowance (or reversal) of provision	32.5	31.6
Expenses charged to the provision	(13.7)	(11.5)
Payments to external funds	(9.8)	(12.8)
Restatement differences	(4.6)	45.1
Amount as at the end of the period	**397.2**	**399.7**

25.2 Provisions for pensions and other post-employment benefits

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

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

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

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

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

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

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

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

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

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

BENEFIT OBLIGATIONS

(in € millions)	2017	2016
Present value of projected obligations		
■ Pension plan benefit obligations	382.9	370.5
■ Post-retirement indemnities obligations	134.1	128.7
■ Long-service awards	26.2	27.1
■ Healthcare costs	18.8	22.1
TOTAL	**562.0**	**548.4**
Value of plan assets:		
■ Provisions booked in the accounts	397.2	399.7
■ External funds (market value)(1)	183.1	168.8
■ Plan surplus(2)	(18.3)	(20.1)
TOTAL	**562.0**	**548.4**

(1) External funds mainly cover pension plan benefit obligations for €177.2 million in 2017.
(2) Pension plan surpluses are included in Other non-current assets.

PENSION BENEFIT OBLIGATIONS

A - Description of the plans

In France, the supplementary pension scheme comprises a defined benefit plan for all managerial employees granting a rent relating to salary tranche C.

In the United States, one plan was settled in May 2017. The two remaining defined benefit pension plans are all closed to new participants, respectively since 1996 and 2002. The first plan covers 647 participants and the second plan covers 350 participants.

In Germany, the main defined benefit pension plan still open covers 5,357 participants. The benefit granted is based on the number of years of service, starting after 14 years.

A specific supplementary pension scheme for Executive Committee members who have an employment contract with Faurecia S.A. or any of its subsidiaries, comprising a defined benefit plan for French members and a defined contribution plan for foreign members, was approved by the Board of Directors on February 11, 2015. It guarantees an annuity based on the reference salary, the Group's operating income, and the budget approved by the Board of Directors.

B - Assumptions used

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

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

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

(in %)	Eurozone	United Kingdom	USA
DISCOUNT RATE			
2017	**1.50%**	**2.60%**	**3.40%**
2016	1.50%	2.80%	3.74%
INFLATION RATE			
2017	**1.80%**	**3.20%**	**N/A**
2016	1.80%	3.25%	N/A

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

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

The average duration of the various plans is as follows:

(in number of years)	Eurozone	United Kingdom	USA
Average duration	16.1	23.5	8.4

C - Information on external funds

External funds are invested as follows:

	2017			2016		
(in %)	Equities	Bonds	Others	Equities	Bonds	Others
France	23%	75%	2%	18%	78%	4%
United Kingdom	32%	67%	1%	39%	61%	0%
United States	63%	29%	8%	49%	33%	18%

The fair value of shares and bonds falls in the level 1 category (price quoted in active markets) in 2017.

D - Provisions for pension liabilities recognized on the balance sheet

	2017			2016		
(in € millions)	France	Abroad *	Total	France	Abroad	Total
Amount as at beginning of the period	**160.0**	**170.5**	**330.5**	**136.1**	**142.0**	**278.1**
Effect of changes in scope of consolidation (provision net of plan surpluses)	0.0	(0.4)	(0.4)	0.0	0.0	0.0
Additions	15.8	13.4	29.2	13.6	12.9	26.5
Expenses charged to the provision	(3.8)	(4.9)	(8.7)	(3.2)	(4.7)	(7.9)
Payments to external funds	(4.6)	(5.2)	(9.8)	(7.0)	(5.8)	(12.8)
Actuarial gains/(losses)	(0.4)	(4.4)	(4.8)	21.1	26.2	47.3
Other movements	0.0	(2.1)	(2.1)	(0.6)	(0.1)	(0.7)
Amount as at the end of the period	**167.0**	**166.9**	**333.9**	**160.0**	**170.5**	**330.5**

* *The provision for €166.9 million as of December 31, 2017 relates mainly to Germany (€133.1 million).*

E - Changes in pension liabilities

(in € millions)	2017			2016		
	France	Abroad	Total	France	Abroad	Total
PROJECTED BENEFIT OBLIGATION						
Amount as at beginning of the period	**175.0**	**324.2**	**499.2**	**147.1**	**299.2**	**446.3**
Service costs	13.4	9.7	23.1	10.6	9.4	20.0
Annual restatement	2.8	7.6	10.4	3.5	9.1	12.6
Benefits paid	(5.8)	(16.8)	(22.6)	(7.1)	(16.2)	(23.3)
Actuarial gains/(losses)	(0.1)	17.7	17.6	21.1	37.9	59.0
Other movements (including translation adjustment)	0.0	(10.9)	(10.9)	0.0	(15.2)	(15.2)
Curtailments and settlements	(0.2)	(0.1)	(0.3)	(0.2)	0.0	(0.2)
Effect of closures and plan amendments	0.0	0.5	0.5	0.0	0.0	0.0
Amount as at the end of the period	**185.1**	**331.9**	**517.0**	**175.0**	**324.2**	**499.2**
VALUE OF PLAN ASSETS						
Amount as at beginning of the period	**15.0**	**153.7**	**168.7**	**11.1**	**157.2**	**168.3**
Projected return on plan assets	0.2	4.3	4.5	0.3	5.6	5.9
Actuarial gains/(losses)	0.3	22.1	22.4	0.0	11.7	11.7
Other movements (including translation adjustment)	0.0	(8.4)	(8.4)	(0.1)	(15.1)	(15.2)
Employer contributions	4.6	5.2	9.8	7.0	5.8	12.8
Benefits paid	(2.0)	(11.9)	(13.9)	(3.3)	(11.5)	(14.8)
Curtailments and settlements	0.0	0.0	0.0	0.0	0.0	0.0
Effect of closures and plan amendments	0.0	0.0	0.0	0.0	0.0	0.0
Amount as at the end of the period	**18.1**	**165.0**	**183.1**	**15.0**	**153.7**	**168.7**
BALANCE OF PROVISIONS AS AT THE END OF THE PERIOD	167.0	166.9	333.9	160.0	170.5	330.5
TOTAL CHANGE EXPENSED AT THE END OF THE YEAR	**15.8**	**12.9**	**28.7**	**13.6**	**12.9**	**26.5**

These costs are recognized:

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

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

(in € millions)	2017		
	France	Abroad	Total
Detail of actuarial gains and losses of the period:			
■ differences linked to financial assumptions	0.0	(3.8)	(3.8)
■ differences linked to demographic assumptions	0.1	2.7	2.8
■ other differences	0.3	5.5	5.8
TOTAL	**0.4**	**4.4**	**4.8**

In France, pension liability increased by €10.1 million at year-end compared to 2016. This increase breaks down as follows:

- €16.2 million relating to service cost and interest cost for 2017;
- €(5.8) million relating to lump-sum retirement bonuses and rights to capital for supplementary pension schemes;
- €(0.2) million relating to employee reduction plans;
- €(0.1) million resulting from actuarial gains and losses relating to experience.

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

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

(in %)	**Discount rate +0.25 pts**	**Inflation rate +0.25 pts**
France	(2.8)%	+2.7%
Germany	(4.7)%	+1.1%

25.3 Long-service awards

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

(in € millions)	**2017**	**2016**
French companies	6.2	6.6
Foreign companies	20.0	20.5
TOTAL	**26.2**	**27.1**

25.4 Healthcare costs

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

The related liability can be analyzed as follows:

(in € millions)	**2017**	**2016**
Foreign companies	18.8	22.1
TOTAL	**18.8**	**22.1**

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

(in %)	**Discount rate +0.25 pts**	**Healthcare cost trend rate +1 pt.**
Projected benefit obligation	(1.5)%	11.8%

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

(in € millions)	2017	2016
Service cost	(0.1)	(0.1)
Interest cost *	(0.9)	(0.9)
Curtailment	0.0	0.0
TOTAL	**(1.0)**	**(1.0)**

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

The Group's financial liabilities fall within the IAS 39 categories of (i) financial liabilities at fair value through profit or loss, and (ii) other financial liabilities measured at amortized cost.

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

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

Note 26 Net debt

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

26.1 Analysis of net debt

(in € millions)	2017	2016
Bonds	1,387.7	1,385.1
Bank borrowings	195.7	188.1
Other borrowings	0.9	1.1
Obligations under finance lease	14.1	17.9
Non-current derivatives	0.0	1.8
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	**1,598.4**	**1,594.0**
Current portion of long term debt	56.0	52.2
Short-term borrowings(1)	365.3	258.4
Current derivatives	2.1	1.3
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	**423.4**	**311.9**
TOTAL FINANCIAL LIABILITIES	**2,021.8**	**1,905.9**
Derivatives classified under non-current and current assets	(7.3)	(2.2)
Cash and cash equivalents	(1,563.0)	(1,562.2)
NET DEBT	**451.5**	**341.5**
Net cash and cash equivalent	**1,563.0**	**1,562.2**
(1) Including bank overdrafts.	*62.7*	*103.0*

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

(in € millions)	Balance as of December 31, 2016	Impact on cash	Translation adjustments	Impact of fair value changes	Change in consolidation scope and other changes	Balance as of December 31, 2017
Bonds	1,385.1	2.6	0.0	0.0	0.0	1,387.7
Bank borrowings	188.1	8.1	(3.6)	(0.1)	3.2	195.7
Other borrowings	1.1	0.0	0.0	0.0	(0.2)	0.9
Obligations under finance lease	17.9	1.0	(0.3)	0.0	(4.5)	14.1
Non-current derivatives	1.8	(1.8)	0.0	0.0	0.0	0.0
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	**1,594.0**	**9.9**	**(3.9)**	**(0.1)**	**(1.5)**	**1,598.4**
Current portion of long term debt	52.2	(35.3)	(2.2)	0.0	41.3	56.0
Short-term borrowings	258.4	109.9	(44.0)	(4.1)	45.1	365.3
Current derivatives	1.3	0.3	0.0	0.5	0.0	2.1
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	**311.9**	**74.9**	**(46.2)**	**(3.6)**	**86.4**	**423.4**
TOTAL FINANCIAL LIABILITIES	**1,905.9**	**84.8**	**(50.1)**	**(3.7)**	**84.9**	**2,021.8**
Derivatives classified under non-current and current assets	(2.2)	0.0	(0.5)	(4.6)	0.0	(7.3)
Cash and cash equivalents	(1,562.2)	(4.5)	48.1	0.0	(44.4)	(1,563.0)
TOTAL	**341.5**	**80.3**	**(2.5)**	**(8.3)**	**40.5**	**451.5**

26.2 Maturities of long-term debt

(in € millions)	2019	2020	2021	2022	2023 and beyond	Total
Bonds	0.0	0.0	0.0	694.2	693.5	1,387.7
Bank borrowings	26.0	152.0	7.5	4.5	5.7	195.7
Other borrowings	0.7	0.1	0.1	0.0	0.0	0.9
Obligation under finance leases	6.1	1.7	1.8	1.7	2.8	14.1
TOTAL AS OF DECEMBER 31, 2017	**32.8**	**153.8**	**9.4**	**700.4**	**702.0**	**1,598.4**

26.3 Financing

The main components of Faurecia financing are described below:

2022 BONDS

In 2015, Faurecia issued bonds, due June 15, 2022, carrying annual interest of 3.125%, payable on June 15 and December 15 each year, as from June 15, 2015.

A first tranche of these bonds has been issued on March 17, 2015 for €500 million. An additional €200 million bond was issued on April 9, 2015, with the same due date and same coupon, at 100.25% of the nominal value. On May 19, 2015, the bonds of this second tranche were wholly assimilated to those issued on March 17, 2015.

They include a covenant restricting the additional indebtedness if the EBITDA(1) after certain adjustments is lower than twice times the gross interest costs, and restrictions on the debt similar to those of the syndicated credit loan.

They are listed on the Irish Stock Exchange (Global Exchange Market). The costs related to the bond issue are expensed in P&L over the life time of the bonds. The bonds benefit from guarantees from some group affiliates; the entities providing these guarantees are the same as those that guarantee the bonds due December 2016. These guarantees have been eliminated with the full redemption of these 2016 bonds.

2023 BONDS

On April 1, 2016, Faurecia issued bonds for an amount of €700 million due June 15, 2023, carrying annual interest of 3.625%, payable on June 15 and December 15 each year, as from June 15, 2016.

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

These bonds benefit from the same restrictions as the 2022 bonds and do not benefit from guarantees issued by subsidiaries.

SYNDICATED CREDIT FACILITY

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

In accordance with the credit documentation, all guarantees issued by some Group subsidiaries in favor of banks participating in this credit facility were eliminated when the bonds due in December 2016 were fully redeemed on April 12, 2016.

As of December 31, 2017, this credit facility was not drawn.

This credit facility includes only one covenant, related to consolidated financial ratios: Net debt(2)/EBITDA(1) must be lower than 2.50. Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2017, the Group complied with this ratio.

This credit facility includes some restrictive clauses on asset disposals (disposal representing over 25% of the Group's total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate) and on the debt level of some subsidiaries.

Finally, in 2017, Faurecia regularly issued commercial papers with a maturity up to one year for investors located mainly in France.

Faurecia is rated Ba2 by Moody's with positive outlook (issued on October 30, 2017) and BB with a stable outlook by Fitch Ratings. On January 31, 2018, Standard & Poor's assigned to Faurecia a BB+ long-term corporate credit ratings, with a stable outlook.

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

(2) Consolidated net debt.

The Group's global contractual maturity schedule as of December 31, 2017 breaks down as follows:

	Carrying Amount			Remaining contractual maturities				
(in € millions)	**Assets**	**Liabilities**	**Total**	**0-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**>5 years**
Other non-current financial assets	96.8		96.8				96.8	
Loans and receivables	43.1		43.1				43.1	
Trade accounts receivables	1,766.1		1,766.1	1,750.7	2.4	13.0		
Cash and cash equivalents	1,563.0		1,563.0	1,563.0				
Interests on:								
2022 Bonds		*(98.4)*	*(98.4)*		*(10.9)*	*(10.9)*	*(76.6)*	*0.0*
2023 Bonds		*(139.6)*	*(139.6)*		*(12.7)*	*(12.7)*	*(101.5)*	*(12.7)*
Other long term borrowings		*(5.1)*	*(5.1)*	*(3.1)*	*(2.0)*			
Obligations under finance leases (ST portion)		(4.1)	(4.1)	(4.1)	0.0	0.0		
Other current financial liabilities		(412.1)	(412.1)	(310.4)	(0.5)	(101.2)		
Trade accounts payables		(4,219.3)	(4,219.3)	(4,186.8)	(6.2)	(26.3)		
Bonds (excluding interest)								
2022 Bonds		*(694.2)*	*(694.2)*				*(694.2)*	
2023 Bonds		*(693.5)*	*(693.5)*					*(693.5)*
Bank borrowings								
Syndicated credit facility			0.0					
Others		*(195.7)*	*(195.7)*				*(189.9)*	*(5.8)*
Other borrowings		(0.9)	(0.9)				(0.9)	
Obligations under finance leases (LT portion)		(14.1)	(14.1)				(11.3)	(2.8)
Interest rate derivatives		**(0.4)**	**(0.4)**	**(0.4)**	**0.0**	**0.0**	**0.0**	
■ o/w cash flow hedges		(0.4)	(0.4)	(0.4)				
■ o/w derivatives not qualifying for hedge accounting under IFRS								
Currency hedges	**11.1**	**(1.9)**	**9.2**	**7.7**	**1.3**	**0.2**	**0.0**	
■ o/w fair value hedges	7.3	(1.7)	5.6	5.6				
■ o/w cash flow hedges	3.7	(0.2)	3.5	2.0	1.3	0.2		
■ o/w derivatives not qualifying for hedge accounting under IFRS	0.1	0.0	0.1	0.1				
TOTAL	**3,480.1**	**(6,479.3)**	**(2,999.2)**	**(1,183.4)**	**(28.6)**	**(137.9)**	**(934.5)**	**(714.8)**

26.4 Analysis of borrowings

As of December 31, 2017, the variable rate borrowings were 24.1% of borrowings before taking into account the impact of hedging.

Derivatives have been set up to partially hedge interest payable on variable rate borrowings against increases in interest rates (see Note 30.2)

(in € millions)	2017	
Variable rate borrowings	486.9	24.1%
Fixed rate borrowings	1,534.9	75.9%
TOTAL	**2,021.8**	**100.0%**

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

(in € millions)	2017		2016	
Euros	1,297.6	64.2%	1,572.2	82.5%
US Dollars	504.4	24.9%	246.5	12.9%
Other currencies	219.8	10.9%	87.2	4.6%
TOTAL	**2,021.8**	**100.0%**	**1,905.9**	**100.0%**

In 2017, the weighted average interest rate on gross outstanding borrowings was 4.03%.

Note 27 Accrued taxes and payroll costs

(in € millions)	2017	2016
Accrued payroll costs	344.1	310.3
Payroll taxes	146.1	139.7
Employee profit-sharing	24.3	26.0
Other accrued taxes and payroll costs	112.9	103.1
TOTAL	**627.4**	**579.1**

Note 28 Sundry payables

(in € millions)	2017	2016
Due to suppliers of non-current assets	161.3	162.8
Prepaid income	91.7	78.4
Current taxes	58.0	58.2
Other	81.5	72.4
Currency derivatives for operations	0.2	5.4
TOTAL	392.7	377.2

Note 29 Financial instruments

29.1 Financial instruments recorded in the balance sheet

	2017		Breakdown by category of instrument[(1)]					
(in € millions)	Balance Sheet Carrying amount	Carrying amount not defined as financial instruments	Financial assets/ liabilities at fair value through profit or loss[(2)]	Financial assets/ liabilities at fair value through equity[(2)]	Available for sale assets	Loans and receivables	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value
Other equity interests	239.9				239.9			239.9
Other non-current financial assets	96.8					96.8		96.8
Trade accounts receivables	1,766.1					1,766.1		1,766.1
Other operating receivables	270.3		0.2	3.7		266.4		270.3
Other receivables and prepaid expenses	556.0	99.1				456.9		456.9
Currency derivatives	7.3		7.3					7.3
Interest rate derivatives								0.0
Cash and cash equivalents	1,563.0		1,563.0					1,563.0
FINANCIAL ASSETS	**4,499.4**	**99.1**	**1,570.5**	**3.7**	**239.9**	**2,586.2**	**0.0**	**4,400.3**
Long-term debt *	1,598.4	0.9					1,597.5	1,671.4
Short-term debt *	423.4						423.4	423.4
Prepayments from customers	127.7					127.7		
Trade payables	4,219.3					4,219.3		
Accrued taxes and payroll costs	627.4					627.4		
Sundry payables	392.7	91.7	1.7	0.6		298.7		
Of which								
Currency derivatives	*1.9*		*1.7*	*0.2*	*0.0*			
Interest rate derivatives	*0.4*			*0.4*				
FINANCIAL LIABILITIES	**7,388.9**	**92.6**	**1.7**	**0.6**	**0.0**	**5,273.1**	**2,020.9**	**2,094.8**

(1) No financial instruments were transferred between categories in 2017.
(2) All of the instruments in this category are financial assets or liabilities designated as measured on initial recognition.
** The fair value of the bonds, excluding accrued interest, was established on the basis of the year-end market value (December 31, 2017): for the 2022 bonds quoted 102.958% of par, at €720.7 million and for the 2023 bonds quoted 105.695% of par, at €739.9 million.*

(in € millions)	2016 Balance Sheet Carrying amount	Carrying amount not defined as financial instruments	Breakdown by category of instrument[1] Financial assets/ liabilities at fair value through profit or loss[2]	Financial assets/ liabilities at fair value through equity[2]	Available for sale assets	Loans and receivables	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value
Other equity interests	67.1				67.1			67.1
Other non-current financial assets	66.7					66.7		66.7
Trade accounts receivables	1,652.1					1,652.1		1,652.1
Other operating receivables	269.8		0.9			268.9		269.8
Other receivables and prepaid expenses	426.8	78.5				348.3		348.3
Currency derivatives	2.2		1.4	0.7	0.1			2.2
Interest rate derivatives								0.0
Cash and cash equivalents	1,562.2		1,562.2					1,562.2
FINANCIAL ASSETS	**4,046.9**	**78.5**	**1,564.5**	**0.7**	**67.2**	**2,336.0**		**3,968.4**
Long-term debt *	1,594.0	1.1					1,592.9	1,664.1
Short-term debt *	311.9						311.9	311.9
Prepayments from customers	155.1					155.1		
Trade payables	3,733.3					3,733.3		
Accrued taxes and payroll costs	579.1					579.1		
Sundry payables	377.2	78.4	1.3	7.3		290.2		
Of which								
Currency derivatives	*6.7*		*1.3*	*5.4*				
Interest rate derivatives	*1.9*			*1.9*				
FINANCIAL LIABILITIES	**6,750.6**	**79.5**	**1.3**	**7.3**		**4,757.7**	**1,904.8**	**1,976.0**

(1) No financial instruments were transferred between categories in 2016.

(2) All of the instruments in this category are financial assets or liabilities designated as measured on initial recognition.

* *The fair value of the bonds, excluding accrued interest, was established on the basis of the year-end market value (December 31, 2016): for the 2022 bonds quoted 103.585% of par, at €725.1 million and for the 2023 bonds quoted 104.494% of par, at €731.5 million.*

The main measurement methods applied are as follows:

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

The impact of financial instruments on income:

	2017	Breakdown by category of instrument				
(in € millions)	Impact Income	Financial assets/ liabilities at fair value through profit or loss	Available for sale assets	Loans and receivables	Financial liabilities at amortized cost	Instruments derivatives
Translation differences on commercial transactions	1.4	1.3				0.1
Income on loans, cash investments and marketable securities	12.6	12.6				
Finance costs	(120.9)				(120.9)	
Other financial income and expenses	(23.0)			(23.0)		
Net income (expenses)	**(129.9)**	**13.9**	**0.0**	**(23.0)**	**(120.9)**	**0.1**

	2016	Breakdown by category of instrument				
(in € millions)	Impact Income	Financial assets/ liabilities at fair value through profit or loss	Available for sale assets	Loans and receivables	Financial liabilities at amortized cost	Instruments derivatives
Translation differences on commercial transactions	(15.8)	(15.9)				0.1
Income on loans, cash investments and marketable securities	11.4	11.4				
Finance costs	(150.5)				(150.5)	
Other financial income and expenses	(23.3)			(23.1)		(0.2)
Net income (expenses)	**(178.2)**	**(4.5)**	**0.0**	**(23.1)**	**(150.5)**	**(0.1)**

As of December 31, 2017, movements in provisions for impairment break down as follows by category of financial asset:

(in € millions)	Balance as of January 1, 2017	Additions	Utilizations	Reversals (surplus provisions)	Change in scope of consolidation and other changes	Balance as of December 31, 2017
Doubtful accounts	(18.0)	(1.0)	4.0	0.0	(0.7)	(15.7)
Shares in non-consolidated companies	(1.8)	(0.1)	0.1	0.0	0.0	(1.8)
Non-current financial assets	(26.2)	(2.3)	0.8	0.0	1.0	(26.7)
Other receivables	(9.9)	(0.1)	0.5	0.0	0.4	(9.1)
TOTAL	**(55.9)**	**(3.5)**	**5.4**	**0.0**	**0.7**	**(53.3)**

29.2 Financial instruments – fair value hierarchy

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

Note 30 Hedging of currency and interest rate risks

30.1 Transactions in foreign currencies and derivatives

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

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

They are recorded at fair value in the balance sheet.

30.2 Hedging of currency risks

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

Currency risks on forecasted transactions are hedged on the basis of estimated cash flows determined when budgets are prepared, validated by Executive Management; these forecasts are updated on a regular basis. The related derivatives are classified as cash flow hedges when there is a hedging relationship that satisfies the IAS 39 criteria.

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

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

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

The portion of the change in fair value of these hedges that is ineffective (time value of the hedges) is recorded under “Other financial income and expenses” together with changes in the fair value of instruments used to hedge other receivables and payables.

2017

Currency exposure *(in € millions)*	USD	CZK	CNY	RUB	GBP	PLN	MXN	ZAR
Trade receivables (net of payables)	72.7	(43.0)	(7.2)	9.5	(5.4)	(0.6)	0.0	42.7
Financial assets (net of liabilities) *	553.3	0.0	164.7	7.7	(60.9)	0.0	0.0	32.8
Forecast transactions **	30.4	(52.6)	(10.0)	12.5	26.4	(89.3)	(117.2)	(0.9)
Net position before hedging	**656.4**	**(95.6)**	**147.5**	**29.7**	**(39.9)**	**(89.9)**	**(117.2)**	**74.6**
Currency hedges	(581.4)	66.7	(162.7)	(13.7)	73.7	87.6	0.0	(30.5)
Net position after hedging	74.9	(28.9)	(15.2)	16.0	33.8	(2.3)	(117.2)	44.2

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

2016

Currency exposure *(in € millions)*	USD	CZK	CNY	RUB	GBP	PLN	MXN	ZAR
Trade receivables (net of payables)	(1.3)	(9.3)	44.5	5.8	(2.3)	(19.3)	0.0	20.2
Financial assets (net of liabilities) *	249.5	8.1	18.2	22.9	(65.5)	0.0	0.0	33.4
Forecast transactions **	89.2	(49.6)	(15.9)	6.3	(16.0)	(100.5)	(82.7)	(5.4)
Net position before hedging	**337.4**	**(50.8)**	**46.8**	**35.0**	**(83.8)**	**(119.8)**	**(82.7)**	**48.2**
Currency hedges	(310.2)	43.4	(17.8)	(27.7)	65.4	92.4	24.7	(34.7)
Net position after hedging	27.3	(7.4)	29.0	7.4	(18.4)	(27.4)	(58.0)	13.5

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

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

Information on hedged notional amounts

(in € millions) 2017	Carrying amount			Maturities		
	Assets	**Liabilities**	**Notional amount ***	**< 1 year**	**1 to 5 years**	**> 5 years**
Fair value hedges						
■ forward currency contracts	0.1	0.0	11.6	11.6	0.0	0.0
■ inter-company loans in foreign currencies swapped for euros	7.3	(1.7)	795.8	795.8	0.0	0.0
■ cross-currency swaps	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow hedges						
■ forward currency contracts	3.7	(0.2)	259.2	259.2	0.0	0.0
Not eligible for hedge accounting	0.1	0.0	29.0	29.0	0.0	0.0
	11.2	**(1.9)**				

* *Notional amounts based on absolute values.*

(in € millions) 2016	Carrying amount			Maturities		
	Assets	**Liabilities**	**Notional amount***	**< 1 year**	**1 to 5 years**	**> 5 years**
Fair value hedges						
■ forward currency contracts	0.1	0.0	4.7	4.7	0.0	0.0
■ inter-company loans in foreign currencies swapped for euros	2.2	(1.3)	509.4	509.4	0.0	0.0
■ cross-currency swaps	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow hedges						
■ forward currency contracts	0.7	(5.4)	252.1	252.1	0.0	0.0
Not eligible for hedge accounting	0.1	0.0	11.1	11.1	0.0	0.0
	3.1	**(6.7)**				

* *Notional amounts based on absolute values.*

The sensitivity of Group income and equity as of December 31, 2017 to a fluctuation in exchange rates against the euro is as follows for the main currencies to which the Group is exposed:

Currency exposure *(in € millions)*	**USD**	**CZK**	**CNY**	**RUB**	**GBP**	**PLN**	**MXN**	**ZAR**
2017	1.20	25.54	7.80	69.39	0.89	4.18	23.66	14.81
Currency fluctuation scenario (depreciation of currency/EUR)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Exchange rate after currency depreciation	**1.26**	**26.81**	**8.19**	**72.86**	**0.93**	**4.39**	**24.84**	**15.55**
Impact on pre-tax income *(in € millions)*	(7.08)	2.15	(0.15)	(0.22)	0.21	(0.71)	0.00	(2.35)
Impact on equity *(in € millions)*	3.72	(3.17)	0.00	0.00	(0.28)	(3.48)	0.00	0.00

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

30.3 Interest-rate hedges

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

Changes in the fair value of interest rate hedges are recorded directly in "Other financial income and expenses" when the hedging relationship cannot be demonstrated under IAS 39, or where the Group has elected not to apply hedge accounting principles.

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

	Under 1 year		1 to 2 years		2 to 5 years		More than 5 years		Total	
(in € millions) **2017**	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**
Financial assets		1,570.3							0.0	1,570.3
Financial liabilities	(1.4)	(416.4)	(41.5)	0.0	(775.6)	(70.5)	(716.4)	0.0	(1,534.9)	(486.9)
Net position before hedging	**(1.4)**	**1,153.9**	**(41.5)**	**0.0**	**(775.6)**	**(70.5)**	**(716.4)**	**0.0**	**(1,534.9)**	**1,083.4**
Interest rate hedges	(400.0)	400.0	0.0	0.0	0.0	0.0	0.0	0.0	(400.0)	400.0
Net position after hedging	**(401.4)**	**1,553.9**	**(41.5)**	**0.0**	**(775.6)**	**(70.5)**	**(716.4)**	**0.0**	**(1,934.9)**	**1,483.4**

	Under 1 year		1 to 2 years		2 to 5 years		More than 5 years		Total	
(in € millions) **2016**	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**
Financial assets		1,564.4								1,564.4
Financial liabilities	(1.4)	(306.2)	(37.5)	0.0	(80.2)	(75.1)	(1,405.7)	0.0	(1,524.8)	(381.3)
Net position before hedging	**(1.4)**	**1,258.2**	**(37.5)**	**0.0**	**(80.2)**	**(75.1)**	**(1,405.7)**	**0.0**	**(1,524.8)**	**1,183.1**
Interest rate hedges	(50.0)	50.0	(400.0)	400.0	0.0	0.0	0.0	0.0	(450.0)	450.0
Net position after hedging	**(51.4)**	**1,308.2**	**(437.5)**	**400.0**	**(80.2)**	**(75.1)**	**(1,405.7)**	**0.0**	**(1,974.8)**	**1,633.1**

The main components of the fixed rate debt are:

- bonds maturing in June 2022, issued in March and April 2015 for a total amount of €700 million;
- bonds maturing in June 2023, issued in April 2016 for a total amount of €700 million.

A significant part of the gross borrowings (syndicated credit facility, sale of receivables, short-term loans, commercial paper as applicable) are at variable or renewable rates. The aim of the Group's interest rate hedging policy is to reduce the impact of changes in short-term rates on earnings. The hedges arranged comprise mainly euro-denominated interest rate swaps. In order to benefit from historically low interest rates, initially 2- and 3-year maturity hedges have been set up. These hedges cover a part of the interest on variable rate borrowings, due in 2017 and first quarter of 2018, against a rise in interest rates.

Interest rate hedging instruments are recognized in the balance sheet at fair value. Such value is determined based on measurements of market data, confirmed by banking counterparties.

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

(in € millions) 2017	Carrying amount		Notional amounts by maturity		
	Assets	Liabilities	< 1 year	1 to 5 years	> 5 years
Interest rate options	0.0	0.0	0.0	0.0	0.0
Variable rate/fixed rate swaps	0.0	(0.4)	400.0	0.0	0.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	0.0	**(0.4)**	**400.0**	**0.0**	**0.0**

(in € millions) 2016	Carrying amount		Notional amounts by maturity		
	Assets	Liabilities	< 1 year	1 to 5 years	> 5 years
Interest rate options	0.0	0.0	0.0	0.0	0.0
Variable rate/fixed rate swaps	0.0	(1.9)	50.0	400.0	0.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	0.0	**(1.9)**	**50.0**	**400.0**	**0.0**

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

The sensitivity tests performed, assuming a 100 bp increase in average interest rates compared to the rate curve as of December 31, 2017 show that the effect on net financial expense (before taxes) would not be significant, taking into account the profile of the Group's borrowings and derivatives in place as of December 31, 2017.

30.4 Counterpart risk on derivatives

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

	(a)	(b)	(c) = (a) - (b)	(d) Related amounts not set off in the balance sheet (not fullfiling IAS 32 compensation criteria)		(e) = (c) - (d)
Financial assets as of December 31, 2017 *(in € millions)*	**Gross amount value (before compensation)**	**Gross Amounts compensated (according to IAS 32)**	**Net amounts presented in the balance sheet**	**Financial instruments**	**Collaterals received**	**Net amount**
Derivatives	11.2		11.2	1.2		10.0
Other financial instruments						
TOTAL	**11.2**	**0.0**	**11.2**	**1.2**	**0.0**	**10.0**

Financial liabilities as of December 31, 2017 *(in € millions)*	(a) Gross amount value (before compensation)	(b) Gross Amounts compensated (according to IAS 32)	(c) = (a) - (b) Net amounts presented in the balance sheet	(d) Related amounts not set off in the balance sheet (not fullfiling IAS 32 compensation criteria) Financial instruments	Collaterals received	(e) = (c) - (d) Net amount
Derivatives	2.3		2.3	1.2		1.2
Other financial instruments						
TOTAL	**2.3**	**0.0**	**2.3**	**1.2**	**0.0**	**1.2**

Note 31 Commitments given and contingent liabilities

COMMITMENTS GIVEN

(in € millions)	2017	2016
Future minimum lease payments under operating leases	648.2	460.8
Debt collateral:		
■ mortgages	2.0	1.9
Other debt guarantees	59.3	68.0
Firm orders for property, plant and equipment and intangible assets	132.0	144.2
Other	1.3	2.0
TOTAL	**842.8**	**676.9**

Future minimum lease payments under operating leases break down as follows:

(in € millions)	2017	2016
N+1	140.1	94.7
N+2	98.0	80.3
N+3	82.9	66.2
N+4	70.2	50.4
N+5 and above	257.0	169.2
TOTAL	**648.2**	**460.8**

Expiry dates of mortgages and guarantees:

(in € millions)	**2017**
■ less than a year	40.9
■ 1 to 5 years	4.8
■ more than 5 years	15.6
TOTAL	**61.3**

Note 32 Related party transactions

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

32.1 Transactions with PSA group

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

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

(in € millions)	**2017**	**2016**
Sales of continued activities	2,368.2	2,108.8
Sale of discontinued operations	*0.0*	*189.1*
Purchases of products, services and materials	17.8	15.6
Receivables of continued activities *	497.0	415.6
Receivables of discontinued operations	*0.0*	*0.0*
Trade payables of continued activities	33.1	34.2
Trade payables of discontinued operations	*0.0*	*0.0*
* *Before no-recourse sales of receivables amounting to:*	*273.7*	*208.5*

32.2 Management compensation

Total compensation for 2017 awarded to the members of the Board of Directors and the Group Executive Committee serving in this capacity as at December 31, 2017 amounted to €9,521,431 including directors' fees of €512,400, compared with the 2016 figures of €11,795,349 and €523,400 respectively.

No Faurecia stock subscription options were awarded to management in 2017.

Note 33 Fees paid to the statutory auditors

	PricewaterhouseCoopers Audit				ERNST & YOUNG Audit			
	Amount (excl.VAT)		%		Amount (excl.VAT)		%	
(in € millions)	2017	2016	2017	2016	2017	2016	2017	2016
AUDIT								
Statutory and contractual audits								
Issuer	0.5	0.6	9.4%	11.3%	0.5	0.7	10.9%	15.2%
Fully consolidated companies	3.9	3.9	73.6%	73.6%	3.6	3.4	78.3%	73.9%
SUB TOTAL	**4.4**	**4.5**	**83.0%**	**84.9%**	**4.1**	**4.1**	**89.1%**	**89.1%**
Other services								
Issuer	0.9	0.8	17.0%	15.1%	0.5	0.5	10.9%	10.9%
Fully consolidated companies	0.0	0.0	0.0%	0.0%	0.0	0.0	0.0%	0.0%
SUB TOTAL	**0.9**	**0.8**	**17.0%**	**15.1%**	**0.5**	**0.5**	**10.9%**	**10.9%**
TOTAL	**5.3**	**5.3**	**100.0%**	**100.0%**	**4.6**	**4.6**	**100.0%**	**100.0%**

Note 34 Information on the consolidating company

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

As of December 31, 2017, Peugeot S.A. held 46.34% of the capital stock of Faurecia and 63.09% of the voting rights.

Note 35 Dividends

The Board of Directors has decided to propose to the next Annual Shareholders' Meeting a dividend of €1.10 per share.

1.1.2.6. List of consolidated companies as of December 31, 2017

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

	Country	Interest of (%)	Stake (%)[1]
Faurecia (Guangzhou) Automotive Systems Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Chongqing) Co., Ltd	China	72.5	100
Faurecia Emissions Control Technologies (Yantaï) Co., Ltd.	China	100	100
Faurecia (Chengdu) Emissions Control Technologies Co., Ltd	China	51	100
Faurecia (Nanjing) Automotive Systems Co., Ltd	China	100	100
Faurecia (Shenyang) Automotive Systems Co., Ltd	China	100	100
Faurecia (Wuhan) Automotive Components Systems Co., Ltd	China	100	100
Changchun Faurecia Xuyang Interior Systems Co., Ltd	China	60	100
Chengdu Faurecia Limin Automotive Systems Co., Ltd	China	79.19	100
Faurecia (Yancheng) Automotive Systems Co., Ltd	China	100	100
CSM Faurecia Automotive Parts Co., Ltd	China	50	100
Faurecia NHK (Xiangyang) Automotive Seating Co., Ltd	China	51	100
Faurecia Emissions Control Technologies (Beijing) Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd	China	51	100
Faurecia Emissions Control Technologies (Ningbo) Co., Ltd.	China	91	100
Faurecia Emissions Control Technologies (Foshan) Co., Ltd	China	51	100
Foshan Faurecia Xuyang Interior Systems Co., Ltd	China	60	100
Faurecia PowerGreen Emissions Control Technologies (Shanghaï) Co., Ltd	China	91	100
Faurecia Emissions Control Technologies (Ningbo Hangzhou Bay New District) Co., Ltd	China	66	100
Shanghai Faurecia Automotive Seating Co., Ltd	China	55	100
Changsha Faurecia Emissions Control Technologies Co., Ltd	China	100	100
Dongfeng Faurecia Automotive Interior Co., Ltd	China	50	100
Borgward Faurecia (Tianjin) Auto Systems Co., Ltd	China	51	100
Faurecia Exhaust Systems (Shanghai) Co., Ltd	China	100	100
Chongqing Faurecia Changpeng Automotive Parts Co., Ltd	China	80	100
Faurecia (Jimo) Emissions Control Technologies Co., Ltd	China	100	100
Faurecia (Tianjin) Emission Control Technologies Co., Ltd	China	51	100
Faurecia Yinlun (Weifang) Emission Control Technologies Co., Ltd	China	52	100
Tianjin Faurecia Xuyang Automotive System Co., Ltd	China	60	100
Dongfeng Faurecia Emissions Control Technologies Co., Ltd	China	50	100
Faurecia (Changshu) Automotive System Co., Ltd	China	100	100
Faurecia (Liuzhou) Automotive Seating Co., Ltd	China	50	100
South Korea			
Faurecia Korea, Ltd	South Korea	100	100
Spain			
Asientos de Castilla Leon, S.A.	Spain	100	100
Asientos del Norte, S.A.	Spain	100	100
Faurecia Asientos Para Automovil España, S.A.	Spain	100	100
Faurecia Sistemas De Escape España, S.A.	Spain	100	100
Tecnoconfort	Spain	50	100
Asientos de Galicia, S.L.	Spain	100	100
Faurecia Automotive España, S.L.	Spain	100	100

	Country	Interest of (%)	Stake (%)[1]
Faurecia Interior System España, S.A.	Spain	100	100
Faurecia Interior System SALC España, S.L.	Spain	100	100
Valencia Modulos de Puertas, S.L.	Spain	100	100
Faurecia Emissions Control Technologies, Pamplona, S.L.	Spain	100	100
Incalplas, S.L.	Spain	100	100
Faurecia Holding España S.L.	Spain	100	100
United States			
Faurecia Emissions Control Systems NA, LLC	United States	100	100
Faurecia Automotive Seating, LLC	United States	100	100
Faurecia USA Holdings, Inc.	United States	100	100
Faurecia Emissions Control Technologies, USA, LLC	United States	100	100
Faurecia Interior Systems, Inc.	United States	100	100
Faurecia Madison Automotive Seating, Inc.	United States	100	100
Faurecia Interiors Louisville, LLC	United States	100	100
Faurecia Interior Systems Saline, LLC	United States	100	100
Faurecia Mexico Holdings, LLC	United States	100	100
FNK North America, Inc.	United States	100	100
Faurecia North America, Inc.	United States	100	100
France			
Faurecia Sièges d'Automobile	France	100	100
Faurecia Industries	France	100	100
ECSA –Etudes Et Construction de Sièges pour l'Automobile	France	100	100
Siebret	France	100	100
Siedoubs	France	100	100
Sielest	France	100	100
Siemar	France	100	100
Faurecia Seating Flers	France	100	100
Faurecia Investments	France	100	100
Trecia	France	100	100
Faurecia Automotive Holdings	France	100	100
Faurecia Automotive Industrie	France	100	100
Faurecia Intérieur Industrie	France	100	100
Faurecia Systèmes d'Échappement	France	100	100
Faurecia Services Groupe	France	100	100
Faurecia Exhaust International	France	100	100
Faurecia –Metalloprodukcia Holding	France	70	100
Faurecia Interior Luga Holding	France	100	100
Faurecia Interieurs Saint-Quentin	France	100	100
Faurecia Interieurs Mornac	France	100	100
Faurecia Ventures	France	100	100
Faurecia Automotive Composites	France	100	100
Faurecia Exteriors International	France	100	100
Hambach Automotive Exteriors	France	100	100

	Country	Interest of (%)	Stake (%)[1]
Hennape Six	France	100	100
Great Britain			
Faurecia Automotive Seating UK, Ltd	Great Britain	100	100
Faurecia Midlands, Ltd	Great Britain	100	100
SAI Automotive Fradley, Ltd	Great Britain	100	100
SAI Automotive Washington, Ltd	Great Britain	100	100
Faurecia Emissions Control Technologies UK, Ltd	Great Britain	100	100
Hungary			
Faurecia Emissions Control Technologies, Hungary Kft	Hungary	100	100
India			
Faurecia Automotive Seating India Private, Ltd	India	100	100
Faurecia Emissions Control Technologies India Private, Ltd	India	74	100
Faurecia Interior Systems India Private, Ltd	India	100	100
Faurecia Emissions Control Technologies Technical Center India Private, Ltd	India	100	100
PFP Acoustic and Soft Trims India Private Limited	India	100	100
Iran			
Faurecia Azin Pars Company	Iran	51	100
Italy			
Faurecia Emissions Control Technologies, Italy SRL	Italy	100	100
Japan			
Faurecia Japan K.K.	Japan	100	100
Faurecia Howa Interiors Co., Ltd	Japan	50	100
Luxembourg			
Faurecia AST Luxembourg S.A.	Luxembourg	100	100
Faurecia Automotive Luxembourg S.à.r.l.	Luxembourg	100	100
Malaysia			
Faurecia HICOM Emissions Control Technologies (M)	Malaysia	65	100
Morocco			
Faurecia Équipements Automobiles Maroc	Morocco	100	100
Faurecia Automotive Systems Technologies	Morocco	100	100
Faurecia Automotive Industries Morocco SARL	Morocco	100	100
Mexico			
Faurecia Sistemas Automotrices de Mexico, S.A. de C.V.	Mexico	100	100
Servicios Corporativos de Personal Especializado, S.A. de C.V.	Mexico	100	100
Exhaust Services Mexicana, S.A. de C.V.	Mexico	100	100
ET Mexico Holdings II, S. de R.L. de C.V.	Mexico	100	100
Faurecia Howa Interior Mexico, S.A. de C.V.	Mexico	51	100
Netherlands			
Faurecia Automotive Seating B.V.	Netherlands	100	100
ET Dutch Holdings B.V.	Netherlands	100	100
Faurecia Emissions Control Technologies Netherlands B.V.	Netherlands	100	100
Poland			
Faurecia Automotive Polska S.A.	Poland	100	100
Faurecia Walbrzych S.A.	Poland	100	100
Faurecia Grojec R&D Center S.A.	Poland	100	100

	Country	Interest of (%)	Stake (%)(1)
Faurecia Legnica S.A.	Poland	100	100
Faurecia Gorzow S.A.	Poland	100	100
Portugal			
Faurecia –Assentos de Automovel, Lda	Portugal	100	100
SASAL	Portugal	100	100
Faurecia – Sistemas De Escape Portugal, Lda	Portugal	100	100
EDA - Estofagem de Assentos, Lda	Portugal	100	100
Faurecia Sistemas de Interior de Portugal, Componentes Para Automoveis S.A.	Portugal	100	100
Czech Republic			
Faurecia Exhaust Systems, S.R.O.	Czech Republic	100	100
Faurecia Automotive Czech Republic, S.R.O.	Czech Republic	100	100
Faurecia Interior Systems Bohemia, S.R.O.	Czech Republic	100	100
Faurecia Components Pisek, S.R.O.	Czech Republic	100	100
Faurecia Interiors Pardubice, S.R.O.	Czech Republic	100	100
Faurecia Emissions Control Technologies Mlada Boleslav, S.R.O.	Czech Republic	100	100
Faurecia Plzen	Czech Republic	100	100
Romania			
Faurecia Romania S.R.L.	Romania	100	100
Euro Auto Plastic Systems S.R.L.	Romania	50	100
Russia			
OOO Faurecia Interior Luga	Russia	100	100
OOO Faurecia Metalloprodukcia Exhaust Systems	Russia	70	100
OOO Faurecia Automotive Development	Russia	100	100
OOO Faurecia Automotive Exteriors Bumpers	Russia	100	100
Slovakia			
Faurecia Automotive Slovakia SRO	Slovakia	100	100
Sweden			
Faurecia Interior Systems Sweden AB	Sweden	100	100
Thailand			
Faurecia Interior Systems (Thailand) Co., Ltd	Thailand	100	100
Faurecia Emissions Control Technologies, Thaïland Co., Ltd	Thailand	100	100
Faurecia & Summit Interior Systems (Thailand) Co., Ltd	Thailand	50	100
Tunisia			
Société Tunisienne d'Équipements d'Automobile	Tunisia	100	100
Faurecia Informatique Tunisie	Tunisia	100	100
Turkey			
Faurecia Polifleks Otomotiv Sanayi Ve Ticaret Anonim Sirketi	Turkey	100	100
Uruguay			
Faurecia Automotive Del Uruguay, S.A.	Uruguay	100	100

	Country	Interest of (%)	Stake (%)[1]
II - COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD			
Germany			
SAS Autosystemtechnik GmbH und Co., KG	Germany	50	50
China			
Changchun Xuyang Faurecia Acoustics & Soft Trim Co., Ltd	China	40	40
Zhejiang Faurecia Limin Interior & Exterior Systems Co., Ltd	China	50	50
Xiangtan Faurecia Limin Interior & Exterior Systems Co., Ltd	China	50	50
Lanzhou Limin Automotive Parts Co., Ltd	China	50	50
Jinan Jidao Auto Parts Co., Ltd	China	50	50
Changchun Faurecia Xuyang Automotive Components Technologies R&D Co., Ltd	China	45	45
Dongfeng Faurecia Automotive Exterior Co., Ltd	China	50	50
Dongfeng Faurecia (Wuhan) Automotive Parts Sales Co., Ltd	China	50	50
Wuhan Hongtai Changpeng Automotive Components Co., Ltd	China	49	49
Qinhuangdao WKW-FAD Automotive Interior Parts Co., Ltd	China	50	50
Dongfeng Faurecia (Xiangyang) Emissions Systems Co., Ltd	China	50	50
Chongqing Guangneng Faurecia Interior Systems Co., Ltd	China	50	50
Spain			
Componentes de Vehiculos de Galicia, S.A.	Spain	50	50
Copo Iberica, S.A.	Spain	50	50
Industrias Cousin Frères, S.L.	Spain	50	50
United States			
Detroit Manufacturing Systems, LLC	United States	45	45
DMS leverage lender, LLC	United States	45	45
France			
Automotive Performance Materials (APM)	France	50	50
Parrot Faurecia Automotive	France	20	20
India			
NHK F. Krishna India Automotive Seating Private, Ltd	India	19	19
Basis Mold India Private Limited	India	38	38
Italy			
Ligneos Srl	Italy	50	50
Japan			
Faurecia – NHK Co., Ltd	Japan	49.99	49.99
Portugal			
Vanpro Assentos, Lda	Portugal	50	50
Turkey			
Teknik Malzeme Ticaret Ve Sanayi AS	Turkey	50	50

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

1.1.3. Statutory Auditors' report on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers.

This report includes information specifically required by European Regulations or French law, such as information about the appointment of Statutory Auditors.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Faurecia for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

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

Basis of the audit opinion

AUDIT FRAMEWORK

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

Our responsibilities under those standards are further described in the section of this report entitled "*Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements*".

INDEPENDENCE

We conducted our audit engagement in compliance with the applicable independence rules for the period from January 1, 2017 to the date of issue of our report, and in particular we did not provide any services that are prohibited by Article 5 (1) of regulation (EU) No. 537/2014 or the Code of Ethics for Statutory Auditors in France.

Justification of our assessments – key audit matters

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

These matters were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

MEASUREMENT OF THE RECOVERABLE AMOUNT OF GOODWILL

(Note 10 to the consolidated financial statements)

Description of risk

The carrying amount of goodwill amounts to €1,217 million at December 31, 2017. Goodwill is allocated to the three cash generating units (CGUs) corresponding to the Group's operating segments: Seating, Clean Mobility, Interiors.

In accordance with IAS 36, goodwill is not amortized but is tested for impairment at least once a year and more often if there is an indication that it may be impaired.

For the purpose of impairment testing, goodwill is allocated to CGUs. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, as described in Note 10 to the consolidated financial statements.

Impairment tests are performed to compare the carrying amount of assets and liabilities by group of CGUs with the higher of their value in use (equal to the present value of the net future cash flows expected) and their fair value including costs of disposal.

The cash flow forecasts used were based on the assumptions used to prepare the Group's 2018-2020 strategic plan, approved by the Board of Directors. Assumptions relating to volumes included in the strategic plan, are corroborated by external sources.

For a given group of CGUs, an impairment loss is recognized whenever its recoverable amount falls below its carrying amount.

We considered the recoverable amount of goodwill to be a key audit matter for the following reasons:

- the amount of goodwill recorded in the consolidated financial statements is material;
- defining the inputs to be used to perform impairment tests requires a high degree of judgment and estimation from management, in particular as regards future cash flows, discount rates (WACC) and long-term growth rates, which are inherently dependent on the economic environment;
- the model used to measure recoverable amount is sensitive to these estimates.

How our audit addressed this risk

We inquired management about any indications of impairment. We assessed the method used by management to determine the recoverable amount of each group of CGUs in order to consider its compliance with IAS 36.

With the support of our asset valuation experts, we assessed the reasonableness of the key assumptions used by management to determine projected future cash flows and, in particular:

- compared the key assumptions used with independent market data. The key assumptions, such as discount rates, are used to determine the recoverable amount for the operating segment;
- verified the calculations as well as the main strategic plan data used in impairment testing;
- performed sensitivity analysis on the recoverable amounts calculated by management, in particular with regard to discount rates and the operating margin.

We also assessed the appropriateness of the disclosures provided in the Notes to the consolidated financial statements.

ACCOUNTING AND RECOVERABILITY OF DEVELOPMENT COSTS

(Note 11 to the consolidated financial statements)

Description of risk

Capitalized development costs stood at a net amount of €1,214.5 million at December 31, 2017.

In accordance with IAS 38, development costs incurred in connection with producing and delivering modules for specific customer orders are recorded as an intangible asset pursuant to the conditions set out in Note 11 to the consolidated financial statements.

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

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

These assets are tested for impairment whenever there is an indication that they may be impaired. Impairment tests involve comparing the carrying amount of the assets allocated to a customer contract and that of the associated specific tooling to the present value of the expected net future cash flows to be derived from the contract. Future cash flows are also based on the Group's 2018-2020 strategic plan.

We considered impairment testing of development costs to be a key audit matter for the following reasons:

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

How our audit addressed this risk

With regard to the capitalization of development costs:

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

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

- we inquired management about any indications of impairment. We assessed the method used by management to determine the recoverable amount of these assets in order to consider its compliance with IAS 36;
- with the support of our asset valuation experts, we assessed the consistency of the key assumptions used by management to determine projected future cash flows for a sample of customer programs and, in particular:
  - compared the key assumptions used with independent market data, such as discount rates,
  - verified the calculations and reconciled the main data used in impairment testing with strategic plan,
  - reconciled the data specific to each program, such as projected delivery quantities and negotiated unit price per product, with the customer contract, where applicable updated to reflect ongoing negotiations.

We also assessed the appropriateness of the disclosures provided in the relevant Notes to the consolidated financial statements.

RECOVERABILITY OF DEFERRED TAX ASSETS

(Note 8 to the consolidated financial statements)

Description of risk

As described in Note 8 to the consolidated financial statements, deferred tax assets stood at €232.6 million at December 31, 2017, while deferred tax liabilities stood at €18.6 million.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available in the short or medium term against which the temporary differences or the loss carryforward can be utilized.

The assessment of the ability to recover net deferred tax assets as of December 31, 2017 (€214 million) is based on the Group's 2018-2020 strategic plan for the long-term recovery of tax losses.

The Group's ability to recover deferred tax assets is assessed by management at the end of the year.

We considered the measurement and recoverability of deferred tax assets relating to tax loss carryforwards to be a key matter in our audit due to the importance of the assumptions and judgments used by management to recognize these assets and to the materiality of their amounts at the end of the year.

How our audit addressed this risk

We assessed the consistency of the assumptions used by management to recognize and measure deferred tax assets and their compliance with IAS 12.

With the support of our tax experts, we assessed the probability that the Group will be able to utilize the tax loss carryforwards currently recognized in its balance sheet, in particular with regard to:

- deferred tax liabilities existing in the same tax jurisdiction that may be used to offset existing tax loss carryforwards prior to their expiry date;
- the ability of the Group companies concerned to generate future taxable profit against which the existing tax loss carryforwards can be utilized.

We also assessed the consistency of the main data and assumptions on which taxable income projections underlying the accounting and recoverability of deferred tax assets relating to tax loss carryforwards are based.

We also assessed the appropriateness of the disclosures provided in the Notes to the consolidated financial statements.

Verification of information relating to the Group provided in the management report

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the management report of the Board of Directors.

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

Disclosures resulting from other legal and regulatory requirements

APPOINTMENT OF STATUTORY AUDITORS

We were appointed Statutory Auditors of Faurecia by the Annual General Meetings of May 27, 2003 (PricewaterhouseCoopers Audit) and June 17, 1983 (ERNST & YOUNG Audit).

As of December 31, 2017, PricewaterhouseCoopers Audit was in the fifteenth consecutive year of its engagement and ERNST & YOUNG Audit was in the thirty-fifth consecutive year of its engagement.

Responsibilities of management and those charged with governance relating to the consolidated financial statements

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with IFRS as adopted in the European Union, as well as for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing any matters relating to its ability to continue as a going concern and for adopting the going concern basis of accounting, unless it intends to liquidate the Company or cease its operations.

The Audit Committee is responsible for monitoring the process of preparing financial information and the effectiveness of internal control and risk management systems, as well as any internal audit procedures relating to the preparation and processing of financial and accounting information.

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

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

OBJECTIVE AND AUDIT APPROACH

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

In accordance with the provisions of Article L. 823-10-1 of the French Commercial Code, our audit of the consolidated financial statements does not constitute a guarantee of the longer-term viability or quality of the Company's management.

A more detailed description of our responsibilities as Statutory Auditors in the scope of the audit of the consolidated financial statements is set out in the appendix to this report, and is an integral part hereof.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee that includes a description of the scope of our audit work and the audit program implemented, as well as the resulting findings. We also bring to its attention any material weaknesses that we have identified in internal control procedures relating to the preparation and processing of financial and accounting information.

Our report to the Audit Committee includes an assessment of the risks of material misstatement that we deem to have been most significant for the audit of the consolidated financial statements and which constitute key audit matters. We describe these matters in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) No. 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics for Statutory Auditors in France. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris La Défense, February 15, 2018

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit	
Éric Bertier	Valérie Quint	Jean-Roch Varon

Appendix

DETAILED DESCRIPTION OF THE STATUTORY AUDITORS' RESPONSIBILITIES

As part of an audit performed in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the Notes to the consolidated financial statements;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. This conclusion is made on the basis of audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the entity to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in their audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for directing, supervising and performing the audit of the consolidated financial statements as well as for the opinion expressed thereon.

1.2. Faurecia parent company – business review and financial statements

1.2.1. Faurecia management report

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

In 2017, sales fell slightly, to €290.9 million from €302.2 million in 2016. Since 2010, the parent company has had a pivotal role for the rebilling of services to Group entities and it centralizes the Group's cash management activities.

In addition to providing services to Group subsidiaries, Faurecia invoices trademark royalties, calculated as a proportion of the subsidiaries' sales. These royalties, extended since 2015 to all companies wholly owned by the Group, totaled €92 million in 2017, versus €93 million in 2016.

Results of operations

The Company ended 2017 with a profit of €13.4 million, compared with €26.4 million in 2016.

Net financial income totaled €64.4 million compared to net financial income of €39.9 million in 2016.

This change resulted mainly from an increase in dividends received from the subsidiaries, which jumped from €37.1 million in 2016 to €63.9 million in 2017, due in particular to Faurecia Automotive España, an increase that was partially offset by a net increase in provisions for shares in 2017 amounting to €21.3 million for Faurecia Automotive GmbH, compared to a €5.9 million net reversal in 2016. 2016 also included the recognition of €31.5 million in financing costs for the early redemption of the 2016 bonds.

In 2016, the Company posted a loss of €1.7 million against non-recurring items, versus a profit of €8.1 million in 2016.

Tax income amounted to €18.3 million, compared with €25.6 million for fiscal year 2016. This corresponds to the tax income recognized from the positive earnings of French subsidiaries that are part of the consolidated tax Group.

Net income for the fiscal year showed a profit of €94.4 million. This compares with a profit of €99.9 million in 2016.

Financial structure and net debt

The main components of the Company's financial structure are the following:

2022 BONDS

In 2015, Faurecia issued bonds, due June 15, 2022, carrying annual interest of 3.125%, payable on June 15 and December 15 each year, as from June 15, 2015.

A first part of these bonds was issued on March 17, 2015 for €500 million. An additional €200 million bond was issued on April 9, 2015, with the same due date and same interest rate, at 100.25% of the nominal value. On May 19, 2015, the bonds of this second tranche were wholly assimilated to those issued on March 17, 2015.

They include a covenant restricting the additional indebtedness if the EBITDA[1] after certain adjustments is lower than twice the gross interest costs, and restrictions on the debt similar to those of the syndicated credit loan.

They are listed on the Irish Stock Exchange (Global Exchange Market). The costs related to the bond issue are expensed in P&L over the life time of the bonds. The bonds benefit from guarantees from some Group subsidiaries; the entities providing these guarantees are the same as those that guarantee the bonds due December 2016. These guarantees have been eliminated with the full redemption of these 2016 bonds.

2023 BONDS

On April 1, 2016, Faurecia issued bonds for an amount of €700 million due June 15, 2023, carrying annual interest of 3.625%, payable on June 15 and December 15 each year, as from June 15, 2016.

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

These bonds benefit from the same restrictions as the 2022 bonds and do not benefit from guarantees issued by subsidiaries.

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

SYNDICATED CREDIT FACILITY

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

In accordance with the credit documentation, all guarantees issued by some Group subsidiaries in favor of banks participating in this credit facility were eliminated when the bonds due in December 2016 were fully redeemed, on April 12, 2016.

As of December 31, 2017 this credit facility was not drawn.

This credit facility contains a single restrictive clause on consolidated financial ratios: the net debt(1)/EBITDA(2) must be lower than 2.50. Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2017, the Group complied with this ratio.

This credit facility includes some restrictive clauses on asset disposals (disposal representing over 25% of the Group's total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate) and on the debt level of some subsidiaries.

Finally, in 2017 Faurecia S.A. regularly issued commercial paper to investors, mainly in France, with maturities up to one year.

At December 31, 2017, the shareholders' equity in the Company before distribution of the period's earnings amounted to €3,021.1 million compared to €3,049.4 million at the close of 2016. This is a drop of €28.3 million.

At December 31, 2017, Faurecia's net debt was €215.2 million, factoring in its gross debt, net of cash and cash equivalents, marketable securities and advances net of intra-group cash and loans; this figure was €207.5 million at December 31, 2016.

Trade payables representing €18.4 million included 14 past-due invoices that were settled after December 31, 2017; trade receivables represented €25.1 million at December 31, 2017, including €5.5 million past due and not settled, mainly with subsidiaries. The late payment analysis table breaks down as follows:

	Article D. 441 I. 1: Invoices received, unpaid and in arrears as of the closing date						**Article D. 441 I. 2: Invoices issued, unpaid and in arrears as of the closing date**					
	0 days	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 or more days**	**Total (1 or more days)**	**0 days**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 or more days**	**Total (1 or more days)**
(A) LATE PAYMENT CATEGORIES												
Number of invoices concerned	2					12	0					43
Total amount of invoices concerned (inclusive of all tax)	17 890	94 294	0	4 500	38 179	154 862	0	(20 020,0)	803 326	868 470	3 807 487	5 459 263
% of total purchase amount for the fiscal year (inclusive of all tax)	0,00%	0,02%	0,00%	0,00%	0,01%	0,04%						
% of sales for the fiscal year (inclusive of all tax)							0,00%	0,00%	0,17%	0,18%	0,81%	1,16%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED PAYABLES AND RECEIVABLES												
Number of excluded invoices						6						0
Total amount of excluded invoices						28 353						0
(C) REFERENCE TERMS OF PAYMENT USED (CONTRACTUAL OR STATUTORY DEADLINE – ARTICLE L. 441-6 OR ARTICLE L. 443-1 OF THE FRENCH CODE OF COMMERCE)												
Terms of payment used to calculate late payments	Contractual deadlines						Contractual deadlines					

(1) Consolidated net debt.

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

The net carrying value of equity interests recognized in the balance sheet at December 31, 2017 came to €3,177.1 million (€3,182.4 million at end 2016).

Business review relating to the Company's subsidiaries

The operations and results of the Company's subsidiaries in 2017 are analyzed in detail in the review of the consolidated financial statements.

The most significant events of 2017 were as follows:

- in March 2017, through a capital increase reserved for Faurecia, Faurecia Investments acquired 20% of the capital stock of Parrot Automotive, whose corporate name was changed to Parrot Faurecia Automotive;
- in June 2017, the new Indian company PFP Acoustic and Soft Trims India Private Limited was registered; Faurecia Automotive Holdings controls a 99.99% stake and the remaining 0.01% is held by Faurecia Interior Systems India Private Limited;
- in September 2017, the Chinese company Faurecia (Wuhu) Exhaust Systems Co., Ltd, which is wholly owned by Faurecia Investments, was delisted from the commercial register;
- in October 2017, two new companies were registered:
  - the joint venture Basis Mold India Private Limited, in which Faurecia Automotive Holdings controls 38% of the capital stock,
  - Faurecia Automotive Industries Morocco (Sarl), which is wholly owned by Faurecia Investments (with the exception of equity held by Faurecia Automotive Holdings).

  In addition, following a capital increase through contributions in kind that was fully subscribed by Faurecia Automotive España, S.A., the ownership of Faurecia AST Luxembourg changed: whereas it was previously wholly owned by Faurecia Investments, Faurecia Investments now has a 2.1% stake while Faurecia Automotive España, S.A., now has a 97.9% stake;
- in November 2017:
  - all the equities of Flamant Bleu SAS, which until then had been wholly owned by Faurecia Investments, were transferred to Faurecia Automotive Holdings and its corporate name was changed to Faurecia Smart Technologies,
  - all the equities of Hambach Automotive Exteriors, which until then had been wholly owned by Faurecia Exteriors International were transferred to Faurecia Automotive Holdings;
- in December 2017, two entities were delisted from the commercial register:
  - Faurecia (Wuhan) Automotive Seating Co., Ltd, in which Faurecia Investments controls a 12.5% stake and Faurecia Automotive España, S.A., controls an 87.5% stake,
  - Faurecia Emissions Control Technologies (Shanghai) Co., Ltd, in which Faurecia Investments controls a 66% stake and Beijing Gu Mao Investments Management Center (LLP) controls a 34% stake, due to a merger with the joint venture Faurecia Honghu Exhaust Systems Shanghai, Co., Ltd, in November.

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

As such, the foreseeable changes in the Company and material events that occurred between the close of the fiscal year and the writing of the management report are discussed in Sections 1.1.1.8 and 1.1.1.2 respectively.

Information on the use of financial instruments is provided in Note 29 to the consolidated financial statements.

The risks that Faurecia faces and the main features of the internal control and risk management procedures are discussed in Section 2 of this Registration Document.

Information on research and development appears in the introductory chapter, and the way in which Faurecia takes into consideration the social and environmental consequences of its business, and its societal commitments in favor of sustainable development, are detailed in Section 4.

The current capital structure, crossing of thresholds, employee profit-sharing through the Faurecia Actionnariat Corporate Mutual fund, and other information on the capital stock (including the table of financial authorizations and their use during the 2017 fiscal year, the change in capital stock, potential capital stock, treasury stock and information on purchases and sales of treasury shares) are covered in Section 3.2.1.

Information on the compensation of the corporate officers and on other aspects of the operation of the Company's administrative, management and supervisory bodies (including the list of corporate offices and duties of the corporate officers) appears in Section 3.1.

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

Factors likely to affect a public takeover bid are discussed in the same section and in Section 6.2.

Information on the fees of the Statutory Auditors is provided in Section 6.4.

Information on options and performance shares appears in Note 22.2 to the consolidated financial statements and in Section 3.2.1 of this Registration Document. Other detailed information is provided in a special report.

Information on the vigilance plan, within the meaning of the French law of March 27, 2017, appears in Sections 2.2.1 and 4.3.3.

The draft resolutions and their explanatory Notes are provided in Sections 5.2 and 5.3 – including the disclosure of the amount of the dividends paid over the last three years and the expenses and costs referred to in Article 39-4 of the French General Tax Code – are an integral part of this report and supplement this information.

1.2.2. Financial statements

1.2.2.1. Income statement

(in € thousands)	Notes	2017	2016
Services sold		290,858	302,200
Sales		**290,858**	**302,200**
Outside services		(297,463)	(319,608)
Taxes other than on income		(5,049)	(4,096)
Salaries and wages		(16,978)	(8,678)
Payroll taxes		(6,933)	(9,975)
Depreciation and amortization			
provisions (net of reversals) and expense transfers	3	(6,716)	6,364
Other income/(expenses)	4	55,657	60,204
Total operating income and expenses		**(277,482)**	**(275,789)**
NET OPERATING INCOME		**13,376**	**26,411**
Financial income	5	193,188	173,188
Financing costs	5	(128,767)	(133,312)
NET FINANCIAL INCOME (EXPENSE)	5	**64,421**	**39,876**
OPERATING INCOME AFTER NET FINANCIAL INCOME		**77,797**	**66,287**
Non-recurring income	6	19,944	8,867
Extraordinary expenses	6	(21,708)	(783)
NON-RECURRING ITEMS	6	**(1,764)**	**8,084**
Employee profit-sharing		0	0
Corporate income tax	7	18,331	25,573
NET INCOME (LOSS)		**94,364**	**99,944**

1.2.2.2. Balance sheet as of december 31

Assets

(in € thousands)	Notes	12/31/2017 Amounts Gross	12/31/2017 Depreciation and provisions	12/31/2017 Amounts Net	12/31/2016 Amounts Net
Intangible assets	8	9,493	9,338	105	80
Property, plant and equipment	9	12,021	11,719	302	1,241
Investments	10	3,718,928	98,420	3,620,508	3,510,499
TOTAL FIXED ASSETS		**3,740,442**	**119,527**	**3,620,915**	**3,511,820**
Operating receivables		25,143	0	25,143	23,351
Other receivables	11	2,049,863		2,049,863	2,143,594
Marketable securities and related receivables	12	648,148	0	648,148	209,525
Cash and cash equivalents		263,232		263,232	740,242
TOTAL CURRENT ASSETS		**2,986,386**	**0**	**2,986,386**	**3,116,712**
Prepaid expenses	13	1,177		1,177	407
Unrealized foreign exchange losses		8,499		8,499	3,838
Bond redemption premiums		0		0	0
Deferred charges	14	18,613		18,613	24,258
TOTAL ASSETS		**6,755,118**	**119,527**	**6,635,590**	**6,657,035**

Liabilities

(in € thousands)	Notes	12/31/2017	12/31/2016
Capital stock		966,251	966,251
Additional paid-in capital		627,441	627,441
Statutory reserve		96,625	95,318
Untaxed reserves		8,939	8,939
Other reserves		0	0
Retained earnings		1,227,486	1,251,495
Net income for the fiscal year		94,364	99,944
TOTAL SHAREHOLDERS' EQUITY	15	**3,021,106**	**3,049,388**
Provisions for contingencies and charges	16	**13,878**	**8,280**
TOTAL DEBT	17	**1,610,115**	**1,534,789**
Operating payables	18	33,142	34,137
Sundry payables	18	1,937,926	2,024,684
TOTAL OPERATING PAYABLES AND OTHER PAYABLES		**1,971,068**	**2,058,821**
Prepaid income		200	0
Unrealized foreign exchange gains		19,223	5,757
TOTAL EQUITY AND LIABILITIES		**6,635,590**	**6,657,035**

1.2.2.3. Notes to the parent company 2017 financial statements

Contents

Note 1 Summary of significant accounting principles and policies

The financial statements are prepared in accordance with the accounting principles that are widely accepted in France based on the General Accounting System (*Autorité des Normes Comptables* [ANC] regulation No. 2014-03 of June 5, 2014, on the General Accounting System). The accounting conventions for preparing and presenting parent company financial statements were applied in accordance with the principle of prudence, with the following basic assumptions:

- going concern;
- consistency in accounting policies from one year to the next;
- independence of fiscal years.

The basic method used to assess the information recorded in the books is the historical cost method.

Only material information is shown.

1.1 CHANGES IN ACCOUNTING PRINCIPLES AND POLICIES

For the first time, the Company applied ANC regulation No. 2015-05 on financial futures and hedging transactions. This change constitutes a change in accounting policies that must be recognized according to the provisions of Article 122-2 of the General Accounting System. However, in accordance with an option offered by ANC regulation No. 2015-05, the Company decided to limit retrospective changes to transactions that existed as of the first application (January 1, 2017). In the case of the Company, the adoption of new principles has no impact on opening shareholders' equity, so no pro forma information is provided.

1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition or production cost. Property, plant and equipment are depreciated by the straight-line method over the estimated useful lives of the assets, as follows:

- buildings: twenty to thirty years;
- building improvements, fixtures and fittings: seven to ten years;
- other fixtures and fittings: ten years;
- office equipment and computers: three to five years;
- software: one to three years;
- furniture: ten years.

1.3 INVESTMENTS

Equity interests consist of long-term investments that make it possible to control the issuer or exercise significant influence, or that make it possible to establish business relations with the issuer.

Gross value is equal to contribution value or cost. Impairment is established if the value in use of the equity interests held fall below its entry value. Value in use is based on the subsidiary's revalued net assets, profitability and future outlook.

For investments intended to be sold, value-in-use estimates also take into account prices at which prior transactions were carried out, if any.

1.4 MARKETABLE SECURITIES AND RELATED RECEIVABLES

Marketable securities are stated at the lower of cost or market value.

1.5 FOREIGN CURRENCY TRANSACTIONS

Unhedged payables and receivables in foreign currency are translated at the exchange rate prevailing on the transaction date. At the balance sheet date, they are remeasured at the year-end exchange rate. Gains or losses resulting therefrom are recognized under "Unrealized foreign exchange losses" for unrealized losses and under "Unrealized foreign exchange gains" for unrealized gains. Unrealized translation adjustments are subject to a provision in the amount of the unhedged risk.

1.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at their par value.

1.7 PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The vested rights of employees under supplementary pension and retirement bonus plans are determined on an actuarial basis using the projected unit credit method. The valuation takes into account the probability of employees staying with the Company up to retirement age and expected future compensation levels. In cases where the funds are permanently allocated to the benefit plan concerned, their value is deducted from the related liability.

1.8 NON-RECURRING ITEMS

Unusual or non-recurring items are included under "Non-recurring income" and "Non-recurring expense".

1.9 FINANCIAL INSTRUMENTS

Interest-rate risks are hedged, where appropriate, using financial instruments traded on organized or over-the-counter markets.

Hedging gains and losses are recognized on a symmetrical basis with the loss or gain on the hedged item.

Note 2 Highlights and post-balance sheet events

No significant post-balance sheet events have occurred.

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

(in € thousands)	2017	2016
Provision reversals	3,392	4,905
Expense transfers[1]	55	12,549
Depreciation and amortization	(5,834)	(7,954)
Provisions for impairment of current assets		
Provisions for contingencies and charges	(4,329)	(3,136)
TOTAL	**(6,716)**	**6,364**
(1) Of which: transfer of fees included in "Outside services" relating to new financings:	*55*	*9,928*

Note 4 Other income/(expenses)

(in € thousands)	2017	2016
Operating income		
Trademark royalties	91,949	92,959
Other income	4	569
TOTAL	**91,953**	**93,528**
Operating expenses		
Trademark royalties	35,542	32,794
Other non-operating expenses	755	530
TOTAL	**36,296**	**33,324**
OTHER INCOME/(EXPENSES)	**55,657**	**60,204**

Note 5 Net financial income (expense)

Net financial income (expense) breaks down as follows:

(in € thousands)	2017	2016
Financial income		
From investments[(1)]	63,867	37,137
Other interest and related income	109,545	130,123
Net proceeds from sales of marketable securities	138	46
Provision reversals[(2)]	19,638	5,882
TOTAL	**193,188**	**173,188**
Financing costs		
Interest expense	79,290	98,020
Charges to provisions for impairment of investments[(3)]	40,978	0
Charges to other provisions and other financial expenses	8,499	35,292
TOTAL	**128,767**	**133,312**
NET FINANCIAL INCOME (EXPENSE)	**64,421**	**39,876**
(1) This item corresponds to dividends received from subsidiaries and affiliates		
• Faurecia Services Groupe	*3,816*	*1,192*
• Faurecia Automotive España	*29,749*	*9,058*
• Faurecia Tongda Exhaust System	*9,955*	*11,639*
• Faurecia Honghu Exhaust Systems Shanghai	*20,347*	*15,248*
(2) Of which:		
• reversal of provisions for Faurecia Automotive Belgium shares	*15,800*	*0*
• reversal of provisions for contingencies and financing costs	*3,838*	*5,393*
(3) Of which:		
• Faurecia Exteriors International shares	*14,000*	*0*
• Faurecia Automotive GmbH shares	*26,978*	*0*

Note 6 Non-recurring items

Non-recurring items break down as follows:

(in € thousands)	2017	2016
Non-recurring income		
Proceeds from management activities	2	8,625
Proceeds from disposals of fixed assets[(1)]	152	242
Proceeds from the sale of free shares	19,790	0
TOTAL	**19,944**	**8,867**
Extraordinary expenses		
On management transactions	3	4
Carrying amount of fixed and financial assets sold[(2)]	51	779
Expenses for the sale of free shares	20,823	0
Depreciation, amortization and charges to provisions[(3)]	831	0
TOTAL	**21,708**	**783**
NON-RECURRING ITEMS	**(1,764)**	**8,084**
(1) of which proceeds from the sale of equity interests:	*0*	*49*
• Faurecia Automotive Marles shares sold to Faurecia Intérieur Industrie	*0*	*10*
• Faurecia Ventures shares sold to Faurecia Investments	*0*	*39*
(2) of which carrying amounts of equity interests sold or transferred:	*51*	*100*
• Faurecia Automotive Marles shares sold to Faurecia Intérieur Industrie	*0*	*50*
• Faurecia Ventures shares sold to Faurecia Investments	*0*	*50*
(3) of which depreciation, amortization and charges to provisions	*831*	*0*
• Impairment of Magellan property fixtures and furniture	*831*	*0*

Note 7 Corporate income tax

Faurecia has elected to file a consolidated tax return. The resulting tax Group includes the parent company and its main French subsidiaries. This system allows Faurecia to obtain group relief by offsetting any tax losses recorded by the Company and certain of its subsidiaries against the taxable income of other subsidiaries in the tax Group:

(in € thousands)	2017	2016
Tax benefit arising from group relief	18,331	25,573
Other tax (expense) income (tax credit)		
TOTAL	**18,331**	**25,573**

Note 8 Intangible assets

This can be broken down as follows:

(in € thousands)	Concessions, patents and similar rights	Other intangible assets	Intangible assets in progress	Total
AMOUNT AS OF DECEMBER 31, 2015	**80**	**1**	**0**	**81**
Additions (including own work capital)				0
Disposals				0
Funding of depreciation, amortization and impairment provisions		(1)		(1)
Depreciation written off on disposals				0
Other movements				
AMOUNT AS OF DECEMBER 31, 2016	**80**	**0**	**0**	**80**
Additions (including own work capital)		25		25
Disposals				
Funding of depreciation, amortization and impairment provisions				
Depreciation written off on disposals				
Other movements				
AMOUNT AS OF DECEMBER 31, 2017	**80**	**25**	**0**	**105**

Note 9 Property, plant and equipment

This can be broken down as follows:

	12/31/2017		12/31/2016
(in € thousands)	Gross	Net	Net
Land	53	53	53
Buildings	272	0	0
Other property, plant and equipment	11,696	249	1,188
TOTAL	**12,021**	**302**	**1,241**

(in € thousands)	Land	Buildings	Other property, plant and equipment	Total
AMOUNT AS OF DECEMBER 31, 2015	**53**	**0**	**1,273**	**1,326**
Additions (including own work capital)			109	109
Disposals				0
Funding of depreciation, amortization and impairment provisions			(194)	(194)
Depreciation written off on disposals				0
AMOUNT AS OF DECEMBER 31, 2016	**53**	**0**	**1,188**	**1,241**
Additions (including own work capital)			80	80
Disposals				0
Funding of depreciation, amortization and impairment provisions			(1,019)	(1,019)
Depreciation written off on disposals				0
AMOUNT AS OF DECEMBER 31, 2017	**53**	**0**	**249**	**302**

Note 10 Investments

(in € thousands)	Gross	31/12/2017 Provisions	Net	12/31/2016 Net
Equity investments	3,275,556	98,420	3,177,136	3,182,364
Receivables from equity investments	443,120	0	443,120	327,883
Other fixed investments	252	0	252	252
TOTAL	**3,718,928**	**98,420**	**3,620,508**	**3,510,499**

Movements in equity interests break down as follows:

(in € thousands)	Gross	Provisions	Net
AMOUNT AS OF DECEMBER 31, 2015	**2,968,706**	**73,242**	**2,895,464**
Capital increase	287,010		287,010
Sale of shares	(110)		(110)
AMOUNT AS OF DECEMBER 31, 2016	**3,255,606**	**73,242**	**3,182,364**
Acquisitions			0
Capital increase	19,950		19,950
Universal transfer of assets			0
Charges to and reversals of provisions		25,178	(25,178)
Company liquidation			0
Sale of shares			0
AMOUNT AS OF DECEMBER 31, 2017	**3,275,556**	**98,420**	**3,177,136**

The increase in the gross value of equity interests concerns ET Dutch Holdings BV

Note 11 Other receivables

(in € thousands)	12/31/2017	12/31/2016
Cash advances	1,978,087	2,057,989
Tax due by subsidiaries in the tax group	5,263	1,160
Prepaid and recoverable corporate income tax	59,288	59,135
Recoverable VAT	2,741	3,176
Sundry receivables	4,484	22,134
TOTAL	**2,049,863**	**2,143,594**

All sundry receivables are due in less than one year.

Prepaid and recoverable corporate income tax corresponds to research tax credits (research, training, competitiveness) of €45.9 million and the down payments made in 2017 amounting to €13.4 million.

Note 12 Marketable securities and related receivables

As of December 31, 2017, this item included:

(in € thousands)	12/31/2017	12/31/2016
Treasury shares	34,213	25,662
Deposits	613,935	183,863
TOTAL MARKETABLE SECURITIES	**648,148**	**209,525**

Treasury shares transactions during the year break down as follows:

(in € thousands)	Number of shares	Amounts
Balance as of December 31, 2016	**807,216**	**25,662**
Distribution of treasury shares[1]	(952,896)	(31,658)
Share buyback	960,000	40,209
Balance as of December 31, 2017	**814,320**	**34,213**

(1) The treasury shares distributed in 2017 were given to French or foreign Group employees under Share Plan No. 5 (see Note 2).

Note 13 Prepaid expenses

Prepaid expenses mainly comprise:

(in € thousands)	12/31/2017	12/31/2016
Commissions and bank charges	88	87
Rent	804	0
Other	285	320
TOTAL	**1,177**	**407**

Note 14 Deferred charges

Deferred charges as of December 31, 2017 refer to financing fees.

Note 15 Shareholders' equity

15.1 Change in shareholders' equity

(in € thousands)	Balance at 12/31/2016	Decision appropriation of the Ordinary General Meeting of May 30, 2017	Additions of capital stock	Results of operations of the fiscal year	Balance at 12/31/2017
Capital stock	966,251				966,251
Additional paid-in capital	627,441				627,441
Statutory reserve	95,318	1,307			96,625
Untaxed reserves	8,939				8,939
Other reserves	0				0
Retained earnings	1,251,495	(24,009)			1,227,486
Net income for the fiscal year	99,944	(99,944)		94,364	94,364
TOTAL	**3,049,388**	**(122,647)**	**0**	**94,364**	**3,021,106**

15.2 Capital stock and additional paid-in capital from equity issues, mergers and acquisitions

As of December 31, 2017, capital stock totaled €966,250,607, divided into 138,035,801 fully paid-up shares with a par value of €7 each. As of December 31, 2017, 64,723,075 registered shares had double voting rights.

There were no outstanding stock subscription options as of December 31, 2017.

15.3 Free share grant plans

Free share grant plans are set up for managers and professionals who perform management duties in Group companies. These shares are subject to presence and performance conditions.

The plan's performance conditions set by the Board of Directors' meeting of July 24, 2013, were fulfilled, so the corresponding 947,050 shares were granted in July 2017 through the distribution of treasury shares in accordance with the Board of Directors' decisions. The cost of these shares was reinvoiced by the Company to the subsidiaries employing the beneficiaries, except for those in countries where this reinvoicing was impossible.

To date, there is no decision by the Board of Directors on the terms and conditions of distribution for future plans (treasury shares or capital increase).

The performance conditions for the plan attributed by the Board of July 28, 2014 have been met, the corresponding shares, i.e. 761,865 will be distributed in July 2018.

Details of the other share grant plans as of December 31, 2017, are set out in the table below:

Date of General Meeting	Date of Board meeting	Maximum number of free shares that can be granted * for: reaching the objective	exceeding the objective	Performance condition
5/27/2015	7/23/2015	570,122	741,081	2017 pretax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies
5/27/2016	7/25/2016	687,711	894,665	2018 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies
5/27/2016	7/20/2017	617,595	802,830	2019 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies

* *Net of free shares granted cancelled.*

Note 16 Provisions for contingencies and charges

(in € thousands)	12/31/2017	12/31/2016
Provision for contingencies		
Foreign exchange losses	8,499	3,838
SUB TOTAL	**8,499**	**3,838**
Provisions for charges		
Provision for pensions and other post-employment benefits[1]	5,378	4,441
Other provisions for charges	1	1
SUB TOTAL	**5,379**	**4,442**
TOTAL	**13,878**	**8,280**

(1) Provisions for pensions and other post-employment benefits cover the following costs payable by the Company on retirement of employees:
- *post-retirement benefit obligations;*
- *supplementary pensions paid to some employees.*

For the latter, it is freed of its commitments by a capital stock deduction that covers the annuity for the insurance company, which is responsible for the service; the deduction is made from a fund established to cover pension schemes which are not yet fully acquired. Consequently, the Company has no further pension commitments towards former employees.

The actuarial valuation was carried out by independent actuaries. Calculations were based on a discount rate of 1.5% an inflation rate of 1.8%.

The change in the provision in 2015 was mainly due to the commitment relating to the specific supplementary pension scheme for Executive Committee members, comprising a defined benefits pension scheme for members who are French nationals and a defined contribution pension scheme for those who are foreign nationals, which was approved during the year. It guarantees an annuity based on the amount of the reference compensation.

(in € thousands)	2017	2016
Projected benefit obligation	17,951	13,816
Hedging of obligations	(6,845)	(3,876)
Deferred items	(5,728)	(5,499)
PROVISIONS	**5,378**	**4,441**

(in € thousands)	2017	2016
Service cost	(4,126)	(2,878)
Interest cost	(261)	(260)
Expected return on plan assets	58	2
TOTAL	**(4,329)**	**(3,136)**

Changes in provisions for contingencies and charges for the year were as follows:

(in € thousands)	Balance at 12/31/2016	Additions	Reversals (surplus provisions)	Payments to retirement funds	Balance at 12/31/2017
Provisions for foreign exchange losses	3,838	8,499	(3,838)		8,499
Provisions for pensions and other employee obligations	4,441	4,329		(3,392)	5,378
Other provisions for charges	1				1
TOTAL	**8,280**	**12,828**	**(3,838)**	**(3,392)**	**13,878**

Note 17 Borrowings

(in € thousands)	12/31/2017	12/31/2016
Convertible bonds	0	0
Other bonds	1,400,000	1,400,000
Bank borrowings	206,093	132,135
Other borrowings	4,022	2,654
TOTAL	**1,610,115**	**1,534,789**

4.38% of the Company's debt is at variable rates. This debt is hedged using interest-rate caps as described in Note 21-1.

The breakdown of the Company's debt by maturity is as follows:

(in € thousands)	At 12/31/2017
Maturing in 2018	155,821
Maturing in 2019	1,421
Maturing in 2020	51,437
Maturing in 2021	1,429
Maturing in 2022	700,007
Maturing in 2023	700,000
TOTAL	**1,610,115**

The main components of the Company's financial structure are the following:

2022 Bonds

In 2015, Faurecia issued bonds, due June 15, 2022, carrying annual interest of 3.125%, payable on June 15 and December 15 each year, as from June 15, 2015.

A first part of these bonds has been issued on March 17, 2015 for €500 million. An additional €200 million bond was issued on April 9, 2015, with the same due date and same coupon, at 100.25% of the nominal value. On May 19, 2015, the bonds of this second tranche were wholly assimilated to those issued on March 17, 2015.

They include a covenant restricting the additional indebtedness if the EBITDA[1] after certain adjustments is lower than twice the gross interest costs, and restrictions on the debt similar to those of the syndicated credit loan.

They are listed on the Irish Stock Exchange (Global Exchange Market). The costs related to the bond issue are expensed in P&L over the life time of the bonds. The bonds benefit from guarantees from some Group subsidiaries; the entities providing these guarantees are the same as those that guarantee the bonds due December 2016. These guarantees have been eliminated with the full redemption of these 2016 bonds.

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

2023 Bonds

On April 1, 2016, Faurecia issued bonds for an amount of €700 million due June 15, 2023, carrying annual interest of 3.625%, payable on June 15 and December 15 each year, as from June 15, 2016.

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

These bonds benefit from the same restrictions as the 2022 bonds and do not benefit from guarantees issued by subsidiaries.

Syndicated credit facility

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

In accordance with the credit documentation, all guarantees issued by some Group subsidiaries in favor of banks participating in this credit facility were eliminated when the bonds due in December 2016 were fully redeemed, on April 12, 2016.

As of December 31, 2017 this credit facility was not drawn.

This credit facility contains a single restrictive clause on consolidated financial ratios: the net debt(1)/EBITDA(2) must be lower than 2.50. Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2017, the Group complied with this ratio.

This credit facility includes some restrictive clauses on asset disposals (disposal representing over 25% of the Group's total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate) and on the debt level of some subsidiaries.

Finally, in 2017 Faurecia regularly issued commercial paper to investors, mainly in France, with maturities up to one year.

Note 18 Operating payables and other liabilities

(in € thousands)	12/31/2017	12/31/2016
Trade payables	18,446	20,711
Other operating payables	14,696	13,426
SUBTOTAL OPERATING PAYABLES	**33,142**	**34,137**
Cash advances from subsidiaries	1,937,569	2,008,435
Other liabilities	357	16,249
SUBTOTAL OTHER PAYABLES	**1,937,926**	**2,024,684**
TOTAL	**1,971,068**	**2,058,821**

All operating payables and other liabilities are payable in less than one year.

Note 19 Deferred taxes

Deferred taxes relate to:

- temporary differences between the recognition of income and tax purposes;
- tax loss carry forwards of the tax group;
- Tax savings arising from the use of tax losses of subsidiaries in the tax group which will have to be restored to them if and when they return to profit.

Deferred taxes are computed based on the tax rate for the year in which they are expected to reverse.

(1) Consolidated net debt.

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

This can be broken down as follows:

(in € thousands)	12/31/2017	12/31/2016
Deferred taxes relating to the tax savings arising from using losses in tax-group subsidiaries	(662,962)	(638,331)
SUBTOTAL, DEFERRED TAX LIABILITIES	**(662,962)**	**(638,331)**
Tax paid on taxable income that is not yet recognized	3,692	661
Charges recognized that are deductible for tax purposes in future years	5,655	4,929
Future tax savings on tax loss carry forwards of the tax group	457,974	470,364
SUBTOTAL, DEFERRED TAX ASSETS	**467,322**	**475,954**
NET DEFERRED TAX (LIABILITIES)/ASSETS	**(195,640)**	**(162,377)**

Note 20 Financial commitments

Endorsements, sureties and guarantees include commitments to subsidiaries and direct and indirect affiliates for an amount of €56.4 million (€56.6 million as of December 31, 2016; €59.3 million as of December 31, 2015).

Note 21 Financial instruments used to hedge market risks

21.1 Interest-rate hedges

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

For its variable rate loans, the Company hedges arranged comprise mainly euro-denominated interest rate swaps, designed to hedge interest payable on variable rate borrowings.

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

At 12/31/2017	Notional amounts by maturity		
(in € millions)	< 1 year	1 to 5 years	> 5 years
Interest rate options			
Variable rate/fixed rate swaps	400		

21.2 Hedging of currency risks

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

- Currency risks on forecasted transactions are hedged on the basis of estimated cash flows determined when budgets are prepared, validated by Executive Management; these forecasts are updated on a regular basis;
- Currency risk on inter-company loans and borrowings to/from subsidiaries outside the eurozone that are denominated in the subsidiaries' functional currency but referenced in euros is hedged through swaps.

As of December 31, 2017, the cross-currency swaps in place relate to the following currencies:

At 12/31/2017 *(in millions)*	POSITION	
	BUYER	SELLER
RUB		530.5
DKK		97.1
USD		604.9
GBP	60.0	
JPY		600.0
CNY		205.4
MYR		7.5
ZAR		451.0

Note 22 Average headcount

	2017	2016
Management	8	8
Staff	0	
TOTAL	**8**	**8**

Note 23 Compensation

In 2017, total attendance fees paid to directors amounted to €512,400 compared with €523,400 in 2016.

Note 24 Identity of the parent company consolidating the company's financial statements

Peugeot SA - 7, rue Henri Sainte-Claire Deville 92500 Rueil-Malmaison (France)

Company Identification (SIRET) No. 552 100 554 00021

1.2.2.4. Five-year financial summary

(in euros)	2017	2016	2015	2014	2013
1 – CAPITAL STOCK AT END OF FISCAL YEAR					
a) Capital stock	966,250,607	966,250,607	960,349,446	867,476,470	858,116,945
b) Number of ordinary shares outstanding	138,035,801	138,035,801	137,192,778	123,925,210	122,588,135
c) Maximum number of future shares to be created : by exercising stock subscription options	0	244,200	636,500	931,025	1,113,600
2 – OPERATIONS AND RESULTS FOR THE FISCAL YEAR					
a) Sales excluding tax	290,857,463	302,199,773	253,055,437	213,600,660	203,477,926
b) Income before tax, employee profit-sharing and depreciation, amortization and provisions	113,474,100	109,966,776	185,983,522	57,503,003	128,905,888
c) Corporate income tax(1)	(18,331,259)	(25,573,498)	(19,348,402)	(39,644,632)	(18,187,531)
d) Employee profit-sharing	0	0	0	0	0
e) Income after tax, employee profit-sharing and depreciation, amortization and provisions	94,364,262	99,944,506	226,027,199	92,537,243	99,066,092
f) Total dividend(2)	151,839,381	124,232,221	89,175,306	43,373,824	36,776,441
3 – EARNINGS PER SHARE					
a) Income after tax and employee profit-sharing but before depreciation, amortization and provisions	0.95	0.98	1.50	0.78	1.20
b) Income after tax, employee profit-sharing and depreciation, amortization and provisions	0.68	0.72	1.65	0.75	0.81
c) Net dividend per share	1.10	0.90	0.65	0.35	0.30
4 – PERSONNEL					
a) Average number of employees during the fiscal year	8	8	16	43	47
b) Total payroll for the fiscal year	16,977,910	8,677,854	9,237,393	12,193,239	9,374,348
c) Total employee benefits paid for the fiscal year (social security, other social benefits, etc.)	6,933,157	9,975,137	4,918,450	7,210,631	8,045,296

(1) Amounts in parentheses represent tax savings recognized under the tax consolidation agreement.
(2) The 2017 dividend is pending approval by the Ordinary General Meeting of the proposed appropriation of 2017 net income. The part of the 2017 dividend corresponding to shares that the Company holds on its own behalf at the payment date will be allocated to "Retained earnings".

1.2.3. Subsidiaries and affiliates

(in € thousands)	Capital stock	Reserves and retained earnings before appropriation of net income	Share of capital stock owned in %	Gross carrying amount of investment
I. Detailed information				
A. Subsidiaries (at least 50% of capital stock owned by the Company)				
Faurecia Investments	103,567	104,882	100	480,395
Faurecia Automotive Belgium	10,000	13,969	100	60,196
Faurecia USA Holdings, Inc.	15	639,999	85	600,699
ET Dutch Holdings BV	18	209,199	100	578,550
Faurecia Automotive Holdings	23,423	337,615	100	918,260
Faurecia Exhaust International	7,301	(3,232)	100	82,301
Faurecia Exteriors International	250,000	7,183	100	250,000
Faurecia Services Groupe	40	10	100	46
Faurecia Honghu Exhaust Systems Shanghai	6,023	20,973	66	1,212
B. Affiliates (10%-50% of capital stock owned by the Company)				
Faurecia Automotive España, SA	7,138	434,344	11	76,449
Faurecia Automotive GmbH	146,420	299,755	26	225,184
Faurecia Tongda Exhaust System (Wuhan) Co., Ltd	4,791	31,130	50	2,217
II. Summarized information				
Subsidiaries and affiliates not included in Section A				47
Subsidiaries and affiliates not included in Section B				
TOTAL				**3,275,556**

* *BS = balance sheet*
** *PL = profit or loss.*

Net carrying amount of investment	Outstanding loans and advances granted by the Company and not yet paid	Amounts of guarantees and securities given by the Company	Sales excluding sales tax from the last fiscal year	Profit or loss (-) from the previous year-end	Dividends received by the Company during fiscal year or to be received	Exchange rates used for non-French subsidiaries and affiliates
480,395	443,132	0	0	200,174	0	
38,700	258	0	5	4,365	0	
600,699	126,729	0	86,033	(20,250)	0	EUR 1 = 1.1993 USD BS*/ 1.129287 USD PL **
578,550	93,006	0	5	16,792	0	
918,260	701,156	0	250,706	40,201	0	
82,301	90,328	0	0	13,583	0	
236,000	0	0	0	(18,179)	0	
0	0	0	128,705	4,354	3,816	
1,212	0	0	460,738	42,861	21,418	EUR 1 = 7.8044 CNY BS*/ 7.626438 CNY PL **
76,449	14,659	0	291,282	277,850	29,748	
162,306	0	0	25,285	(14,324)	0	
2,217	0	0	138,708	17,051	10,479	EUR 1 = 7.8044 CNY BS*/ 7.626438 CNY PL**
47						
3,177,136	**1,469,266**				**65,461**	

1.2.4. Statutory Auditors' report on the financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers.

This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Faurecia for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

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

Basis of the audit opinion

AUDIT FRAMEWORK

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

Our responsibilities under those standards are further described in the section of this report entitled «Responsibilities of the Statutory Auditors relating to the audit of the financial statements».

INDEPENDENCE

We conducted our audit engagement in compliance with the applicable independence rules for the period from January 1st, 2017 to the date of issue of our report, and in particular we did not provide any services that are prohibited by Article 5(1) of regulation (EU) No. 537/2014 or the Code of Ethics for Statutory Auditors in France.

Justification of our assessments – key audit matters

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

These matters were addressed as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

ASSESSMENT OF VALUE IN USE OF EQUITY INTERESTS

(Note 1.2 to the financial statements)

DESCRIPTION OF RISK

The balance of investments at December 31, 2017 represented €3,177 million, representing 48% of the assets on the balance sheet.

As stated in Note 1.2 to the financial statements, the gross value of these investments is equal to contribution value or cost. An impairment loss is recorded if the value-in-use of these investments is lower than its entry value. Value-in-use is based on the revalued net assets, profitability and the future outlook.

For investments intended to be sold, value-in-use estimates also take into account prices at which prior transactions were carried out, if any.

Due to the materiality of these assets on the balance sheet, and the inherent uncertainty of specific inputs applicable to the assessment of their value in use, in particular the likelihood of achieving the discounted cash flows forecast by management in its three-year Business Plan, we considered the assessment of the value in use of equity interests to be a key audit matter.

HOW OUR AUDIT ADDRESSED THIS RISK

We assessed the methods used by management to determine the value-in-use of each of these equity investments.

We obtained management's most recent Business Plans and the impairment tests for each of the significant equity interests in order to assess the valuations based on forecasts.

We assessed the consistency of the key assumptions used to measure expected future cash flows and in particular:

- compared, with support from our asset evaluation experts, the key assumptions used by management with independent market data, such as discount rates and the long-term growth rate;
- verified the calculations used in the impairment tests performed by management;
- reconciled the main strategic plan data used in impairment testing with the specific data for each entity.

For those valuations based on historical data, we assessed the consistency of the equity values used with the financial statements of the entities concerned, and considered that any adjustments to equity were based on documentary evidence.

Verification of the management report and of the other documents addressed to the shareholders

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

INFORMATION GIVEN IN THE MANAGEMENT REPORT WITH RESPECT TO THE COMPANY'S FINANCIAL POSITION AND THE FINANCIAL STATEMENTS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided To the Shareholders with respect to the financial position and the financial statements.

REPORT ON CORPORATE GOVERNANCE

We attest that the relevant sections of the Board of Directors' report on corporate governance set out the information required by Articles L. 225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L. 225-37-5 of the French Commercial Code relating to those items considered by your Company as liable to have an impact in the event of a public cash or exchange offer, we have verified its consistency with the underlying documents provided to us. Based on this work, we have no matters to report with regard to this information.

OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Disclosures resulting from other legal and regulatory requirements

APPOINTMENT OF STATUTORY AUDITORS

We were appointed Statutory Auditors of Faurecia by the Annual General meetings of May 27, 2003 (PricewaterhouseCoopers Audit) and June 17, 1983 (ERNST & YOUNG Audit).

As of December 31, 2017, PricewaterhouseCoopers Audit was in the fifteenth consecutive year of its engagement and ERNST & YOUNG Audit was in the thirty-fifth consecutive year of its engagement.

Responsibilities of management and those charged with governance relating to the financial statements

Management is responsible for preparing financial statements presenting a true and fair view in accordance with French accounting principles, as well as for implementing the internal control procedures it deems necessary for the preparation of financial statements free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, for disclosing any matters relating to its ability to continue as a going concern and for adopting the going concern basis of accounting, unless it intends to liquidate the company or cease its operations.

The Audit Committee is responsible for monitoring the process of preparing financial information and the effectiveness of internal control and risk management systems, as well as any Internal Audit procedures relating to the preparation and processing of financial and accounting information.

The financial statements were approved by the Board of Directors.

Responsibilities of the statutory auditors relating to the audit of the annual financial statements

OBJECTIVE AND AUDIT APPROACH

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

In accordance with the provisions of Article L. 823-10-1 of the French Commercial Code, our audit of the financial statements does not constitute a guarantee of the longer-term viability or quality of the company's management.

A more detailed description of our responsibilities as Statutory Auditors in the scope of the audit of the financial statements is set out in the appendix to this report, and is an integral part hereof.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee that includes a description of the scope of our audit work and the audit program implemented, as well as the resulting findings. We also bring to its attention any material weaknesses that we have identified in internal control procedures relating to the preparation and processing of financial and accounting information.

Our report to the Audit Committee includes an assessment of the risks of material misstatement that we deem to have been most significant for the audit of the financial statements and which constitute key audit matters. We describe these matters in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in Articles L. 822-10 to L.822-14 of the French Commercial Code and in the Code of Ethics for Statutory Auditors in France. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris La Défense, April 20, 2018
The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Éric Bertier	Jean-Roch Varon

Appendix

DETAILED DESCRIPTION OF THE STATUTORY AUDITORS' RESPONSIBILITIES

As part of an audit performed in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement of the entity's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the Notes to the financial statements;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. This conclusion is made on the basis of audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the entity to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in their audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

2. Risks and risk control

This Section describes the parties involved in managing the Faurecia group's risks and the main risks to which the Group believes it is exposed as of the date of this Registration Document. However, other risks that the Group is not aware of at the date of this Registration Document, or which are not considered to date as likely to have a significant unfavorable impact for the Group, its businesses, its financial position, its results or its outlook, may exist or occur.

2.1. Participants and systems

The Audit Committee, which is tasked with overseeing the effectiveness of the internal control and risk management systems (which are not limited to accounting and financial risks), informs the Board of Directors of the main actions taken by the Group in this realm. Other participants provide information to the Audit Committee which conducts every year a formal review of the internal control and risk management systems.

2.1.1. Operations management

- The Group's Executive Committee examines the major operational risks inherent to the Group's business during the monthly meetings of the Operations Committees, and at least once per year it reviews the risk mapping prepared by the Risk Committee.
- The Executive Management of each Business Group is responsible for identifying and managing operational risks inherent to its business which are reviewed every month by its Operations Committee.

2.1.2. Functional departments

Focusing on their specific domains, the Group's functional departments are responsible for complying with current regulations and standards, improving their processes and working with the other departments in order to improve cross-functional processes.

Finance department

PRINCIPLES APPLIED TO THE PREPARATION OF FINANCIAL STATEMENTS

The Group finance department, which reports to the Chief Executive Officer, is responsible for outlining the rules and procedures, consolidating the financial statements, managing cash and financing, and carrying out management control, internal control and internal audits.

It is responsible for performing the following tasks:

- determining the Group's accounting and financial standards in accordance with IFRS as adopted by the European Union and the tax provisions and accounting standards specific to each country, and ensuring compliance with them;
- preparing the annual statutory financial statements, the monthly consolidated financial statements and, more specifically, the interim and financial information to be reported;
- outlining, improving and ensuring enforcement of the internal control procedures needed to produce reliable accounting information. These procedures include a generalization of physical inventory taking at least once a year, the separation of tasks, and strict monitoring of access to accounting transactions based on the different businesses;
- managing and improving the information systems used to produce accounting and financial data.

The Country or Regional Chief Financial Officers that manage the shared financial service centers are responsible for:

- the production of the financial and accounting statements for all the units within their scope, in compliance with IFRS and local standards and the closure dates defined by the Group;
- compliance with and improvement to the internal control procedures specific to their scope;
- strengthening the role and skills of the accounting function;
- close collaboration with operational sites within their scope in order to work with them to solve internal control issues and to improve the overall effectiveness of the financial process.

Internal and financial controllers are stakeholders in the Group's strategy and sales, R&D and industrial activities at all levels and report hierarchically to site, Division and Business Group managers and functionally to the Group finance department. Through their function, they are stakeholders in the definition and achievement of the operational objectives.

This organization between, on the one hand, shared services responsible for producing the financial statements and complying with the standards, and on the other, the controllers considered as co-pilots for the management of operational entities, enables a real separation of tasks and a better development of skills in each role, resulting in better overall effectiveness and reduced risk of fraud.

The following principles are implemented across the Group to prepare financial statements:

- completeness of transaction processing;
- transaction compliance with applicable accounting principles;
- periodic review of assets.

FINANCIAL REPORTING PROCESS

The goal of the reporting process is to provide all the financial and nonfinancial information needed to manage the Group and disclose the financial statements in accordance with applicable accounting standards and the rules decreed by the *Autorité des Marchés Financiers* (AMF). A "reporting glossary" describes the content of all reporting data, and procedures explain how reporting should be conducted.

MONTHLY REPORTING

The HFM consolidation system provides for the reporting of both financial information (income statement and balance sheet data) and non-financial information (such as indicators relating to quality, production, purchasing, safety, human resources, etc.). Each business unit reports its final results of operations four days after the end of the month in accordance with Group standards. Every month, the Operations Committee reviews the operational performance and action plans of each Business Group.

BUDGET AND STRATEGIC PLAN

The Group draws up a five-year sales plan each year, in which programs play an essential role. This plan discusses the Group's business outlook by business and product line, and the Group's resources and profitability. It is consolidated using the same tool as for monthly reporting and it is also used to define the budgetary targets for the following year.

In order to effectively anticipate short-term changes and improve responsiveness, monthly reporting includes a rolling forecast for the income statement and cash flow statement for the current and subsequent quarters.

INFORMATION SYSTEMS

High-performing information systems are vital given the volume of information that is processed, the quality and integrity required for the processed data, and ever-shortening deadlines for preparing the financial reporting. Since 2007, Faurecia has been using a Group ERP based on SAP software. This system is now used on all accounting platforms and covers most of the Group's industrial sites.

All the sites now comply with the so-called "Core Model", which entirely uses SAP for the processes of order placement and receipt, inventory management and valuation, delivery, invoicing, accounting and an increasing portion of operational reporting.

Other processes, such as upstream management of purchases, transportation management and career management, are expected to be incorporated into the SAP tool in the coming years.

Internal control

At the Faurecia group, internal control is a mechanism that encompasses a set of resources, behaviors, training, procedures and actions that aim to prevent risks that are likely to:

- have an impact on financial and accounting information published by the Group;
- cause damage to the Group's image and reputation;
- expose the Group to regulatory or legal sanctions from the various jurisdictions and competition authorities of the countries in which it operates;
- threaten the Group's employees and ecosystem (risk of kidnapping, natural disasters, epidemics, environmental risks);
- prevent the Group's customers from producing, delaying their production or hindering their product and service performance (critical equipment breakdown, quality risks, delay in product development);
- prevent the Group from being able to continue to finance its operations (loss of cash);
- threaten the confidentiality of the information held by the Group on its own behalf (intellectual property, data on technologies, financial data) or with regard to its employees (personal data).

TASKS OF INTERNAL CONTROL

The main responsibilities of the Internal Control department are:

- participating in projects to improve cross-functional processes (transportation, protection of the access and rights associated with IT applications, improving IT tools, etc.);
- training on internal control, some of which are now offered by Faurecia University, Faurecia's internal training center, particularly e-learning modules. As of October 2017, the "basic" module is mandatory for all Group executives;
- self-assessment campaigns touching all corporate management cycles (business management, direct and indirect purchases, inventory management, management of property, plant and equipment, salary management, tracking of standard costs, information system management, management of expats and other personnel transfers, etc.). A self-assessment questionnaire addressing the most important control items for the operational sites (plants and R&D centers) was disseminated in 2017 in order to help these sites strengthen their internal control mechanism (methods of proof, identification of weaknesses and corresponding action plans, local governance);
- regular communication with operational entities, functional departments and the Executive Committee in order to educate all the disciplines about the most important topics at the time (fraud, improvement actions, best practices, etc.).

Internal control representatives are present at several levels of the organization (Group, Business Groups, Divisions, shared financial service centers) in order to support the approach without taking on the responsibilities of operations management.

PROCEDURES

Internal control is based on a set of principles and procedures: Group culture (Being Faurecia), which is grounded in six key values and the Code of Ethics, the Management Code and the Faurecia Excellence System (FES), which is its operational pillar that shapes how Group employees all over the world work and that structures the Group's identity.

The documentation on which the internal control system is based, is made up of the following items, which can all be accessed on the Group's intranet:

- the Code of Ethics and the Management Code;
- the Managers Empowerment, which outlines six general cross-functional principles for managers in some key areas: Acquire a new program; Assess Managers and Professionals; Decide on Capital Expenditures; Decide on Exceptional items; Manage Managers and Professionals Compensation; Staff Managers and Professional positions;
- the Faurecia Core Procedures (FCP) are set out within nine processes developed by each Group division respecting a common general framework and apply to all subsidiaries controlled by the Group. They are regularly updated and continually enhanced. The nine processes are as follows:
  - Production Control and Logistics,
  - Purchasing,
  - Quality and HSE (Health, Safety and Environment),
  - PMS (Program Management System) and Engineering,
  - Sales and Marketing,
  - Communication,
  - Finance,
  - Human Resources,
  - Information Technology;
- Faurecia's Alert Management System (AMS) immediately informs Business Group management teams and, if necessary, the Group Executive Committee of any problems encountered in production and program management. This system also ensures a prompt and structured response including problem solving which the organization capitalizes.

GOVERNANCE

Internal control reports on its work and sustains the connection between the disciplines in the form of the Internal Control Governance Committee, which holds monthly meetings chaired by the Group Chief Financial Officer. This committee also includes the Deputy Chief Financial Officer, the director of Internal Audit, the Chief Compliance Officer, the General Counsel and the Chief Financial Officers of the Business Groups.

Its work is also reviewed at least once a year by the Board of Directors' Audit Committee and the Executive Committee.

Internal Audit

The Internal Audit department assesses the effectiveness of the internal control and governance mechanism and checks that Group procedures are in compliance with local laws and regulations. It uses the Group's risk mapping to shape its tasks.

The Internal Audit department is under the responsibility of the Group Chief Financial Officer, with an option to directly alert the Group Chief Executive Officer and the Chairman of the Audit Committee. Once per year, it submits the audit schedule to the Group Chief Executive Officer and Chief Financial Officer for approval. Every quarter, it presents completed reports and the achievement of its objectives. It also reports to them regularly on the progress of its work and the measures taken to achieve its objectives. It reports to the Audit Committee at least twice per year on the result of its work and its schedule of actions.

Located at the Group's headquarters, it also has regional teams based in France, Germany, the United States and China.

It conducts its assignments wholly independently and systematically substantiates its findings with specific facts that have been duly verified. The recommendations it sends to the audited sites are monitored through (i) an assessment through a questionnaire completed six and 12 months after the final report, and (ii) an on-site post-audit if one is deemed necessary.

In 2005, the Internal Audit department drew up an Internal Audit Charter, which was reviewed in 2017 and which defines its roles and mission, its field of competence, and the audit methodology used.

Compliance and risk management

COMPLIANCE PROGRAM

Faurecia is a signatory of the United Nations Global Compact. Consequently, the Group is committed to aligning its operations and strategy with ten universally accepted principles in the areas of human rights, labor standards, the environment, and anti-corruption. This commitment is reasserted in Faurecia's Code of Ethics, which was updated in 2014 as part of the roll-out of the Being Faurecia program, intended to strengthen the Group's culture and contribute to the creation of long-term value. The Management Code, which was established at that time to guide the day-to-day management of teams, customers and also suppliers, translated many of the principles set out in the Code of Ethics into operations. Each new employee receives a copy of the Code, which is available in the Group's main working languages and may also be accessed on the Group's corporate website and intranet site.

The Code of Ethics is structured around four topics: respect of fundamental rights, development of economic and social dialog, skills development, ethics and rules of conduct. It is part of the Faurecia Core Procedures (FCP), and aims to develop accountability and employee empowerment.

The Compliance department is responsible for improving understanding of the Code of Ethics and Management Code within the Group.

This department, which was created in 2015, falls under the remit of the Chief Compliance Officer and relies on the regional compliance managers for North America, Mexico, Asia, and EMEA (Europe, Middle East, Africa). It also relies on a network of compliance leaders, who are contact people in each operational division of the Business Groups.

It is associated with the Chief Executive Officer and is in charge of establishing an appropriate oversight system, outlining and rolling out the compliance plan identified in 2016, and disseminating its training and corresponding procedures regarding compliance.

In 2016, the Compliance department introduced an online training (MOOC), "Ethics", targeting the community of 17,000 M&Ps (managers and professionals, and in 2017, the "Antitrust" and "Internal Control Basics" MOOCs were launched.

In 2017, how-to guides on reporting and managing conflicts of interest and on the internal whistle-blowing procedure on allegations of noncompliance with the Code of Ethics were also issued.

WHISTLE-BLOWING PROCEDURE

The Code of Ethics provides a mechanism for the purpose of managing violations.

Any employee who becomes aware of a breach of the rules set out in the Code may use the whistle-blowing procedure; they may refer to their line manager or HR director verbally or in writing.

Depending on the nature and importance of the events reported, additional investigations may be launched, an inquiry may be set up or an Internal Audit decided upon.

The Code of Ethics also states that employees may use an external whistle-blowing procedure.

The scope of the external whistle-blowing procedure is limited to acts that relate to serious risks for the Group in terms of accounting, financial audit and anti-corruption. Given their importance, serious acts that compromise the bodily security or moral integrity of employees may also be taken into consideration as part of this external whistle-blowing procedure.

Therefore, any Group employees who are aware of a violation of rules on one of these items may report it through the external whistle-blowing procedure.

This external whistle-blowing procedure may be initiated only for situations that are likely to seriously affect the Group's business or seriously incur its liability.

The external whistle-blowing procedure prompts employees to contact through postal mail or e-mail an outside organization to which Faurecia has delegated the tasks of collecting information and conducting an initial processing of this whistle-blowing procedure.

This organization has taken steps to ensure compliance with the principles and rules on data protection that are applicable in France and the European Union.

If the acts cited do not fall within the scope of the external whistle-blowing procedure, the alert will be destroyed immediately. On the other hand, if the acts cited do apply to the areas identified for this alert and if their importance justifies it, the outside organization will submit the case to the Faurecia group through its CEO.

The CEO may ask a member of his team to launch an investigation in order to assess the truthfulness and extent of the acts cited. The Internal Audit may be commissioned to complete the necessary investigations.

RISK MANAGEMENT

Risk management is handled by the Group Risk Committee, which is chaired by the Group Chief Financial Officer. The main tasks of the Risk Committee are to update the risk map, ensure that the corresponding prevention plans are established and implemented and, more broadly, to ensure that the risks are monitored from one half year to the next.

The Risk Committee meets biannually and is chaired by the Group Chief Financial Officer. The Deputy Chief Financial Officer, the director of Internal Audit, the Chief Compliance Officer, the General Counsel and the Head of Internal Control are also members of this committee. Depending on the agenda, the risk prevention plan coordinators are also invited to attend meetings.

The Risk Committee's work is also reviewed at least once a year by the Audit Committee and the Executive Committee. The risks monitored by this committee are associated with safety to persons, quality, program management, IT risk, the reliability of supplies, asset protection and fire risk, exposure of industrial sites to certain types of natural disasters, international exposure of employees to health and safety risks, the reliability of financial information, compliance, the environment.

In an effort to progress and improve the mechanism, the risk map is reviewed regularly and the inclusion of new risks is submitted to the Audit Committee.

In 2016, the Group appointed a risk manager, who reports to the Group Chief Compliance Officer. With the assistance of coordinators who have been appointed for each risk in the risk map, he oversees the prevention plans that have been established and reviewed by the Committee and manages the network of risks identified by the Group.

In 2017, the Group started the Faurecia Enterprise Risk Management Program (ERM) to define and oversee risk management actively and consistently. This program is adapted for all types of risk, no matter what their exposure and impacts, and applies to operational, financial, strategic, reputation and legal risks.

The ERM program has also been translated into five Faurecia Core Procedures; the related process, known as the ERM System, is constructed in a step-by-step approach and provides the method that must be followed by each risk coordinator and the functions responsible for risks.

Since 2017, the issues monitored by the Risk Committee have been entered in a risk register.

Legal department

The Legal department consists of a team located in France and the main countries where the Group conducts business. It relies on legal practitioners who are experts in their field (competition, M&A, intellectual property, corporate, IT), teams of legal practitioners who focus on the work of the Business Group and a network of multidisciplinary legal practitioners who are responsible for the Group's different regions.

The Legal department draws on these diverse skills, constant legal oversight and the implementation of control and reporting processes to ensure the security of the Group's operations.

2.1.3. External participants

The mechanism outlined above is supplemented by the participation of external participants, including:

- the Statutory Auditors;
- third-party organizations which carry out the following certification processes for the entire Group over a three-year cycle:
  - environment (ISO 14001),
  - quality (ISO TS/IATF).
- engineers from fire and property insurance companies who conduct a biennial audit on each of the Group's sites to:
  - assess fire risks and any potential impact on production and customers,
  - assess whether the prevention and protection measures in place are adequate,
  - issue recommendations to reduce risks.

2.2. Description of main risks

2.2.1. Operational and industrial risks

Risk associated with the automotive supplier business

IDENTIFICATION OF RISK

The business of the Faurecia group, which manufactures and sells original automotive equipment for its automaker customers, is directly related to the level of sales and automotive production of each of its customers, which depends on many factors: the overall level of consumption of goods and services on a given market, trust in the economic actors on this market, level of vehicle buyers' access to credit and any existing government programs (i.e., programs to support the automotive industry or vehicle purchase incentive programs).

Therefore, the Group's sales and results of operations correlate directly to the performance of the automotive market in the major regions where the Group and its customers are located.

Faurecia's risk is also tied to the commercial success of the models for which the Group produces components and modules. At the end of a model's life cycle, the risk is also linked to the uncertainty of whether its products will be taken up again for the replacement model.

In addition, the orders placed with the Group are binding supply contracts for open orders without any guarantees in terms of volume, that is to say with no guarantee of minimum volume. They are generally based on the life of the vehicle model concerned. The Group could therefore be required to make certain investments which may not be offset by customer order volumes.

Thus the Group must continually adapt to the business and needs of its customers in terms of supply, production, services and research and development.

Finally, changes in the automotive sector could accelerate the concentration of automakers, ultimately resulting in the disappearance of certain brands or vehicle models for which the Group produces equipment. Major Group customers may also face a business slowdown resulting from a variety of situations, such as claims against some automakers with regard to emissions testing. The occurrence of one or more of these events could have a significant impact on the Faurecia group's sales, results and future prospects.

RISK MANAGEMENT

Given its market share and diversified international presence, the Faurecia group has a natural potential to weight its customer risk.

Faurecia thus seeks to optimize the quality and diversity of its customer portfolio.

In 2017, the Faurecia group's four largest automaker customers accounted for 63.8% of value-added sales (Ford: 18.3%; VW: 17.8%; Renault-Nissan: 14.0% and PSA: 13.7%).

The Group also relies on the diversification of its sales by region by vehicle brand and model.

In addition, each Business Group monitors the competition on an ongoing basis so that it can respond in the best possible way to calls to tender from automakers and, in particular, to their specific demands for the supply of complex equipment.

Faurecia stays competitive through innovation and efficiency in product development. As a result, gross R&D expenditures totaled €1,152.3 million in 2017 (6.8% of value-added sales). The share of innovation grew over the same period. It amounted to €160 million.

The Group also uses a forward management method (five-year sales plan, yearly and half-yearly budget, monthly reviews) which enables it to fine-tune its means of production.

Supplier risk

IDENTIFICATION OF RISK

If one or more of the Group's main suppliers were to go bankrupt, or experience an unforeseen stock-out, quality problems, a strike or any other incident disrupting its supplies for which it were liable, this could impact Faurecia's production output or image, or lead to additional costs that would affect the Group's business, results and overall financial position.

In addition, should the Group, or one of its suppliers or service providers, default at any stage of the manufacturing process, Faurecia could be held liable for failure to fulfill its contractual obligations or for technical problems. The Group's driving motivation and its inherent supplier management strategy involve enacting a consistent, ongoing approach that helps not only to reduce, or even avoid, risks, but above all to generate over the medium and long terms a constant improvement in its value chain that, by benefiting Faurecia and its suppliers and sub-suppliers, allows them to experience sustainable technical, production and financial growth.

RISK MANAGEMENT

The Faurecia group uses a large number of suppliers based in different countries for its raw materials and basic parts supplies.

In 2017, out of a total of €9,190 million in purchases (production and indirect purchases excluding monolith sales) from approximately 2,500 main suppliers, the 10 biggest suppliers together accounted for 25% of the Business Groups' combined purchases and 13% of value-added sales.

Purchases from the five biggest suppliers of each of the Business Groups together accounted for 16% of total purchases and 9% of value-added sales.

In this same year, purchases from the biggest supplier of each of the Business Groups together accounted for 6% of total purchases and 3% of value-added sales.

Faurecia closely monitors the quality and reliability of suppliers' production operations as well as their credit status and sustainability in order to ensure that the Group's supply chain is secure.

Suppliers' operational and financial performance is monitored on an ongoing basis so that any restructuring and protection measures that may prove to be required in order to achieve security of supply (quantities and costs) can be successfully taken.

Risk is also managed holistically, taking into account geopolitical, social, ethical, economic and financial risks, and monitoring specific factors related either to the supplier, such as management of fire risk, or to the management of the supplier itself, such as monitoring the level of business it handles.

Within this context, Faurecia's purchasing teams help suppliers to expand and to reduce their risks on both an industrial and a financial level, in particular, by providing operational support to improve their efficiency, quality, logistics, and cost control by means of specialist teams working with suppliers on their own premises. These teams also support suppliers in their international expansion. In addition, any new order placed with a supplier is the result of a Sourcing Committee decision following an investigation which includes an assessment of the risks associated with said supplier and supplier panel policy is, furthermore, monitored by a specialist product family purchasing organization.

Over time, suppliers will also be managed through the implementation of the duty of care plan stipulated by the French Law of March 27, 2017, on the duty of care by parent companies and ordering companies (see Section 4.3.3 of this Registration Document).

Program risk

IDENTIFICATION OF RISK

Most of the contracts entered into by Faurecia are awarded after a call for tenders put out by an automaker to supply complex equipment, to which Faurecia responds in the form of a Request for Quotation (RFQ).

Every contract entered into with a customer constitutes a "program" whose production phase, at the outcome of the development phase, may last from 5 to 10 years.

Every program is subject to control procedures and tools throughout its duration that aim to identify and eliminate the risks of implementation and reduction in profitability.

RISK MANAGEMENT

The Program Management Core System (PMCS) lays out a strict succession of steps for the entire duration of a program, from bid processing to the end of product life.

As part of the bid procedure, a risk assessment is done in order to determine in advance, based on a list of 28 preset criteria and with an established oversight structure, the nature and level of the risks that should be eliminated during the program's development phase.

Program reviews are carried out monthly within each division and Business Group to define and monitor action plans, including the plans to eliminate the execution risks that are identified during the acquisition phase.

For each program:

- a prospective financial analysis is carried out in the form of a Business Plan regularly updated from the bid phase to the end of product life, which provides profitability indicators for the program over its life cycle;
- monthly indicators to measure its operational and financial performance are monitored. Each of these indicators is then consolidated by the Group;
- from the alert management system (AMS), which helps identify any major deviances from the program and the monitoring of their resolution;
- from reviews at each phase of development, Gate Review, by the Program Review committee and throughout the entire program following the process defined by the PMCS.

Each development center is also audited biannually by the Group on a representation sample of programs at different stages of development to formally evaluate the compliance of the PMCS.

Quality and safety risk

IDENTIFICATION OF RISK

Faulty products that are delivered or manufactured may alter the production of Group customers or incur additional costs that have repercussions on the Group's business, results or financial position. Under such circumstances, the Group is exposed, among other things, to the risk of actions to enforce a warranty, particularly following vehicle recalls.

Furthermore, as part of Faurecia's production activities, personnel are exposed to a variety of risks, including accidents, occupational illnesses or illnesses related to the workplace environment in general that may affect their health or bodily security.

RISK MANAGEMENT

The Faurecia group manages quality and safety process and product risks from new order acquisition phases to manufacturing in the plants. The Group Quality department is responsible for this management at all stages of the process. It is present at all levels of organization from the multidisciplinary team developing new programs or the production plant up to the Group's management structure.

Specific indicators with monthly reports assess the risks, generate improvement plans, and mainstream actions to prevent major risks at all levels of organization. Faurecia sets annual safety targets in order to further reduce accident and quality risks, meet customers' needs and boost operational efficiency.

For major problems, the AMS alert system must be used.

A structured problem solving culture (immediate response within 24 hours and identification of root technical and management causes, Alert Closure) is constantly being developed by Faurecia's management: QRCI (Quick Response Continuous Improvement). Initially deployed to professionally handle quality problems, it has been extended to all opportunities to improve business operations, programs, HSE, scrap, inventory, deliveries, etc.

The Group's quality management has a structure of reviewers that is independent to Business Group operations organizations to conduct reviews on both production plants and R&D centers. They use a precise and rigorous questionnaire to assess the application and maturity of the FES's implementation. Assessment guidelines and Group procedures are regularly updated to reflect the changing needs of customers and weaknesses identified in the organization.

Each production site is rated either "Poor/Satisfactory/Excellent/Benchmark". If a site is rated "Poor", it is required to prepare a corrective action plan which is presented directly to Faurecia's CEO with a view to reaching a "Satisfactory" level within a maximum of three months.

The Group's Quality department also conducts assessments and/or provides specific coaching in case of significant deviations in quality performance on the affected sites and a report and corrective action plan are submitted to Executive Management.

Risk related to the use of IT systems

IDENTIFICATION OF RISK

The business processes associated with orders, supplies and invoicing are handled through central enterprise resource planning (ERP) using SAP for most Group entities.

In addition to this ERP, Faurecia uses the Hyperion application to consolidate financial data to have a complete and uniform picture of the accounting and financial data.

As such, the Group uses central and common systems and applications, and any malfunctions in them can impact the Group's business. There are other risks that fall under the general category of cybercrime: hacking, intrusion, data theft, fake president fraud, etc.

RISK MANAGEMENT

The ERP based on the SAP solution (known as Faurecia Core System) and the associated procedures meet the needs and constraints of the local entities as well as those of the Group while guaranteeing the integrity and traceability of the accounting and financial data. A specific procedure to control the separation of tasks for all entities and areas was deployed during 2016. This procedure is audited regularly in order to maintain efficiency. Preventative and subsequent controls are carried out using this software primarily in order to manage access to sensitive data and ensure strict separation of functional tasks: implementation of a computerized validation system for orders at several levels depending on the amount in question, centralized management of supplier standards by a specific team using a validation process with several stages.

As part of their audit of the financial statements, Faurecia's Statutory Auditors perform a review of some aspects of internal control in relation with the ERP SAP and the Hyperion application. This review covers in particular general IT controls such as access to the applications and data, change and operations management, as well as tests on some application controls.

Furthermore, all projects regarding information systems are subject to a specific methodology (PRMS for "Program Reporting Management System") to ensure regular control and monitoring of the projects associated with the strong governance principles and the appropriate tools.

In addition, particular attention is paid to the security and associated processing of computer data. The IT organization endeavors to constantly improve the levels of controls in order to guarantee in particular:

- protection against unauthorized access to connection applications;
- necessary controls to ensure confidentiality and integrity of data;
- the security and restoration if necessary of the data circulating within the information system;
- a separation of responsibilities between network administration, application development and server management;
- the availability of the services and systems. In order to guarantee service continuity at all times and to protect the Company's data and key processing, Faurecia has set up an emergency processing center for the major applications as part of a Disaster Recovery Plan. This center is active only in the event of a major problem in the main center.

Finally, a special program was rolled out in 2017 to limit cybercrime risks.

The main areas that fall under this program are:

- strengthened control of the management of access to the information systems (reinforcement of the password and antivirus management policy);
- separation between the industrial network and administrative network;
- establishment of a SOC (Security Operations Center) that can supervise flow over the network and generate alerts if needed;
- strengthening of security of mobile devices (PC and smartphones);
- data protection (classification, control of copies, etc.);
- review of security procedures in order to comply with the ISO 27001 standard.

Fire/explosion risk

IDENTIFICATION OF RISK

Due to its business, the Group's plants are exposed to fire risk, mainly linked to the presence of combustible materials (plastic, foam).

RISK MANAGEMENT

Policy and due diligence

Faurecia has worked with the Group's insurer to set out an industrial risk prevention policy. This policy aims to reduce accidents caused by fire and to encourage Group sites to achieve excellence in fire safety by obtaining the Highly Protected Risk (HPR) label from Faurecia's insurer. This label assesses the fire prevention management system (human resources) and the protection systems that are in place (technical resources).

The Faurecia group's prevention policy rests on the following foundations:

- internal guidelines (HPR grid) developed with the Group's insurer and based on 20 items to apply;
- a schedule of periodic audits carried out by the insurer, following the HPR grid;
- site classifications based on fire prevention performance, falling into four categories: inadequate/needs improvement/pre-HPR/HPR;
- incorporating fire safety factors into the early stages of any plant design or major refurbishing of existing sites, through fire partitioning and ensuring that adequate fire safety equipment, such as extinguishers, is available;
- recording and systematic analysis of fires or outbreaks of fire. The results of this analysis are shared with the plants' HSE network;
- the intranet-based fire safety management system, through which the prevention policy is relayed to the entire Group by placing technical specifications, experience-based information and best practices online;
- a single data platform to manage all audit reports, action plans for improvements, and the audit program in the same place.

The HPR performance indicator is tracked biannually by the Risk Committee.

Results and performance indicators

One hundred and five industrial sites, including twenty six new sites, were audited in 2017. 91% of active sites have already been audited at least once. The sites that have not yet been audited are recent sites that will be audited in 2018.

47% of the audited sites are classified as HPR or pre-HPR, which covers 66% of total capital.

Almost 100% of industrial projects are monitored by the Insurance department and/or Group's insurer, from design to completion of the facility.

In 2017, Faurecia set up a project-tracking database in order to centralize information and keep track of the important dates for the projects in question.

Environmental risk

IDENTIFICATION OF RISK

In light of its industrial activities, Faurecia may be exposed to environmental risks such as risk of accidental pollution or risk related to the tightening of environmental regulations, which may incur additional costs and/or investment expenditure.

RISK MANAGEMENT

Policy and due diligence

In addition to the environmental policies of the Business Groups, in 2017 Faurecia formalized an environmental policy under which the Group commits to reducing the environmental impact of its facilities. Environmental risk analysis and control are based on ISO 14001.

Human Resources

The Environment committee, which holds monthly meetings and is chaired by the Group Environment department and includes business experts, implements and manages the Group's environmental policy.

Each Business Group has appointed an HSE department, which is assisted by a network of HSE Managers at the division level (mainly regional) and HSE coordinators at each Faurecia site. These coordinators bring their expertise to the factory management team, are responsible for implementing procedures, and ensure compliance with regulations and Faurecia standards. This organization also enables best practices to be applied across all sites within a single Business Group and/or across the three Business Groups. In some cases, this feedback can lead to Group-wide regulations.

In June 2017, Faurecia set up an Energy committee in order to share best practices on reducing consumption, to promote cooperation among the various Group entities and to anticipate future regulations. This committee meets quarterly.

Financial resources

The amount of investments reported by the sites for environmental protection, noise reduction and equipment compliance is indicated in Section 4.2.2.2 of this Registration Document.

The amount of the provisions for environmental risks is indicated in Section 4.2.2.5.7 of this Registration Document.

Faurecia has transferred a portion of the risk to the insurance market in order to hedge against damage that may result from environmental pollution (see infra, Section 2.2.4).

Results and performance indicators

Environmental risk analysis and control are based on ISO 14001. The numerical data on the ISO 14001 certified sites are indicated in Section 3.2 of this Registration Document. This performance indicator is tracked quarterly by the Executive Committee.

Regular audits by the Internal Auditors and accredited testing laboratories provide assurance that the environmental management system and pollution prevention actions are properly applied.

Since 2012, Faurecia systematically assesses the environmental impact of its industrial projects, by conducting environmental audits and subsoil investigations when appropriate. Furthermore, in the context of industrial restructuring resulting in plant closures, the Faurecia group systematically assesses the environmental impact and carries out a soil and subsoil investigation when appropriate. In any event, Faurecia ensures that sites are restored in accordance with local laws and the future use of the land.

Risks linked to climate change and natural events

IDENTIFICATION OF RISKS

Because of its international presence, Faurecia cannot eliminate the risk of exposure of its industrial facilities to extreme climate events (flooding, cyclones, storms, etc.).

Faurecia has not identified water stress as a material operational risk because the Group's processes do not consume a lot of water. Nonetheless, the Group has endeavored to map its industrial sites based on the world map of water stress published by the World Resources Institute (WRI). Sites identified as being in high water stress areas and that are therefore vulnerable to climate change receive special attention. This point is discussed in more detail in Section 4.2 of this Registration Document.

RISK MANAGEMENT

Policy and reasonable procedures

The prevention of natural risks is incorporated into the Group's overall industrial risk prevention policy, aiming to reduce accidents linked to natural disasters in partnership with its insurer.

Since 2014, Faurecia systematically checks the exposure of its industrial projects to natural dangers. This is one of the criteria used to decide on the location of a new site.

All of the existing industrial facilities are covered by an exposure diagnosis conducted with the technical support of the Group's insurers and reinsurers. The sites that are most exposed to flood or earthquake risk undergo a special audit by technical experts (partnership with Allianz for flood risk and AXA for seismic risk).

The indicators for natural risks are tracked biannually by the Risk Committee.

In addition, in July 2016, Faurecia set up a real-time and around-the-clock hydro-meteorological monitoring system covering all of its industrial facilities. This support service, provided by the company Predict Service, warns sites of coming events via real-time e-mail or SMS alerts. Depending on the alert level, a series of reactions is defined in action sheets so that appropriate measures are taken to prepare for the event and to ensure the safety and resilience of employees.

Results and performance indicators

Among the sites within the reporting scope, 32 production plants have been identified as located in a potential flooding zone, four sites are located in a very strong wind zone (zone 3: 213-251 km/h) and one site is located in a very high seismic activity zone.

Four "flood risk" and nine "seismic risk" site audits were done in 2017. The purpose of these audits is to define the risks and identify the technical and organizational actions that need to be implemented. The setting up of mitigation measures (emergency plan, process safety, building safety, etc.) is monitored at Insurance department level with a "mitigation index."

Over the reporting period, 3,290 alert messages were issued by the Natural Event Surveillance department, of which 54 were classified as level 5 (the highest level). These included events such as Cyclone Vardah in India, Hurricane Irma in the United States and the earthquakes in Italy and Mexico. No physical injury was reported. Property damage and business interruption related to the natural events totaled €423,000 for the entire reporting year.

Risk related to the Company's external growth strategy

IDENTIFICATION OF RISK

As part of its external growth policy, Faurecia has made, and may make in the future, acquisitions of varying sizes, some of which have been and may be significant on a Group-wide scale.

These acquisitions entail risks, such as:

- the assumptions of the Business Plans on which valuations are made may prove incorrect, especially in respect of synergies and assessments of market demand;
- Faurecia may not succeed in integrating the acquired companies, their technologies, product ranges and employees;
- Faurecia may not be in a position to retain some key employees, customers or suppliers of the acquired companies;
- Faurecia may be forced or decide to terminate pre-existing contractual relationships with costly and/or unfavorable financial conditions; and
- Faurecia may increase its debt with a view to financing these acquisitions or refinancing the debt of the acquired companies.

As a result, the benefits expected from future acquisitions or those already made may not be confirmed within the expected time frames and/or levels and, consequently, may affect the Faurecia group's financial position.

RISK MANAGEMENT

The Board of Directors determines the Group's overall strategy. The Executive Management oversees this strategy and allocates the resources required for its implementation of which the external growth policy which is supported by the team responsible for Business Development, which reports to the Group's Executive Vice-President responsible for strategy. This team is also very closely involved in the life of the entities resulting from growth operations (joint ventures, acquisitions) and so takes part in decision-making bodies.

Faurecia also sets aside any provisions that may prove to be required under applicable accounting standards, in particular, for the depreciation of assets.

2.2.2. Financial and market risks

Given its level of debt, the Group is exposed to significant risks related to liquidity and changes in interest rates. It is also exposed to currency risks as its production plants are located in a large number of countries outside of the euro zone. Faurecia's counterparty risk in relation to its derivatives is not significant as the majority of its derivatives are set up with leading banks that form part of its banking pool and of which rating do not create significant counterparty risk. Any new banking relations and the opening of accounts are subject to the Group Finance and Treasury department's authorization.

Generally, interest rate and currency risks are managed centrally for the Group as a whole by the Group Finance department.

Interest rate risk

IDENTIFICATION OF RISK

Rate risk results from interest rate changes, particularly the impact of a rate hike on the variable portion of the debt which would be reflected by a rise in finance costs.

RISK MANAGEMENT

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

As a significant part of the borrowings (syndicated credit facility (when drawn), short-term loans, commercial paper as applicable) are at variable rates. The aim of the Group's interest rate hedging policy is to reduce the impact on earnings of changes in short-term rates. The hedges arranged comprise mainly euro denominated interest rate swaps. In order to benefit from historically low interest rates, 2- and 3-year maturity hedges had been set up to cover a part of the interest on variable rate borrowings, due in 2017 and first quarter of 2018, against a rise in interest rates. The Group's interest rate position based on the nature of the instruments used and the sensitivity of interest expense to short-term rates are disclosed in Note 30.2 to the consolidated financial statements.

Before taking into account the impact of interest rate hedges, 24.1% of the Group's financial debt were at variable rates as of the end of December 2017, compared with 20% as of year-end 2016. The variable-rate financial debt primarily consists of short-term debt.

The main components of the fixed rate debt are:

- bonds maturing in June 2022, issued in March and April 2015 for a total amount of €700 million;
- bonds maturing in June 2023, issued in April 2016 for a total amount of €700 million.

Currency risk

IDENTIFICATION OF RISK

Faurecia is exposed to risks arising from fluctuations in the exchange rates of certain currencies, particularly due to the location of some of its production plants, as well as the fact that certain subsidiaries purchase raw materials and other supplies or sell their products in a currency other than their functional currency.

The Group is also subject to currency risk linked to the contribution of the subsidiaries, whose accounting currency is not the euro, to the consolidated results of the Group. The sales, results and cash flows of these subsidiaries, when converted into euros, are sensitive to fluctuations in their accounting currency against the euro.

RISK MANAGEMENT

Note 30.2 to the consolidated financial statements gives the description of the underlying currency positions and the derivative instruments hedging them, as well as the sensitivity of the Group's net income and shareholders' equity to fluctuations against the euro of the various currencies to which it is exposed.

Liquidity risk

IDENTIFICATION OF RISK

To finance its investments and its other cash requirements, Faurecia is obliged to access finance sourced from both financial institutions and financial markets.

RISK MANAGEMENT

The Group's liquidity is ensured mainly by its bond issues and its syndicated credit facility.

In 2015 and 2016, Faurecia made two bond issues, each €700 million, reaching maturity on June 15, 2022, and June 15, 2023. Faurecia also holds a €1.2 billion line of credit with its banks that is scheduled to reach maturity at the end of June 2021.

As of December 31, 2017, this credit facility was not drawn.

This credit facility contains a single restrictive clause on consolidated financial ratios (as opposed to two in the previous credit facility): the net debt*/EBITDA** must be lower than 2.50. Compliance with this ratio is a condition affecting the availability of this credit facility.

This credit facility includes some restrictive clauses on asset disposals (disposal representing over 25% of the Group's total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate) and on the debt level of some subsidiaries.

The various components of Faurecia's long-term debt and the maturities of the Group's liquidities are described in Notes 26.2 and 26.3 to the consolidated financial statements.

As is noted in Note 26.3 to the consolidated financial statements, as of December 31, 2017, Faurecia was compliant with the financial ratio required by the syndicated credit facility:

Ratio	Limit	Carrying amount as of 12/31/2017
Net debt*/EBITDA**	< 2.50	0.24

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

In addition to the above-described bank and bond debt, part of Faurecia's liquidity requirements is met through receivables sale programs. Cash from receivables sold came to €1,107.1 million as of December 31, 2017 (see Note 18 to the consolidated financial statements), including €1,038.7 million from receivables that were sold and derecognized (see Note 18 to the consolidated financial statements).

Finally, in 2017 Faurecia regularly issued commercial paper to investors, mainly in France, with maturities up to one year.

As of December 31, 2017, Faurecia had diversified funds with staggered maturities until 2023. On that date, the average weighted maturity of the Group's main long-term financial resources (the bonds maturing in 2022 and 2023, the syndicated credit facility and the other main long-term borrowings), is 4.2 years.

On January 31, 2018, Faurecia group was assigned a BB+ long term credit rating with a stable outlook by Standard & Poor's. In February 2018, Moody's upgraded its rating from Ba2 to Ba1 with a stable outlook and Fitch Ratings upgraded its rating to BB+ with a stable outlook.

Thus, in view of the Group's current situation, and notwithstanding the possible future consequences of any deterioration in its operations or outlook, Faurecia does not believe itself to be exposed to significant liquidity risk.

Risk related to raw materials

IDENTIFICATION OF RISK

The Group is exposed to raw material risk via its direct raw materials purchases or indirectly through components purchased from its suppliers.

The Group's operating and net income can be adversely affected by changes in the prices of the raw materials it uses, notably steel and plastics.

In 2017, direct plastics and steel purchases accounted for approximately 9.0% of the Group's total purchases.

To the extent that the Group's sales contracts with customers do not include systematic price indexation clauses linked to the price of its raw materials, Faurecia is exposed to risks related to unfavorable fluctuations in raw material prices.

RISK MANAGEMENT

Efforts are made to reduce this exposure by continually negotiating conditions with customers and strictly managing inventories. Faurecia does not use derivatives to hedge its purchases of raw materials or energy.

Faurecia still has a low level of exposure to this risk however, since a large proportion of the raw material price fluctuation is passed on to customers on a "pass through basis". Faurecia's remaining exposure is, therefore, around 30% of the total raw materials exposure.

A 10% fluctuation in the price of raw materials, not including component purchases, would have a 0.2% impact on operating income (expressed as a percentage of total sales).

Customer credit risk

IDENTIFICATION OF RISK

In view of the economic context in the automotive sector, Faurecia cannot rule out the possibility that one or more of its customers may not be able to honor certain contracts or suffer financial difficulties.

RISK MANAGEMENT

As of December 31, 2017, late payments represented €159 million, or 0.8% of consolidated sales for the year.

Details of trade accounts receivable and other receivables are provided in Note 18 to the consolidated financial statements.

2.2.3. Legal and regulatory risks

Litigation

IDENTIFICATION OF RISK

As a reminder, on March 25, 2014, the European Commission and the department of Justice of the United States of America and on November 27, 2014, the Competition Commission of South Africa, initiated an inquiry covering certain suppliers of emission control systems on the basis for suspicions of anti-competitive practices in this segment. Faurecia is one of the companies covered by these inquiries. As was conveyed by the Company on May 2, 2017, the European Commission announced that it had closed its inquiry. The other inquiries are ongoing.

On May 19, 2017, the Brazilian competition authority (the CADE) initiated an inquiry covering Faurecia Emissions Control Technologies do Brazil and some of its former employees, alleging anti-competitive practices in regard to the exhaust systems market in Brazil.

The Group has reached agreements in principal with the plaintiffs to settle all three pending class actions which were filed in the United States District Court for the Eastern District of Michigan against several suppliers of emissions control systems, including Group affiliates, alleging anticompetitive practices in regard to Exhaust Systems. When finalized with the court, these settlements, for non-significant amounts in line with potential defense costs, will put an end to these class actions.

Two class actions for similar allegations have been filed in Canada but are in their earliest stages.

Except for the Competition Authorities' inquiries and the class actions mentioned above, as of the date of this Registration Document there were no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group was aware) likely to have, or have had a significant impact on the Group's financial position or profitability in the past 12 months.

In its decision of December 18, 2014, the Enforcement committee of the French Financial Markets Authority (AMF) considered that Faurecia S.A. and its Chairman and CEO, Mr. Yann Delabrière, had failed to meet certain obligations defined in Articles 223-1, 223-2 and 223-10-1 of the AMF General Regulation pertaining to information related to the Company's objectives for 2012. On the basis of Articles L. 621-15 (paragraphs II (c) and III (c)) of the French Monetary and Financial Code, the AMF fined Faurecia S.A. and its Chairman and CEO, Mr. Yann Delabrière, €2 million and €100,000, respectively.

On February 26, 2015, Faurecia S.A. and Mr. Yann Delabrière, supported by the Board of Directors of the Company, lodged an appeal against this decision with the Paris Court of Appeal. In a ruling rendered on June 30, 2016, the Paris Court of Appeal, considering that the decision did not enable an assessment of the proportionality of the fine, decided that the financial penalty imposed on the Company should be overturned and, as a consequence, reduced to €1 million. As regards Mr. Yann Delabrière, the Paris Court of Appeal found no evidence of personal wrongdoing and maintained the penalty solely in his capacity as legal representative of the Company. On August 22, 2016, the Company and Mr. Yann Delabrière lodged a further appeal against this ruling before the French Supreme Court. The proceedings are currently pending before this Court.

Faurecia believes that neither the nature of the known or ongoing litigation as of this writing nor the amounts that pertain to it will materially affect Faurecia's consolidated financial position in the event of an unfavorable outcome.

However, Faurecia cannot guarantee that in the future Group's subsidiaries will not be involved in legal, administrative, or regulatory proceedings, particularly in view of the complex regulatory requirements applicable to the Group; technical failures, or breaches of contract by customers, suppliers or partners.

Situations such as those described above could have a significant unfavorable impact on the Group's operations and/or financial position.

RISK MANAGEMENT

Litigation is tracked quarterly at the Group level and monthly at the Business Group level through reporting prepared by the Legal department.

Adequate provisions have been set aside to cover litigation facing the Group, in accordance with the facts and information available at the balance sheet date. Note 24.2 to the December 31, 2017, consolidated financial statements gives a description of claims and litigation currently in process and indicates the total amount of provisions for litigation.

Intellectual property risk

IDENTIFICATION OF RISK

The Group places great importance on employing intellectual property laws to protect its products and processes, especially patents and trademarks, and on complying with third parties' intellectual property rights. Nonetheless, the Group may be exposed to infringement of its intellectual property rights by third parties. Such acts are likely to negatively impact the Group's business and results, and its image and that of the quality of its products. It is impossible to rule out involuntary infringement by the Group given that there exist third party intellectual property rights that have not been published or identified. In such cases, the Group may be required to modify its products or processes or negotiate rights of use with third parties. Finally, the Group's intellectual property rights may be disputed by third parties that may dispute validity, for example.

RISK MANAGEMENT

The Group conducts an active research and development policy and stresses protection of the resulting innovations. To this end, the Group files patents on technologies, products and processes in many countries. The Group also uses trademark law to protect its name and product ranges. The Group holds a large, stable portfolio of intellectual property rights thanks to its internal teams of experts and specialists and a global network of advisers who conduct prior art searches and technology watches, and monitor the competition. The Group undertakes actions to prevent, terminate and penalize infringements of its intellectual property rights. For instance, the Group may act against third parties that use its patents, know-how or trademarks without its authorization, or it may file challenges or actions for invalidation against third-party patents whose issue the Group does not deem justified.

In 2017, to support its innovation policy and strengthen the protection of its rights, the Group set up a centralized structure that addresses all subjects of intellectual property, both technical and legal.

Risk relating to regulatory change

IDENTIFICATION OF RISK

Due to the international nature of its business activities, Faurecia is exposed to economic, political, fiscal, legal and other types of risks:

- any potential amendments to laws or regulations, or to the commercial, monetary or fiscal policies;
- customs regulations, foreign exchange controls, investment restrictions or requirements or any other constraint such as levies or other forms of taxation on settlements and other payment; and
- difficulties in enforcing agreements, collecting payments due and protecting property through foreign legal systems, in particular, where intellectual property protection is less stringent.

RISK MANAGEMENT

The Group relies on the expertise of its Legal, Tax and Finance departments which permanently monitor legislation and regulations in France and abroad via local intermediaries (employees, networks of lawyers, tax specialists, etc.).

2.2.4. Insurance and coverage of risks

As Faurecia does not have any captive insurance entities, its system for safeguarding assets is based on the implementation and ongoing adaptation of its risk prevention policy and, as described below, its strategy of transferring its principal risks to the insurance market.

Fire, property damage and business interruption insurance

Faurecia has taken out a fire, property damage and business interruption insurance policy with a co-insurance group of major insurers led by Allianz. On July 1, 2017, in anticipation of a noticeable tightening of the high-risk insurance market, this policy was renewed for three years. Despite the major Recticel claim discussed below, the average premium rate remained stable. In 2017, the Group paid around €8.1 million (inclusive of all tax) for coverage of property damage and the business interruption resulting from this damage; this amount was higher due to the combined effect of a jump in the insured values and the increase in customer/supplier default warranties.

The coverage for buildings and equipment is based on new replacement value. Coverage is organized around a Master policy, which includes direct coverage for the freedom of services area, with local policies for subsidiaries in countries located outside this area.

The premiums applicable to the capital at risk (direct loss and annual gross margin) are directly dependent on the HPR classification given to the site following an audit by the insurance company.

In 2017, there was a major claim of supplier default related to the fire at the Recticel plant in the Czech Republic. The destruction of molds greatly disrupted the production of several customers. This claim was closed in November 2017 with the payment by coinsurance of an indemnity, which corresponded to the full customer/supplier default warranty. After negotiation during the July 2017 renewal, the customer/supplier default warranty limit was raised substantially. In return, Faurecia agreed to work on identifying and reducing the fire risks and natural risks to which the major supplier sites are exposed.

Damage insurance is supplemented by builder's risk insurance and insurance covering the transportation of goods or equipment and political risk.

The transportation insurance was subject to a renewal with Allianz following a bid that made it possible to expand the coverage to all the European entities and make the business interruption coverage automatic, all for a much lower premium.

Liability insurance

Since January 1, 2013, Faurecia's liability has been covered by a coinsurance group led by AXA. Liability insurance covers operating liability, product liability after delivery, including the risk of product recall. Liability insurance takes the form of a Master policy combined with local policies taken out in countries where Faurecia has subsidiaries.

Several claims were filed in the United States and in Europe between 2014 and 2017; most of them are still under investigation. Following an accident in the United States, an increase in claims for physical injury was recorded. This increase in claims affects the terms of the liability insurance plan.

The Groups' liability insurance schedule also includes specific policies such as environmental liability insurance and coverage of liability for damages resulting from accidents caused by employees' occupational illnesses.

In 2017, the Group paid approximately €6.8 million (inclusive of all tax) in premiums for its civil liability policies.

Cyber risk insurance

On January 1, 2017, Faurecia took out a cyber risk policy from CHUBB and AXA that covers potential business interruption following a paralysis of the information systems and Faurecia's liability in the event of a claim following a cyber event.

3. Governance and capital stock

3.1. Corporate governance

3.1.1. Board of Directors

The information below constitutes the Corporate governance Section as provided for by the last paragraph of Article L. 225-37 of the French Code of commerce in the version arising from Order No. 2017-1162 of July 12, 2017.

Other information included in this Section, as required by Articles L. 225-37-4 and L. 225-37-5 of the French Code of commerce, in particular, the description of factors likely to have an impact in the event of a public takeover bid or exchange offer, is shown in Section 3.2, Capital stock and shareholder structure, and in Section 6, Other Information, of this Registration Document.

The AFEP-MEDEF Corporate Governance Code for listed companies is the Code adopted by the Board of Directors as its reference framework. It can be consulted on the MEDEF website (www.medef.fr).

3.1.1.1. Members, conditions for the preparation and organization of the work of the Board of Directors

3.1.1.1.1. COMPOSITION OF THE BOARD OF DIRECTORS

In accordance with Article 11 of the bylaws, Faurecia's Board of Directors comprises at least three members and a maximum of fifteen members, excluding Board members representing employees, appointed in application of Article L. 225-27-1 of the French Code of commerce, in accordance with the procedures described in Article 11bis of the bylaws.

The General meeting of May 27, 2015 resolved to reduce the term of office of the Board members appointed or reappointed from five to four years as from that meeting, and to let the ongoing terms of office end on their initial expiry date.

The term of office of Board members representing employees, appointed in accordance with Article L. 225-27-1 of the French Code of commerce, was also set at four years by resolution of the General meeting held on May 30, 2017.

Neither the bylaws nor the internal rules of the Board of Directors contain rules for staggered terms of office.

The Board of Directors has no advisors (*Censeurs*).

As of December 31, 2017, Faurecia's Board of Directors had sixteen members, including two Board members representing employees within the meaning of Article L. 225.27-1 of the French Code of commerce:

	Age*	Nationality	Date of 1st appointment	Date of last renewal	Expiry of term of office	Committees*	Independent**
Mr. Daniel BERNARDINO	47 years	Portuguese	November 1, 2017	-	October 31, 2021	-	-
Mr. Éric BOURDAIS DE CHARBONNIÈRE	78 years	French	AGM of February 8, 2010	AGM of May 27, 2015	2019 AGM to approve the financial statements for 2018	Member of the Governance Committee	yes
Mr. Jean-Baptiste CHASSELOUP DE CHATILLON	52 years	French	AGM of May 23, 2012	AGM May 30, 2017	2021 AGM to approve the financial statements for 2020	Member of the Governance Committee	no
Mr. Jean-Pierre CLAMADIEU***	59 years	French	AGM of May 29, 2007	AGM May 30, 2017	2021 AGM to approve the financial statements for 2020	Chairman of the Governance Committee	yes
Mrs. Odile DESFORGES	67 years	French	AGM of May 27, 2016	-	2020 AGM to approve the financial statements for 2019	Chairwoman of the Audit Committee	yes
Mr. Hans-Georg HÄRTER	72 years	German	AGM of May 26, 2010	AGM of May 27, 2015	2019 AGM to approve the financial statements for 2018	Member of the Management Committee	yes
Mrs. Linda HASENFRATZ	51 years	Canadian	AGM of May 26, 2011	AGM of May 27, 2016	2020 AGM to approve the financial statements for 2019	Chairwoman of the Management Committee	yes
Mrs. Penelope HERSCHER	57 years	American	AGM May 30, 2017	-	2021 AGM to approve the financial statements for 2020	Member of the Management Committee	yes
Mr. Patrick KOLLER	58 years	French-German	AGM May 30, 2017	-	2021 AGM to approve the financial statements for 2020	-	no
Mrs. Olivia LARMARAUD	59 years	French	AGM of May 27, 2016	-	2020 AGM to approve the financial statements for 2019	Member of the Audit Committee	no
Mrs. Valérie LANDON	55 years	French	BM of October 12, 2017	-	2021 AGM to approve the financial statements for 2020	Member of the Audit Committee	yes
Mr. Robert PEUGEOT	67 years	French	AGM of May 29, 2007	AGM May 30, 2017	2021 AGM to approve the financial statements for 2020	Member of the Management Committee	no
Mr. Emmanuel PIOCHE	52 years	French	November 1, 2017	-	October 31, 2021	-	-
Mr. Michel de ROSEN	66 years	French	AGM of May 27, 2016	-	2020 AGM to approve the financial statements for 2019	-	yes
Mrs. Bernadette SPINOY	55 years	Belgian	AGM of May 27, 2014	-	2019 AGM to approve the financial statements for 2018	Member of the Governance Committee	yes
Mr. Carlos TAVARES	59 years	Portuguese	AGM of May 27, 2014	-	2019 AGM to approve the financial statements for 2018	-	no

* *As of December 31, 2017.*

** *For details on the situation of each Board member with respect to the independence criteria set by the AFEP-MEDEF Code, see the table in Section 3.1.1.1.1.2 hereafter. In accordance with the AFEP-MEDEF Code, Board members representing employees are not counted when calculating the percentage of independent Board members.*

*** *Mr. Jean-Pierre Clamadieu resigned from the office of Board member with effect from the end of the Board meeting on May 29, 2018. As of that same date, Michel de Rosen will become Chairman of the Governance Committee.*

The table below summarizes Board members' main areas of expertise and experience:

	Experience in Faurecia's core businesses	Automotive technologies	International experience	Banking/ Finance/Risk management	Industry	CSR	Artificial intelligence/ Digital	Governance/ Management of large companies	Specific knowledge of a geographic market
Mr. Daniel BERNARDINO	x				x				
Mr. Eric BOURDAIS DE CHARBONNIÈRE	x		x	x	x			x	
Mr. Jean-Baptiste CHASSELOUP de CHATILLON	x		x	x	x			x	
Mr. Jean-Pierre CLAMADIEU			x		x	x		x	
Mrs. Odile DESFORGES	x		x	x	x				
Mr. Hans-Georg HÄRTER	x	x	x		x			x	x
Mrs. Linda HASENFRATZ	x	x	x		x			x	x
Mrs. Penelope HERSCHER		x	x		x		x	x	x
Mr. Patrick KOLLER	x	x	x		x			x	
Mrs. Olivia LARMARAUD	x			x	x				
Mrs. Valérie LANDON			x	x					
Mr. Robert PEUGEOT	x	x	x	x	x			x	
Mr. Emmanuel PIOCHE	x				x				
Mrs. Michel de ROSEN			x		x			x	x
Mrs. Bernadette SPINOY			x	x	x	x			
Mr. Carlos TAVARES	x	x	x		x			x	x

The following changes were made to the composition of the Board of Directors during the year:

Board member	Date	Nature of the change made	End of term	Diversification factor
Mr. Lee GARDNER	April 11, 2017	Resignation as a Board member	-	-
Mr. Yann DELABRIÈRE	May 30, 2017	End of term as a Board member and of his position as Chairman of the Board of Directors	-	-
Mr. Ross MCINNES	May 30, 2017	End of term as a Board member	-	-
Mrs. Penelope HERSCHER	May 30, 2017	Appointment as a Board member	AGM to approve the financial statements for 2020	Feminization / internationalization/ independence/expertise in electronics and high-tech industries
Mr. Patrick KOLLER	May 30, 2017	Appointment as a Board member	AGM to approve the financial statements for 2020	-
Mr. Michel de ROSEN	May 30, 2017	Appointment as Chairman of the Board of Directors	AGM to approve the financial statements for 2019	-
Mrs. Amparo MORALEDA	October 12, 2017	Resignation as a Board member	-	-
Mrs. Valérie LANDON	October 12, 2017	Cooptation as a Board member	AGM to approve the financial statements for 2020	Feminization/ independence/expertise in the financial and banking sectors
Mr. Daniel BERNARDINO	November 1, 2017	Appointment as a Board member representing employees	October 31, 2021	Board member representing employees
Mr. Emmanuel PIOCHE	November 1, 2017	Appointment as a Board member representing employees	October 31, 2021	Board member representing employees

The business address of Board members is that of Faurecia.

Information on the expertise and experience of the corporate officers and details of their terms of office and other positions held by them are provided in Section 3.1.1.2.1.

3.1.1.1.1.1. Governance structure

2016 was marked by a major change in the Group's governance, namely the segregation of the duties of the Chairman of the Board of Directors and the Chief Executive Officer as from July 1, 2016.

This change is the result of a process initiated at the Board of Directors meeting of July 23, 2015, which adopted the principle of segregation of duties in accordance with Article 17 of the of the Company's bylaws.

At its April 13, 2016 meeting the Board of Directors subsequently resolved to appoint Yann Delabrière, who had served as Chairman and Chief Executive Officer since February 16, 2007, as Chairman of the Board of Directors and Patrick Koller, who had served as Deputy Chief Executive Officer and Chief Operating Officer since February 2, 2015, as Chief Executive Officer, with both appointments effective as from July 1, 2016.

At its meeting on April 11, 2017, the Board of Directors resolved to appoint Michel de Rosen as Chairman of the Board of Directors with effect from the end of the General meeting of May 30, 2017, to replace Yann Delabrière, whose term of office as a Board member, which came to an end on that same date, was not renewed.

During that same meeting, Patrick Koller, the Chief Executive Officer, was appointed as a Board member.

Given the segregation of the duties of the Chairman of the Board of Directors and the Chief Executive Officer effective as from July 1, 2016, the internal rules of the Board of Directors were revised to reflect, among others, this new mode of governance.

Under the terms of this document, the Chairman's role is defined 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.

In 2017, Michel de Rosen coordinated the work of the Board of Directors in accordance with the bylaws and the internal rules and prioritized the introduction of practices to improve the way in which the Board operates. He took an active role in the following:

- committee work and reviews and attendance at committee meetings;
- the process of recruiting new Board members and, generally speaking, discussions about changes to the Board of Directors and its composition;
- the specific shareholding mechanism applicable to the Chairman of the Board of Directors;
- helping to prepare a questionnaire to assess the operation of the Board and Committees.

In addition, he visited a number of Group sites in France and abroad in the United States, China, Germany and Poland in particular and maintained a regular dialog with the Chief Executive Officer about the Group's key issues.

3.1.1.1.1.2. Independence of members of the Board of Directors

The AFEP-MEDEF Code, which Faurecia follows, provides that at least one third of Board members must be independent in companies with controlling shareholders and half of the Board in other companies.

In addition, at least two thirds of the members of the Audit Committee must be independent, and the committees responsible for appointments and compensation must have a majority of independent members.

As will be detailed below, the composition of the Board and committees of Faurecia is consistent with these recommendations.

Pursuant to the Code, a Board member is independent when they have no relation of any kind whatsoever with the Company, its Group or its management which might compromise the exercise of their free judgment.

Independence criteria provided for in the Code and reflected in the internal rules of the Board of Directors are as follows:

- not be or have been, in the past five years, an employee or executive corporate officer of the Company; an employee, executive corporate officer or Board member of a company directly or indirectly holding over 10% of its capital stock; an employee, executive corporate officer or Board member of a consolidated subsidiary;
- not be an executive corporate officer of a company in which the Company directly or indirectly holds the office of Board member or in which an employee appointed as such or an executive corporate officer of the Company (currently or who has held such an office for less than five years) holds the office of Board member;
- not have a business relationship with Faurecia that would represent a significant business activity with the company or the group in which the Board member has an executive management position;
- not have close family ties with a corporate officer;
- not have been the Company's Statutory Auditor in the past five years;
- not be a Company Board member for more than 12 years.

The Board of Directors, based on the Governance Committee's report, reviews the independence status of each of its members at least once a year and the independence of each new member upon their appointment.

At its meeting of December 21, 2016 and on the recommendation of the Governance Committee which met on the same date, the Board decided that the business relationship condition should be examined using a multi-criteria approach including a qualitative analysis which will be detailed in the Registration Document when necessary, this being one of the Board's internal rules.

At its meeting of February 15, 2018 and on the recommendation of the Governance Committee which met on February 8, 2018, the Board of Directors reviewed the situation of each of its members based on the AFEP-MEDEF Code's independence criteria. It used the multi-criteria approach, including a qualitative analysis, in order to assess the business relationship condition and its materiality.

The Governance Committee's recommendation is largely based on an assessment of the relationships, contracts and partnerships existing between Faurecia and the company or the group in which the Board member has an executive management position, conducted with the following: production purchases and non-production purchases, R&D and finance.

The Committee also used responses to a specific questionnaire directed at Board members considered independent.

Its assessment revealed that none of the Board members considered to be independent had material business relationships with Faurecia.

The conclusions reached by the Board of Directors at its February 15, 2018 meeting as a result of the review are reflected in the summary table below:

Review of the independence of Board members based on the AFEP-MEDEF Code's independence criteria

	Éric BOURDAIS DE CHARBONNIÈRE	Jean-Baptiste CHASSELOUP DE CHATILLON	Jean-Pierre CLAMADIEU	Odile DESFORGES	Hans-Georg HÄRTER	Linda HASENFRATZ	Penelope HERSCHER	Patrick KOLLER	Valérie LANDON	Olivia LARMARAUD	Robert PEUGEOT	Michel de ROSEN	Bernadette SPINOY	Carlos TAVARES
Is not or has not been, in the past five years, an employee or an executive corporate officer of the Company, an employee, an executive corporate officer or Board member of a company holding directly or indirectly more than 10% of its capital or of a consolidated company	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Yes	No	No	Yes	Yes	No
Is not an executive corporate officer of a company in which the Company directly or indirectly holds the office of Board member or in which an employee appointed as such or an executive corporate officer of the Company (currently or who has held such an office for less five years) holds the office of Board member	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Is not in a business relationship with the Company which would represent a significant part of the activity with the company or the group of which the Board member is a member of the executive management	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Does not have close family ties with a corporate officer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Has not been the Company's statutory auditor in the past five years	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Has not been a company Board member for more than 12 years	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Situation of the Board member	✱	■	✱	✱	✱	✱	✱	■	✱	■	■	✱	✱	■

✱ Independent **■ Non independent**

It is understood that, in accordance with the AFEP-MEDEF Code, Board members representing employees are not counted when calculating the percentage of independent Board members.

Therefore, and according to the criteria of the AFEP-MEDEF Code, as of December 31, 2017 Faurecia's Board of Directors was made up of 9 independent Board members out of 14, that is to say that more than one third of Board members were independent.

3.1.1.1.1.3. Diversity within the Board of Directors

Under the terms of its internal rules, the Board of Directors ensures that the necessary measures are taken to diversify its composition, in accordance with the AFEP-MEDEF Code and applicable regulations.

The Governance Committee, responsible for formulating recommendations to the Board of Directors related to the appointment and reappointment of Board members, will consider the following: the independence of Board members, the requirement for the Board of Directors to have the expertise and experience necessary for their work, international diversity in order to reflect the Group's global footprint, gender balance on the Board of Directors. In addition, each Board member follows an induction program in the Group's core businesses with, in particular, site visits, meetings with Excom members and a training in governance.

As of December 31, 2017 the Board of Directors had six women members.

As of that date, the composition of the Board was therefore consistent with the provisions on balanced representation of men and women on Boards of directors and professional equality under the law of January 27, 2011. Please Note that Board members representing employees within the meaning of Article L. 225-27-1 of the French Code of commerce are not counted in this calculation.

In addition, as of December 31, 2017, the Board of Directors has two Board members representing employees, in accordance with Article L. 225-27-1 of the French Code of commerce introduced by the French Employment Protection Act of June 14, 2013, as amended by the French Employment and Labor Relations Act of August 17, 2015.

On that date, the Board had no Board members representing employee shareholders, the conditions of Article L. 225-23 of the French Code of commerce not being met.

3.1.1.1.2. ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

In accordance with current legal and statutory provisions, the Board of Directors is a collective body that determines the Company's business strategy and oversees its implementation. Subject to the powers expressly granted to Annual shareholders' meetings and within the scope of the Company's purpose, it deals with all matters regarding the proper operation of the Company and settles matters concerning it through its decisions. The Chairman consults it on all Company and Group strategic decisions.

The Board's internal rules detail the roles and responsibilities of the Board of Directors and its committees. They describe the roles of the Chairman, the Chief Executive Officer and the Secretary of the Board. They detail the Board's modus operandi and specify that its work must be assessed on an annual basis. The internal rules specify the rights and responsibilities of Board members, particularly regarding the prevention of conflicts of interest, the holding of multiple offices, and the need for strict confidentiality in deliberations as well as diligence when taking part in the Board's work.

Given the segregation of the duties of the Chairman of the Board of Directors and the Chief Executive Officer, effective as from July 1, 2016, the internal rules of the Board were revised to reflect, among others, the new mode of governance. This new version that has been applied since July 1, 2016 is made available To the Shareholders at the Company's registered office and also online at www.Faurecia.com.

The internal rules provide for the following tasks to be performed by the Board of Directors:

- Determination of strategic directions:
  - determination and control of the implementation of decisions concerning the Company's main economic, social, financial, and technological strategies.

    The medium-term direction of the Group's activities is defined by a strategic plan. The draft of this plan is prepared and presented by the Chief Executive Officer before being adopted by the Board of Directors.

    In addition, as part of internal procedures, the Chief Executive Officer must obtain approval from the Board of Directors before carrying out any acquisition, disposal, or joint venture project representing a total asset value of over €100 million and/or with sales in excess of €300 million. Likewise, any significant transaction that is not included in the Company's strategic plan must be approved by the Board beforehand.
- Governance and management:
  - review of governance structure: determination of Faurecia's executive management procedures, creation of committees of the Board of Directors, appointment of their members, determination of their tasks and operating procedures,
  - co-optation of and proposals to appoint or reappoint Board members, appointment or reappointment of the Chairman,
  - compensation for the Chairman and Board members,
  - governance assessment: work of the Board and its committees; assessment of the independence of Board members,
  - appointment or reappointment of the Chief Executive Officer and Deputy Chief Executive Officers and determination of their compensation,
  - implementation of stock subscription or purchase options, performance share plans and any other type of long-term compensation, and approval of beneficiaries thereof,

  - authorization of agreements and undertakings regulated within the meaning of French law,
  - notice prior to the acceptance of a new term of office in a listed company by an executive corporate officer,
  - authorization of sureties, endorsements and guarantees, allocation of an annual amount of sureties to be issued by the Chief Executive Officer and determination of the terms and conditions thereof;
- Financial statements and relations with Statutory Auditors:
  - approval of the annual parent company financial statements and annual and interim consolidated financial statements and preparation of the Company management and Group management reports,
  - verification of the relevance, consistency and proper application of the accounting policies used to prepare the financial statements,
  - monitoring of the process for preparing the financial information,
  - selection of the Statutory Auditors whose appointment will be submitted for shareholder approval at the General meeting, and verification of compliance with the rules that guarantee their independence especially regarding the amount of their compensation;
- Internal control and risk management:
  - monitoring the effectiveness of the internal control and risk management systems,
  - support to the Chairman in the preparation of the Chairman's report on the internal control procedures implemented by the Company.

  In this respect, risk monitoring and control are reviewed at least annually following a presentation by the Audit Committee.
- Budget and planning:
  - approval of the annual budget,
  - periodic review of the Group's business and of budget execution,
  - approval of planning items and related reports;
- Financial position, financing and security issues;
  - quarterly review of the Group's financial and cash position as well as contingent liabilities,
  - decision to carry out bond and other complex security issues that are not likely to involve a capital increase, as well as share issues under the authority delegated by the Extraordinary General meeting,
  - carrying out transactions impacting the capital under the authority delegated by the Extraordinary General meeting;
- General meeting:
  - convening General meetings and setting the agenda.

3.1.1.1.3. ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

Under the terms of its internal rules, the Board of Directors meets at least four times per year, as provided by the bylaws, to discuss the agenda items listed by the Chairman. The Chairman convenes the Board meetings and communicates their agendas.

By way of exception, the internal rules specify that it should meet at least once per year without the Chief Executive Officer in attendance to assess the performance of said officer and discuss governance issues.

Sufficient time must be devoted during each Board meeting to usefully and thoroughly discuss the agenda items.

The Chairman, assisted by the Secretary of the Board of Directors, is responsible for communicating the information and documents required for the Board meetings to the Board members in a timely manner.

In this context, the Board's internal rules stipulate that each Board member must inform the Board of Directors of any situation of conflict of interest, even potential, and consequently abstain from participating in deliberations concerning them, or not attend the Board meetings while they find themselves in a situation of conflict of interest, or resign from the Board membership. In case of non-compliance with these rules of abstention or withdrawal, the Board member could be held liable. In case of conflict of interest, the Board member concerned will not receive documentation relating to the Board meeting(s) in question.

No such situations arose in 2017.

Outside their meetings, Board members receive from the Chairman important or urgent information relevant to the Company and the Group. They also receive press releases distributed by the Company.

Any additional information or document requested by a Board member is automatically communicated to all other Board members.

Such information and documents may be provided during a Board meeting should privacy or timeliness considerations so require.

In accordance with the laws, a Board member may specifically designate another Board member to represent them at Board meetings.

Subject to applicable laws and regulations, the meetings of the Board of Directors may take place by video conference or any other means of telecommunication, in particular to allow for the actual participation of Board members who are unable to attend the meetings in person.

In the situation referred to above:

- any Board members who attend the meeting by video conference or any other means of telecommunication are deemed present for the purposes of quorum and majority.

  The Board thus duly deliberates if at least half of its members attend the meeting in person or by video conference or any other means of telecommunication;
- the video conference or any other means of telecommunication used must meet the technical specifications that guarantee the effective participation of each attendee. The deliberations must be transmitted in a continuous and simultaneous manner. Adequate arrangements are to be made for the identification of each participant and verification of the quorum; the attendance register for the meetings of the Board of Directors must mention, where applicable, the participation by video conference or any other means of telecommunication of the Board members concerned;
- the meeting minutes must indicate the name(s) of the Board member(s) participating by video conference or any other means of telecommunication. meeting minutes must also indicate any technical incident relating to video conference or any other telecommunication means that disrupted the meeting, including any interruption and restoration of the remote participation;
- in case of a malfunction of the video conference system or means of telecommunications noted by the Chairman of the meeting, the Board of Directors may duly deliberate and/or continue the meeting only with the members attending in person, provided that the quorum requirements are met;
- the above provisions do not apply to the adoption of the decisions referred to in Articles L. 232-1 and L. 233-16 of the French Code of commerce related, respectively, to the preparation of the parent company financial statements and management report, and the preparation of the Group consolidated financial statements and management report.

To optimize its discussions, the Board of Directors established committees in accordance with Article R. 225-29 of the French Code of commerce.

As of December 31, 2017, the following committees were active:

- a Governance Committee, whose role is to deal with all corporate governance issues. In this respect, the Committee assesses the Company's governance structure and its executive management procedures, making recommendations where necessary. It may also provide opinions at the request of other Board committees. Furthermore, the Committee manages the process for appointing the Board members and the Chairman of the Board of Directors, reviews the overall amount of attendance fees and their allocation among the members, and directs the corporate governance assessment process (assessment of the work of the Board members and committees, assessment of the members' independence status);
- a Management Committee, which focuses on issues related to the selection and compensation, including long-term compensation, of the Company's Executive Management. More generally, this committee deals with issues related to the performance, selection and compensation, including long-term compensation, of the main executives of the Company (Executive Committee members, Senior Management);
- an Audit Committee whose main role is to review the process for approving the annual parent company financial statements and the annual and interim consolidated financial statements, as well as the process for preparing the financial information. It is responsible for maintaining relations with the Statutory Auditors and managing their selection and independence. It also monitors internal control and risk management procedures. The Audit Committee examines the budget, monitors its execution and reviews planning documents. Lastly, it reviews the Group's financial position and planned security issues.

These Committees have a purely internal role in preparing some of the Board's deliberations. They issue proposals, opinions, and recommendations within their field of competence.

Each Committee has its own internal rules approved by the Board of Directors which sets their composition, membership rules and operating procedures, and specific roles.

The Committees report on their work to the Board of Directors after each meeting and perform a self-assessment of their activities on an annual basis.

3.1.1.1.4. REPORT ON THE WORK OF THE BOARD AND ITS COMMITTEES IN 2017

The table below indicates the attendance of each Member at the meetings of the Board and its Committees, as applicable, in 2017.

	Board of Directors						Audit Committee			
	Feb. 8	Apr. 11	Jun. 26	Jul. 20	Oct. 12	Dec. 19	Feb. 6	Apr. 7	Jul. 20	Dec. 14
Daniel BERNARDINO	-	-	-	-	-	X				
Éric BOURDAIS DE CHARBONNIÈRE	X	X	X	X	X	X				
Jean-Baptiste CHASSELOUP DE CHATILLON	X	X	X	X	X	X				
Jean-Pierre CLAMADIEU	X	X	X	X	X	X				
Yann DELABRIÈRE	X	X	-	-	-	-				
Michel de ROSEN	X	X	X	X	X	X				
Odile DESFORGES	X	X	X	X	X	X	X	X	X	X
Lee GARDNER	X	X	-	-	-	-				
Hans-Georg HÄRTER	X	X	X	X	X	X				
Linda HASENFRATZ	X	X	X	X	X	Absent				
Penelope HERSCHER	-	-	X	X	X	X				
Patrick KOLLER*	-	-	X	X	X	X				
Valérie LANDON	-	-	-	-	-	X	-	-	-	X
Olivia LARMARAUD	X	X	X	X	X	X	X	X	X	X
Ross MCINNES	X	X	-	-	-	-	X	X	-	-
Amparo MORALEDA	X	X	X	X	X	-	-	-	X	-
Robert PEUGEOT	Absent	X	Absent	X	X	X				
Emmanuel PIOCHE	-	-	-	-	-	X				
Bernadette SPINOY	X	X	X	X	X	X	X	X	-	-
Carlos TAVARES	Absent	Absent	Absent	Absent	X	X				
Overall attendance rate (%)	**87**	**93**	**86**	**93**	**100**	**94**	**100**	**100**	**100**	**100**

* *Patrick Koller, the Chief Executive Officer, has only been a Board Member since May 30, 2017. He attended two Board meetings, one on February 8 and one on April 11, 2017, in his capacity as Chief Executive Officer but not as a Board member.*

	Governance Committee					Management Committee				
	Feb. 6	Apr. 5	Jul. 19	Oct. 12	Dec. 15	Feb. 1	Apr. 7	Jul. 18	Oct. 12	Dec. 13
Éric Bourdais DE CHARBONNIÈRE	X	X	X	X	X					
Jean-Baptiste CHASSELOUP DE CHATILLON	X	X	X	X	X					
Jean-Pierre CLAMADIEU	X	X	X	X	X					
Michel de ROSEN						X	X	-	-	-
Hans-Georg HÄRTER						X	X	X	X	X
Linda HASENFRATZ						X	X	X	X	X
Penelope HERSCHER						-	-	X	X	X
Amparo MORALEDA	X	X	-	-	-					
Robert PEUGEOT						X	X	X	X	X
Bernadette SPINOY	-	-	X	X	X					
Overall attendance rate (%)	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

3.1.1.1.4.1. The Board's work in 2017

The Board of Directors met six times in 2017.

The overall attendance rate was 92%.

The main items discussed at these meetings are shown below. Given that the discussions were about the amount of compensation paid to the Chief Executive Officer and the assessment of said officer, the meetings were held without the Chief Executive Officer being present:

Date	Main items discussed	Attendance rate
February 8, 2017	Financial statements and other issues of a financial nature ■ Review and approval of the 2016 parent company financial statements and the consolidated financial statements; ■ Proposal to pay a cash dividend of €0.90; ■ Approval of the press release reporting the results for 2016 and guidance for 2017; ■ Authorization to implement the share buy-back program on the basis of the 11th resolution of the General meeting of May 27, 2016. Strategy ■ Update on strategic projects, including potential investments/partnerships to develop new technologies. Compensation ■ Setting the amount of variable compensation payable to Yann Delabrière as Chairman and Chief Executive Officer and to Patrick Koller, as Deputy Chief Executive Officer, for the first half of 2016 and to Patrick Koller as Chief Executive Officer for the second half of 2016; ■ Setting the criteria for determining the variable compensation payable to Patrick Koller as Chief Executive Officer for 2017; ■ Setting the fixed compensation for 2017 for Yann Delabrière as Chairman and for Patrick Koller as Chief Executive Officer; ■ Approval of 2016 supplementary pension scheme annuities for members of the Executive Committee. Governance ■ Review of the results of the assessment of the work of the Board of Directors and its committees for 2016; ■ Review of the outcome of the assessment of the Chief Executive Officer; ■ Assessment of the Board members' independence status; ■ Review of conditions for the appointment of Board members representing employees; ■ Approval of the updated version of the Code of Conduct, in view of (EU) Regulation No. 596/2014, Market Abuse, of April 16, 2014, and the law of December 9, 2016 on Anti-Corruption and Economic Modernization. General meeting ■ Review of the first draft of the resolutions to be submitted to the General meeting of May 30, 2017; ■ Review of the related party agreements and undertakings authorized in 2016, with a view to being submitted to the General meeting of May 30, 2017, and those authorized in previous years and remaining in effect in 2016.	87%

Date	Main items discussed	Attendance rate
April 11, 2017	Financial statements and other issues of a financial nature ■ Review of sales for the first quarter of 2017 and approval of the related press release (including guidance for 2017); ■ Review of forecasts for the 1st half of 2017. Strategy ■ Strategy review with particular focus on Cockpit of the Future-related projects and potential targets, including the Chinese company, Jiangxi Coagent Electronics Co. Risk review Governance ■ Appointment of Michel de Rosen as Chairman of the Board of Directors, with effect from the end of the General meeting of May 30, 2017; ■ Acknowledgment of the resignation of Lee Gardner at the end of this Board meeting and the end of the term of office of the Board members Yann Delabrière and Ross McInnes at the end of the General meeting of May 30, 2017; ■ Review of the composition of the Committees and approval of their new composition as of May 30, 2017; ■ Assessment of the independence of Penelope Herscher and Patrick Koller as future Board members; ■ Approval of procedures for appointing Board members representing employees to be included in the bylaws amended by the General meeting of May 30, 2017. Compensation ■ Determining the fixed compensation of Michel de Rosen as the new Chairman of the Board of Directors as of May 30, 2017; ■ Specific review of ex-ante and ex-post Say on Pay mechanisms applicable to the Chief Executive Officer and Chairman of the Board; ■ Acknowledgment of the achievement of internal and external performance conditions contained in Performance Shares Plan No. 6. General meeting ■ Convocation of the Combined General meeting on May 30, 2017, approval of the agenda and resolutions to be submitted to shareholders for approval; ■ Adoption of the 2016 Registration Document. Other topics ■ Decision to continue the liquidity contract subject to renewal of the share buyback authorization by the General meeting of May 30, 2017; ■ Denewal of the authorization given to the Chief Executive Officer to grant sureties, endorsements and guarantees; ■ Review, in accordance with Article L. 225-37-1 of the French Code of commerce, of the issue of equal opportunities and equal pay; ■ Reporting, on the basis of AMF recommendation No. 2013-18, that sustainable development and social and environmental responsibility within the Group had been addressed.	93%
June 26, 2017	Review of the potential acquisition of the Chinese company, Jiangxi Coagent Electronics Co., and authorization to finalize this transaction	86%
July 20, 2017	Financial statements and other issues of a financial nature ■ Review and approval of the consolidated financial statements for the first half of 2017 and the half-yearly management report; ■ Approval of the press release reporting the half-year results for 2017 and annual guidance for 2017; ■ Review of forecasts for the 2nd half of 2017. Strategy ■ Information on the signing of final agreements with a view to acquiring the Chinese company, Jiangxi Coagent Electronics Co.; ■ 2017-2020 Strategic plan. Governance ■ Setting the practical ways for Board members representing employees to take part in Board meetings (time to prepare for the role, training time and training body) and update on the timetable for their appointment. Compensation ■ Decision to award a 9th Performance Share Plan: approval of plan rules and list of beneficiaries.	93%

Date	Main items discussed	Attendance rate
October 12, 2017	Financial statements and other issues of a financial nature ■ Review of sales for the 3rd *quarter* of 2017 and approval of the related press release (including guidance for 2017). Strategy ■ Review of the most significant trends in the automotive sector; ■ Review of Faurecia's strategic and commercial priorities; ■ Specific update on the situation in China. Governance ■ Acknowledgment of the appointment, with effect from November 1, 2017 of two Board members representing employees; ■ Cooptation of Valérie Landon as new independent Board member to replace Amparo Moraleda; ■ Approval of the performance shareholding mechanism applicable to members of the Executive Committee and the Chief Executive Officer.	100%
December 19, 2017	Financial statements and other issues of a financial nature ■ Review of results forecasts for 2017; ■ Approval of the 2018 budget; ■ Decision to reallocate the treasury shares acquired in 2017. Strategy ■ Reporting on current investments in start-ups and on negotiations with Hug Engineering. Governance ■ Approval of the questionnaire used to assess the operation of the Board and its committees in 2017; ■ Approval of the shareholding mechanism by the Chairman of the Board of Directors; ■ Annual review of related-party agreements and undertakings. Other topics ■ Initial review of the plan to convert Faurecia into a European company.	94%

3.1.1.1.4.2. The Audit Committee

Composition of the Audit Committee

Under the terms of its internal rules, the composition of the Committee is decided by the Board and it can change the composition at any time.

The Committee is composed of at least three members and no more than five members.

Members are selected from among the Board members. They cannot be represented at committee meetings.

The term of office of committee members is the same as that of their term of office as Board members. The Committee member's term of office may be renewed at the same time as their term of office as Board member.

The Board of Directors appoints a Committee Chairman from among its members for a term identical to that of their term of office.

The Secretary of the Committee is appointed by the Committee Chairman.

The Committee may only be composed of members of Faurecia's Board of Directors who are not executives (in particular the Chairman, the Chief Executive Officer, or the Deputy Chief Executive Officer(s)).

At least two-thirds of the Committee's members must be independent. The independence of committee members is assessed according to the independence criteria defined by the internal rules of the Board of Directors and the AFEP-MEDEF Code.

committee members must have special expertise in finance, accounting or auditing.

Required expertise is assessed based on professional experience, academic training and/or specific knowledge of the Company's business.

By invitation of the Committee Chairman, the Chief Financial Officer, certain representatives of the Finance department (such as the directors of Financial Control, Internal Audit, Internal Control, and Treasury) or members of the Executive Committee attend committee meetings.

Upon convening notice sent by the Committee Chairman, the Statutory Auditors attend committee meetings when an agenda item requires their presence.

The Committee may also call on external experts, as necessary, ensuring their competence and independence.

The following changes were made to the composition of the Audit Committee during the year:

Committee member	Date	Nature of the change made
Ross MCINNES	May 30, 2017	Left the Committee as a result of end of his term of office as Board member
Odile DESFORGES	May 30, 2017	Appointment as Chair of the Committee to replace Ross McInnes
Bernadette SPINOY	May 30, 2017	Left the Committee to sit on the Governance Committee
Amparo MORALEDA	May 30, 2017	Became a member of the Committee after having left the Governance Committee
Amparo MORALEDA	October 12, 2017	Left the Committee further to her resignation as a Board member
Valérie LANDON	October 12, 2017	Became a member of the Committee as a result of being co-opted as a Board member

As of December 31, 2017, the Audit Committee has three members:

- Odile Desforges, Chairwoman;
- Valérie Landon;
- Olivia Larmaraud.

The Committee has two independent members, including its Chair, who, among others, also chairs Safran's Audit Committee.

The other two Committee members are also financial/accounting experts as can be seen from their profiles which appear in Section 3.1.1.2.1.

The Committee's composition complies with the two thirds cap recommended by the AFEP-MEDEF Code, as reflected by the Committee's internal rules.

Missions of the Audit Committee

The Committee studies and prepares some of the Board's deliberations. It issues proposals, opinions, and recommendations within its field of competence. The Committee only has a consultative role and acts under the authority of the Board of Directors to which it reports whenever necessary and for which it cannot serve as a substitute.

In general, the Committee reviews, when necessary, any financial or accounting matter submitted to it by the Chairman of the Board of Directors.

The Committee's internal rules specifically provide for the following responsibilities:

Audits of financial statements	The Committee is responsible for reviewing the annual parent company financial statements and annual and interim consolidated financial statements of the Faurecia group so as to report to the Board on the results of the statutory audit, the contribution of the audit to the integrity of the financial information and the role the Committee played in this process. In this regard, the Committee must: i. review the financial statements and related management reports; ii. ensure the relevance, permanence and proper application of the accounting policies used in the preparation of the financial statements, primarily by monitoring their preparation and assessing the validity of the methods selected for treating major transactions; iii. monitor the preparation of the financial information and, where necessary, formulate recommendations to safeguard its integrity; iv. during the review of the financial statements, examine the major transactions likely to give rise to a conflict of interests; v. ensure the adequate treatment of major transactions at the Faurecia group level; vi. review the consolidation scope and, where necessary, the reasons for excluding certain companies therefrom; vii. monitor the statutory audits (where applicable, by taking into account the findings and conclusions of the French auditors supervisory body – *Haut Conseil du Commissariat aux Comptes*), ensure the implementation of Statutory Auditors' recommendations, and call on Statutory Auditors during the meetings reviewing the financial statements and the preparation of the financial information to report on the execution of their audit and the conclusions of their work; viii. examine the financial communication media and formulate appropriate recommendations to the Board of Directors. The review of the financial statements by the Committee must be accompanied by (i) a presentation given by management of the Company's risk exposure and major off-balance sheet commitments, as well as (ii) a presentation by the Statutory Auditors highlighting the key aspects of the results of the statutory audit, in particular audit adjustments and material weaknesses in internal control identified in the course of their work, and the accounting options selected.

Relationship with Statutory Auditors	The Committee manages the Statutory Auditors selection process and issues to the Board of Directors recommendations on the Statutory Auditors to be appointed or reappointed by the General meeting, in accordance with Article 16 of Regulation (EU) No. 537-2014 dated April 16, 2014. It develops the Statutory Auditors selection principles and procedure (in particular through a call for tender, if necessary). It oversees any call for tender and approves its technical specification and the list of firms consulted, ensuring that the best and not the lowest bidder is selected. The Committee ensures that Statutory Auditors meet the independence criteria, in particular those defined in the French Code of commerce and Regulation (EU) No. 537-2014 dated April 16, 2014. In this respect, it reviews risks to their independence and the safeguards implemented to mitigate them with the Statutory Auditors. The Committee must specifically ensure that the fees paid by the Company and its Group, or the proportion that they represent of the revenue of the firms and their networks, are not likely to adversely impact the Statutory Auditors' independence under the terms of Regulation (EU) No. 537-2014 dated April 16, 2014. The Committee approves the provision of non-audit services. The Statutory Auditors must give a presentation to the Committee on the following: i. their general work program and the tests performed; ii. changes they believe should be made to the financial statements or accounting records and their observations on the measurement methods used; iii. any non-conformities or misstatements found; iv. conclusions resulting from the observations and corrections mentioned above; v. at the date of presentation of the audit report, a supplementary audit report prepared pursuant (i) to Article 11 of Regulation (EU) No. 537-2014 dated April 16, 2014 and (ii) to Article L. 823-16 III of the French Code of commerce (as amended by Order No. 2016-315 dated March 17, 2016) and that discloses the results of the statutory audit. Every year they provide the Committee with the following: i. a statement of independence; ii. the amount of fees paid to the network of Statutory Auditors by entities controlled by the Company or its controlling entity for non-audit services, as well as the nature of those services; iii. information on other audit-related procedures and services.

Internal control and risk management	The Committee must obtain an understanding of and assess the internal control procedures and more specifically monitor the effectiveness of the internal control and risk management systems and, where appropriate, Internal Audit systems, concerning the procedures for the preparation and processing of accounting and financial information, without prejudice to its independence. The Committee must ensure the existence of internal control and risk management systems, the deployment and implementation thereof, and the implementation of corrective actions in the event of material weaknesses or misstatements of which it must inform the Board of Directors. In this context, the Committee is kept informed of the main findings of the Statutory Auditors and internal auditors. Therefore: i. the Statutory Auditors inform the Committee of any material weaknesses identified in the course of their work, concerning the procedures for the preparation and processing of accounting and financial information; ii. the Committee hears the directors of Internal Audit and Risk Management and advises on the organization of their departments. It must be informed of the Internal Audit Program and receive Internal Audit reports or periodic summaries of these reports. At least once per year, the Committee must make a presentation to the Board of Directors on risk monitoring and control. The Committee is also required to formulate recommendations to the Board of Directors to assist in the preparation of the Chairman's report on internal control and risk management procedures.
Budget and planning	The Committee examines and makes recommendations to the Board of Directors for the annual budget and carries out periodic reviews of the Group's business and budget execution. It reviews planning documents and related reports.
Financial position, financing and security issues	The Committee carries out periodic reviews of the Group's financial and cash position as well as its material contingent liabilities. It examines and makes recommendations to the Board of Directors required for complex bond and other security issues not involving a capital increase, for share issues, or for carrying out transactions impacting the capital stock.

Operation of the Audit Committee

The Committee meets at least twice per year, before the approval of the annual and interim financial statements and as needed to carry out its duties.

The time between the review of the financial statements by the Committee and their review by the Board must be at least two days. Exceptionally, the Committee Chairman may decide to shorten this period to take into account the participation of members who are not based in France.

The Committee informs the Chairman of the Board of Directors without delay of any issues encountered during the course of its work.

Meetings are held at the registered office upon convening notice sent by the Chairman and/or the Secretary of the Committee. They may also be held by video conference or any other means of telecommunication. A committee duly deliberates if at least half of its members attend the meeting in person or by video conference or any other means of telecommunication.

The Committee reports on its work at the next meeting of the Board of Directors.

The Secretary is responsible for organizing and attending the Committee meetings, as well as for preparing meeting minutes to be submitted to the Committee for approval at the next meeting.

The Committee establishes its annual work program based on the results of its prior work and the current context of the Company.

Audit Committee activities in 2017

In 2017, the Audit Committee met four times with an overall attendance rate of 100%.

The main items discussed at these meetings were as follows and the Statutory Auditors reported to the Committee at each of these meetings:

Date	Main items discussed	Attendance rate
February 6, 2017 (for report and recommendations to the Board of Directors' meeting on February 8, 2017)	Review of 2016 parent company and consolidated financial statements and the 2016 consolidated management report Review of the proposal to pay a dividend Review of the draft press release on the 2016 financial statements and the 2017 guidance Review of the Group's cash, liquidity and debt position and update on banking covenants as of December 31, 2016 Review of the first draft of resolutions on financial authorizations for submission to the General meeting of May 30, 2017 Approval of the final version of the Committee's charter in relation to non-audit services as an annex to the Committee's internal rules	100%
April 7, 2017 (for report and recommendations to the Board of Directors' meeting on February 11, 2017)	Review of sales for the 1st *quarter* of 2017 and the related press release (including guidance for 2017) Review of forecasts for the 1st half of 2017 Review of Internal Audit department activity in 2016 and the Internal Audit Plan for 2017 Risk review Review of Internal Control department activity in 2016 Review of the Statutory Auditors' Audit Plan for 2017 Update on the continuation of the liquidity contract Review of the internal control section of the Chairman's report, as provided for by Article L. 225-37 of the French Code of commerce Review of the final version of resolutions on financial authorizations for submission to the General meeting of May 30, 2017	100%
July 20, 2017 (for report and recommendations to the Board of Directors' meeting on July 20, 2017)	Review of the 2017 half-year financial statements and the half-year management report Review of the press release on the 2017 half-year financial statements and the 2017 guidance Review of forecasts for the 2nd half of 2017 Review of the Group's cash and liquidity position and update on banking covenants as of June 30, 2017 Review of Internal Control department activity Review of the Committee's 2018 timetable and work plan Update on non-audit services supplied by the Statutory Auditors midway through the year	100%
December 14, 2017 (for report and recommendations to the Board of Directors' meeting on December 19, 2017)	Review of results forecasts for 2017 Review of the 2018 budget Statutory Auditors' presentation of the work carried out in 2017 and their work on the "hard close" audit. Review of the Group's cash and financing position Proposal to reallocate treasury shares acquired in 2017 Review of Internal Control department activity Review of the Internal Audit department's activity and work plan for 2018 and report on the signing of a new Internal Audit Charter Review of Compliance department activity Review of a specific risk: program launches Update on the process of selecting Statutory Auditors with a view to the reappointment due in 2019 Report on non-audit services provided by the Statutory Auditors in 2017 and setting the budget for 2018	100%

3.1.1.1.4.3. The Governance Committee

Composition of the Governance Committee

The composition of the Committee is decided by the Board and it can change the composition at any time.

The Committee is composed of at least three members and no more than five members.

Members are selected from among the Board members. They cannot be represented at committee meetings.

The term of office of Committee members is the same as that of their term of office as Board members. The Committee member's term of office may be renewed at the same time as their term of office as Board member.

The Board of Directors appoints a Committee Chairman from among its members for a term identical to that of their term of office.

The Chairman of the Committee must be an independent Board member within the meaning of the AFEP-MEDEF Code of Corporate Governance for listed companies.

The Secretary of the Committee is appointed by the Committee Chairman.

The Committee should not include any executive corporate officer (the Chief Executive Officer, the Deputy Chief Executive Officers) or Board members with interlocking directorships (within the meaning of Article 14 of the AFEP-MEDEF Code) and must have a majority of independent Board members.

By invitation of the Committee Chairman, the Chief Executive Officer, certain management representatives (such as the Head of Human Resources) or members of the Executive Committee attend committee meetings.

The following changes were made to the composition of the Governance Committee during the year:

Committee member	Date	Nature of the change made
Amparo MORALEDA	May 30, 2017	Left the Committee as a result of being made a member of the Audit Committee
Bernadette SPINOY	May 30, 2017	Became a member of the Committee, having left the Audit Committee

As of December 31, 2017, the Governance Committee has four members:

- Jean-Pierre Clamadieu, Chairman;
- Éric Bourdais de Charbonnière;
- Jean-Baptiste Chasseloup de Chatillon;
- Bernadette Spinoy.

It is thus made up of three independent Board members and chaired by one of them in the person of Jean-Pierre Clamadieu. In accordance with the AFEP-MEDEF Code, the Committee does not include any corporate officers.

As of the same date, the Committee had no Board members representing employees.

Given the resignation of Jean-Pierre Clamadieu from the office of Board member with effect from the end of the AGM on May 29, 2018, the Governance Committee will be chaired, as of that same date, by Michel de Rosen.

Missions of the Governance Committee

The Committee studies and prepares some of the Board's deliberations. It issues proposals, opinions, and recommendations within its field of competence, in particular on any matter submitted to it by the Chairman of the Board of Directors.

The Committee only has a consultative role and acts under the authority of the Board of Directors to which it reports whenever necessary and for which it cannot serve as a substitute.

The Committee's internal rules specifically provide for the following responsibilities:

Governance structure	■ Examining all issues related to the Company's governance structure, in particular the segregation or combination of the duties of the Chairman of the Board of Directors and the Chief Executive Officer, and formulation of related recommendations to the Board of Directors; ■ Ensuring that the Company complies with the laws and regulations relevant to corporate governance and the provisions of the AFEP-MEDEF Code which the Company chose to abide by, and in this respect formulating all recommendations required, as applicable, to amend the bylaws and internal rules of the Board of Directors and its committees; ■ Reviewing the issues related to the Company's governance structure submitted to it by the Chairman of the Board of Directors; ■ Formulating recommendations to the Board of Directors related to the creation, composition, tasks and operation of committees of the Board of Directors.
Selection, appointment and replacement of Board members and the Chairman of the Board of Directors	■ Formulating recommendations to the Board of Directors related to the appointment and reappointment of Board members, it being specified that the Committee will consider the following: the independence of Board members, the requirement for the Board of Directors to have the expertise and experience necessary for their work, international diversity in order to reflect the Group's global footprint, gender balance on the Board of Directors; ■ Preparing a succession plan for Board members so that it can advise the Board on succession in the event of unforeseen vacancies; ■ Formulating recommendations to the Board of Directors related to the appointment and reappointment of the Chairman of the Board of Directors; ■ Preparing a succession plan for the Chairman so that it can advise the Board on succession in the event of an unforeseen vacancy.
Compensation of Board members and the Chairman of the Board of Directors	■ Formulating annual recommendations to the Board of Directors related to the amount of attendance fees and their allocation mechanisms to Board members. In addition, it approves the amount of attendance fees due to Board members every year; ■ Formulating recommendations to the Board of Directors related to the Chairman of the Board of Directors' compensation components.
Governance assessment	■ Carrying out an annual assessment of the operation of the Board of Directors and its committees and a thorough assessment at least every three years (with the potential help of a consulting firm), and formulating related recommendations to the Board of Directors; ■ Reviewing the independence status of each of the Board members on an annual basis, prior to the publication of the Company's Registration Document.
Ethics and compliance	■ Examining the Company's ethics and compliance policy with respect to best governance practices.

Operation of the Governance Committee

The Committee meets at least twice per year and as needed to carry out its duties.

The Committee informs the Chairman of the Board of Directors without delay of any issues encountered during the course of its work.

meetings are held at the registered office upon convening notice sent by the Chairman and/or the Secretary of the Committee. They may also be held by video conference or any other means of telecommunication. A committee duly deliberates if at least half of its members attend the meeting in person or by video conference or any other means of telecommunication.

The Committee reports on its work at the next meeting of the Board of Directors.

The Secretary of the Committee is responsible for organizing and attending the Committee meetings, as well as for preparing meeting minutes to be submitted to the Committee for approval at the next meeting.

The Committee establishes its annual work program based on the results of its prior work and the current context of the Company.

Governance Committee activities in 2017

In 2017, the Committee met five times with an attendance rate of 100%.

The main items discussed at these meetings were as follows:

Date	Main items discussed	Attendance rate
February 6, 2017 (for report and recommendations to the Board of Directors' meeting on February 8, 2017)	Review of the results of the assessment of the work of the Board of Directors and its committees in 2016 Assessment of the Board members' independence status Composition of the Board of Directors: ■ discussions about the appointment of a new Chairman after the General meeting of May 30, 2017; ■ discussions about the composition of the Committees; ■ update on the representation of employees on the Board of Directors. Review of the Chairman of the Board of Directors's compensation Review of the updated version of the Code of Conduct, recognizing (EU) Regulation No. 596/2014, Market Abuse, of April 16, 2014, and the law of December 9, 2016 on Anti-Corruption and Economic Modernization. Review of the first draft of governance-related resolutions for submission to the General meeting of May 30, 2017	100%
April 5, 2017 (for report and recommendations to the Board of Directors' meeting on February 11, 2017)	Chairman of the Board of Directors: ■ proposal to appoint Michel de Rosen with effect after the General meeting of May 30, 2017; ■ compensation proposal for Michel de Rosen. Review of the composition of the Committees after the General meeting of May 30, 2017 Review of the independence of Penelope Herscher and Patrick Koller as future Board members Review of ex-ante and ex-post Say on Pay applicable to the Chairman of the Board of Directors Review of the final version of governance-related resolutions for submission to the General meeting of May 30, 2017 Review of the governance section of the Chairman's report, as required by Article L. 225-37 of the French Code of commerce Review of the proposal for Board members to receive governance training internally	100%

Date	Main items discussed	Attendance rate
July 19, 2017 (for report and recommendations to the Board of Directors' meeting on July 20, 2017)	Composition of the Board of Directors: ■ Review of potential Board member profiles; ■ Review of practical ways for Board members representing employees to take part in Board meetings (time to prepare for the role, training time and training body) and update on the timetable for their appointment. Review of the Committee's 2018 timetable and work plan	100%
October 12, 2017 (for report and recommendations to the Board of Directors' meeting on October 12, 2017)	Composition of the Board of Directors: ■ Proposal to co-opt Valérie Landon as a Board member to replace Amparo Moraleda who resigned; ■ Review of Valérie Landon's independence; ■ report on the appointment of Board members representing employees and the date on which they will take office.	100%
December 15, 2017 (for report and recommendations to the Board of Directors' meeting on December 19, 2017)	Review of the questionnaire used to assess the operation of the Board and its committees in 2017 and of a proposal to include an assessment of the individual contribution made by Board members in the next assessment for 2018 which will be conducted by an external consultant Attendance fees: review of estimated amount due for 2017 Review of a proposed shareholding mechanism by the Chairman of the Board of Directors Regulatory update focusing, in particular, on the annual reports of the French High Committee of Corporate Governance and the AMF Initial review of the plan to convert Faurecia into a European company	100%

3.1.1.1.4.4. The Management Committee

Composition of the Management Committee

The composition of the Committee is decided by the Board and it can change the composition at any time.

The Committee is composed of at least three members and no more than five members.

Members are selected from among the Board members. They cannot be represented at committee meetings.

The term of office of committee members is the same as that of their term of office as Board members. The Committee member's term of office may be renewed at the same time as their term of office as Board member.

The Board of Directors appoints a Committee Chairman from among its members for a term identical to that of their term of office.

The Chairman of the Committee must be an independent Board member within the meaning of the AFEP-MEDEF Code of Corporate Governance for listed companies.

The Secretary of the Committee is appointed by the Committee Chairman.

The Committee should not include any executive corporate officer (the Chief Executive Officer, the Deputy Chief Executive Officers) or Board members with interlocking directorships (within the meaning of Article 14 of the AFEP-MEDEF Code) and must have a majority of independent Board members.

By invitation of the Committee Chairman, the Chief Executive Officer, certain management representatives (such as the Head of Human Resources) or members of the Executive Committee attend committee meetings. The Chief Executive Officer does not attend meetings where his compensation is discussed.

The following changes were made to the composition of the Management Committee during the year:

Committee member	Date	Nature of the change made
Michel de ROSEN	May 30, 2017	Left the Committee as a result of being appointed as Chairman of the Board of Directors
Penelope HERSCHER	May 30, 2017	Became a member of the Committee as a result of being appointed as a Board member

As of December 31, 2017, the Management Committee has four members:

- Linda Hasenfratz, Chairwoman;
- Hans-Georg Härter;
- Penelope Herscher;
- Robert Peugeot.

It was thus made up of three independent Board members and chaired by one of them in the person of Linda Hasenfratz. In accordance with the AFEP-MEDEF Code, the Committee did not include any corporate officers.

As of the same date, the Committee had no Board members representing employees.

Missions of the Management Committee

The Committee studies and prepares some of the Board's deliberations. It issues proposals, opinions, and recommendations within its field of competence, in particular on any matter submitted to it by the Chairman of the Board of Directors.

The Committee only has a consultative role and acts under the authority of the Board of Directors to which it reports whenever necessary and for which it cannot serve as a substitute.

The Committee's internal rules specifically provide for the following responsibilities:

Selection of the Chief Executive Officer	■ Formulating recommendations to the Board of Directors related to the appointment and reappointment of the Chief Executive Officer; ■ Preparing a succession plan for the Chief Executive Officer so that it can advise the Board on succession in the event of an unforeseen vacancy.
Selection of the Deputy Chief Executive Officers	■ Formulating recommendations to the Board of Directors related to the appointment and reappointment of the Deputy Chief Executive Officers; ■ Preparing a succession plan for the Deputy Chief Executive Officers so that it can advise the Board on succession in the event of an unforeseen vacancy.
Executive compensation	■ Formulating, on an annual basis, recommendations to the Board of Directors related to the fixed component and the performance-based criteria for the variable component of Executive Management members' compensation with reference to the general compensation practices of equivalent French or foreign groups, as well as other types of compensation and benefits in kind to be awarded; ■ Formulating recommendations to the Board of Directors on the achievement of the criteria for the variable component for Executive Management members; ■ Formulating recommendations on the other components of Executive Management members' compensation including pension and provident plans, supplementary pension schemes, benefits in kind and other pecuniary rights, in particular in the event of termination of service; ■ Ensuring that the commitments falling under the regulated agreements procedure strictly comply with applicable regulations.
Long-term incentive plans	■ Discussing the general policy for awarding stock subscription or purchase options, performance shares and any other type of long-term compensation; ■ Reviewing proposed stock subscription or purchase option plans, performance share plans and any other type of long-term compensation, as well as their allocation to beneficiaries; ■ Formulating recommendations to the Board of Directions related to the award of stock subscription or purchase options, performance shares and any other type of long-term compensation to executive corporate officers and issuing opinions on the lists of other prospective beneficiaries.
Performance, selection and compensation of management (other than Executive Management)	■ Carrying out an annual review of the performance of Group managers (Executive Committee and Senior Management); ■ Carrying out an annual review of the selection and succession plans for members of the Executive Committee; ■ Reviewing the compensation of members of the Executive Committee on an annual basis.

Operation of the Management Committee

The Committee meets at least twice per year and as needed to carry out its duties.

The Committee informs the Chairman of the Board of Directors without delay of any issues encountered during the course of its work.

Meetings are held at the registered office upon convening notice sent by the Chairman and/or the Secretary of the Committee. They may also be held by video conference or any other means of telecommunication. A committee duly deliberates if at least half of its members attend the meeting in person or by video conference or any other means of telecommunication.

The Committee reports on its work at the next meeting of the Board of Directors.

The Secretary of the Committee is responsible for organizing and attending the Committee meetings, as well as for preparing meeting minutes to be submitted to the Committee for approval at the next meeting.

The Committee establishes its annual work program based on the results of its prior work and the current context of the Company.

Management Committee activities in 2017

In 2017, the Committee met five times with an attendance rate of 100%.

The main items discussed at these meetings were as follows:

Date	Main items discussed	Attendance rate
February 1, 2017 (for report and recommendations to the Board of Directors' meeting on February 8, 2017)	Compensation: ■ Review of the variable compensation payable to Yann Delabrière as Chairman and Chief Executive Officer for the 1st half of 2016; ■ Review of the variable compensation payable to Patrick Koller as Deputy Chief Executive Officer for the 1st half of 2016 and as Chief Executive Officer for the 2nd half of 2016; ■ Review of Patrick Koller's fixed compensation as Chief Executive Officer for 2017; ■ Review of the targets used to determine Patrick Koller's variable compensation as Chief Executive Officer for 2017. Review of 2016 supplementary pension scheme annuities for members of the Executive Committee. Review of the outcome of the assessment of the Chief Executive Officer	100%
April 7, 2017 (for report and recommendations to the Board of Directors' meeting on February 11, 2017)	Performance shares: ■ Review of the internal and external performance conditions contained in Performance Shares Plan No. 6; ■ Information about exemptions from the continued employment condition granted by the Chief Executive Officer; ■ report on the future Performance Shares Plan No. 9. Report on compensation for Executive Committee members Review of ex-ante and ex-post Say on Pay applicable to the Chief Executive Officer Review of Senior Management development plan	100%
July 18, 2017 (for report and recommendations to the Board of Directors' meeting on July 20, 2017)	Half-yearly review of 2017 qualitative targets attached to the Chief Executive Officer's variable compensation report on the results of a Management Survey Performance Shares Plan No. 9: review of plan rules and list of beneficiaries. Review of the Committee's 2018 timetable and work plan	100%
October 12, 2017 (for report and recommendations to the Board of Directors' meeting on October 12, 2017)	Review of the Executive Committee and Senior Management including a review of succession plans Review of the questionnaire used to assess the Chief Executive Officer Review of a proposed performance-related shareholding mechanism applicable to members of the Executive Committee and the Chief Executive Officer report on the achievements of Faurecia University	100%
December 13, 2017 (for report and recommendations to the Board of Directors' meeting on December 19, 2017)	Review of the outcome of the assessment of the Chief Executive Officer Chief Executive Officer's variable compensation: ■ Monitoring 2017 qualitative targets; ■ Review of an initial proposal for 2018 qualitative targets. Report on Senior Management organization Reminder of existing, duly authorized, regulated agreements in relation to the Chief Executive Officer's compensation	100%

3.1.1.1.5. ASSESSMENT OF THE BOARD'S PERFORMANCE

The Board of Directors carries out an assessment of its operation every year.

Every three years, it carries out a thorough assessment with the help of an external consulting firm. The last such assessment was performed for 2015.

The 2017 assessment was conducted internally, in December 2017 and January 2018, using a questionnaire sent to each Board member.

The results of this assessment were presented to the Governance Committee on February 8, 2018 and to the Board of Directors on February 15, 2018.

The assessment questionnaire covered the following topics:

- assessment of the implementation of recommendations arising from the 2016 assessment;
- organization of the work of the Board of Directors;
- scope of the issues covered by the Board and its committees;
- relations between the Board and Executive Management;
- opinion on corporate governance;
- assessment of the personal contribution made by each Board member to the work of the Board and the Committees.

Generally speaking, Board members voiced their satisfaction with the way in which corporate governance is currently organized and with the quality of relations between the Chairman of the Board, the Chief Executive Officer and Board members as a whole. They also stressed the quality of discussions and the clarity of the decisions taken.

In terms of organizing the work of the Board, in future, particular attention will be paid to the length of Board meetings so that certain topics dealt with by committees can be discussed in greater detail.

In terms of information, Board members highlighted the ongoing improvement in the information and supporting documentation received and confirmed the constant interest on risks and on any issues of a strategic nature, outside the meeting specifically devoted to these issues which is held in October every year.

The Board also acknowledged the desire for the next assessment of the operation of the Board and its committees, to be conducted by an external consultant and to include an assessment, by all Board members, of the actual contribution made by each individual member.

Lastly, meetings held without the Chief Executive Officer, any member of management and possibly the Secretary will be proposed if necessary by the Chairman of the Board of Directors.

3.1.1.1.6 SUMMARY OF COMPLIANCE WITH THE RECOMMENDATIONS OF THE AFEP-MEDEF CODE

As of the end of the 2017 fiscal year, Faurecia failed to comply with the recommendations contained in the AFEP-MEDEF Code on the following issues.

AFEP-MEDEF Code recommendation	Reasons for non-compliance
Recommendation 9.2 The assessment aims to assess the actual contribution made by each Board member to the work of the Board of Directors	The Board of Directors' meeting on February 15, 2018 recognized Board members' desire, expressed as part of the 2017 assessment of the Board and its committees, to be conducted by an external consultant, to include an assessment of the actual contribution made by each individual member.
Recommendation 17.1 It is recommended that an employee Board member should sit on the Compensation Committee	Board members representing employees, appointed as of November 1, 2017, took part in their first Board meeting on December 19, 2017: the Board deemed it necessary for these members to be given an adjustment period before being asked to sit on committees.

3.1.1.2. Faurecia's corporate officers

3.1.1.2.1. INFORMATION ON CORPORATE OFFICERS

Composition of the Board of Directors

The composition of the Board of Directors as of December 31, 2017 is provided in Section 3.1.1.1.1 above.

Expertise, positions and corporate offices

Corporate officer	Corporate offices/Positions
Daniel BERNARDINO	
Mr. Daniel Bernardino is a method agent in the logistics department at Faurecia's Palmela site (Portugal). He is a sociology graduate. He joined the Group in 1994 as Head of the logistics team. He held various employee representation offices between 1997 and 2017 and has been a member of Faurecia's European Works Council for 14 years.	**Within Faurecia** ■ Board member of Faurecia, employee representative. Over the past five years, Mr. Daniel Bernardino has also held the following corporate office **within the Faurecia group,** which he no longer holds: ■ Member of Faurecia's European Works Council.

Corporate officer	Corporate offices/Positions
Éric BOURDAIS DE CHARBONNIÈRE	
Mr. Éric Bourdais de Charbonnière joined JP Morgan in 1965, and went on to hold various positions within it. From 1987 to 1990 he was the Executive Vice-President, Head of Europe. In 1990, he joined Michelin as Chief Financial Officer, and subsequently became a member of the Group Executive Council. He was Chairman of the Supervisory Board from September 2000 until May 17, 2013.	**Within Faurecia** ■ Board member of Faurecia. ■ Member of the Governance Committee. **Outside Faurecia** Over the past five years, Mr. Éric Bourdais de Charbonnière has also held the following corporate offices and positions, which he no longer holds: ■ Member of the Supervisory Board of ODDO et Cie (France) and member of the Audit Committee; ■ Chairman of the Supervisory Board of Michelin (France) and member of the Audit Committee.

Corporate officer	Corporate offices/Positions

Jean-Baptiste CHASSELOUP DE CHATILLON

Mr. Jean-Baptiste Chasseloup de Chatillon is Chief Financial Officer and Chief Information Officer of the PSA Peugeot Citroën group and a member of the Management Board of Peugeot S.A.

He has held financial and sales functions within the PSA Peugeot Citroën group since 1989.

Within Faurecia

- Board member of Faurecia.
- Member of the Governance Committee.

Outside Faurecia

As of December 31, 2017, Mr. Jean-Baptiste Chasseloup de Chatillon also held the following directorships and positions:

- Chief Financial Officer and Chief Information Officer of the PSA Peugeot Citroën group (France);
- Member of the Management Board of Peugeot S.A.* (France);
- Board member of Automobiles Citroën (France);
- Vice-Chairman and member of the Supervisory Board of Gefco (France);
- Permanent representative of Peugeot S.A.*, Board member of Automobiles Peugeot (France);
- Permanent representative of Automobiles Peugeot, Board member of Banque PSA Finance (France);
- Vice-Chairman and Board member of PSA International S.A. (France);
- Board member of Dongfeng Peugeot Citroën Automobiles Company Ltd (China);
- Board member of Changan PSA Automobiles Co., Ltd (China);
- Member of the Supervisory Board of Dongfeng Peugeot Citroën Automobile Sales Company, Ltd (China);
- Member of the Supervisory Board of PSA (Wuhan) Management Company, Ltd (China);
- Board member of IKAP (Iran);
- Board member of SAIPA Citroën Company (Iran);
- President of CarOnWay (France);
- President of Mister Auto (France).

Over the past five years, Mr. Jean-Baptiste Chasseloup de Chatillon has also held the following corporate offices and positions, which he no longer holds:

- Chairman of the Board of Directors of Banque PSA Finance (France);
- President of A.S.M. Auto Sud Marché SAS (France);
- Board member of Gefco (France);
- Chairman of the Supervisory Board of Peugeot Finance International N.V. (Netherlands);
- Board member of Peugeot Citroën Automobiles (France);
- Board member of PCMA Holding B.V. (Netherlands).

** Listed company.*

Corporate officer	Corporate offices/Positions

Jean-Pierre CLAMADIEU

Mr. Jean-Pierre Clamadieu is Chief Executive Officer of Solvay since May 8, 2012.

He was in charge of various divisions of Rhodia, also serving as its Chief Executive Officer from October 2003 to March 2008, and then as its Chairman and CEO until October 2011.

Within Faurecia

- Board member of Faurecia.
- Chairman of the Governance Committee.

Mr. Jean-Pierre Clamadieu resigned as a Board member of Faurecia with effect after the General meeting of May 29, 2018.

Outside Faurecia

As of December 31, 2017, Mr. Jean-Pierre Clamadieu also held the following directorships and positions:

- Chief Executive Officer of Solvay S.A.* (Belgium);
- Board member of Solvay S.A.* (Belgium);
- Board member of AXA* (France);
- Board member of Solvay Finance S.A. (Luxembourg);
- Board member of Solvay Specialty Chemicals Asia Pacific Pte. Ltd. (Singapore);
- Chairman of Cytec Industries, Inc. (United States).

Over the past five years, Mr. Jean-Pierre Clamadieu has also held the following corporate offices and positions, which he no longer holds:

- Chairman of the Board of Directors of Rhodia (France) until February 12, 2013;
- Member of the Supervisory Board of Solvay GmbH (Germany) until December 31, 2013.

** Listed company.*

Odile DESFORGES

Mrs. Odile Desforges is an engineer and graduate of *École Centrale de Paris*. She also holds a diploma from the European Center for Executive Development (CEDEP).

She began her career in 1973 as a research analyst at the Institut de Recherche des Transports before joining Renault in 1981, where she held several positions of responsibility in planning, product development, and purchasing. Subsequently, after serving as Executive Vice-President of Renault VI/Mack and as a member of the Executive Committee with responsibility for planning, purchasing and program development from 1999 until 2001, she was appointed President of the Volvo 3P business unit of AB Volvo, where she remained until 2003. From 2003 to 2009, Mrs. Odile Desforges was a member of Renault's Management Committee and served as Head of Worldwide Purchasing for Renault/Nissan. In 2009, she was named to Renault's Executive Committee and appointed as Group Director of Engineering and Quality.

She was made a Chevalier de l'Ordre National du Mérite and a Chevalier de la Légion d'Honneur by the French government.

Within Faurecia

- Board member of Faurecia.
- Chairwoman of the Audit Committee.

Outside Faurecia

As of December 31, 2017, Mrs. Odile Desforges also held the following directorships and positions:

- Board member and member of the Audit Committee, the Nomination Committee and the Management Development and Remuneration Committee of Johnson Matthey Plc. (Great Britain);
- Board member and member of the Audit Committee of Dassault Systèmes* (France);
- Board member and Chairwoman of the Audit and Risks Committee of Safran* (France);
- Board member of Imerys* (France).

Over the last five years, Mrs. Odile Desforges has also held the following corporate offices and positions which she no longer holds:

- Board member and member of the Appointments and Compensation Committee of Sequana (France), from 2012 to May 2016;
- Board member of GIE Regienov (France) until January 2013.

** Listed company.*

Corporate officer	Corporate offices/Positions
Hans-Georg HÄRTER	
Mr. Hans-Georg Härter spent his entire career with the ZF group, which he joined in 1973. He held the position of Chairman of the Executive Board of ZF Friedrichshafen AG from January 2007 to May 2012, when he retired.	**Within Faurecia** ■ Board member of Faurecia. ■ Member of the Management Committee. **Outside Faurecia** As of December 31, 2017, Mr. Hans-Georg Härter also held the following directorships and positions: ■ Founder of HGH Consulting (Germany); ■ Member of the Supervisory Board of Klingelnberg AG (Switzerland); ■ Member of the Advisory Committee of Unterfränkische Überlandzentrale e.G. (Germany); ■ Board member of Axega GmbH (Germany); ■ Chairman of the Supervisory Board of Knorr-Bremse AG (Germany); ■ Chairman of the Board of Directors of Deutz AG (Germany); ■ Member of the Europe Advisory Board of Bain Capital LLC. (USA); Over the past five years, Mr. Hans-Georg Härter has also held the following corporate offices and positions, which he no longer holds: ■ Member of the Board of the Zeppelin University Friedrichshafen Foundation (Germany); ■ Member of the Board of Association Deutsche Wissenschaft e.G. (Germany); ■ Member of Institut Deutsche Wissenschaft (Germany); ■ Board member of Altran S.A. (France); ■ Member of the Supervisory Board of Kiekert AG (Germany); ■ Member of the Supervisory Board of Eco 1 Holding GmbH Hilite International (Germany).
Linda HASENFRATZ	
Mrs. Linda Hasenfratz has been Chief Executive Officer of Linamar Corporation since August 2002. She was also its President from April 1999 to August 2004, and its Chief Operating Officer from September 1997 to September 1999. She has been a Board member since 1998. She has a bachelor's degree and an Executive MBA from the Ivey School of business at the University of Western Ontario (Canada) and has an Honors Bachelor of Science degree from the same institution.	**Within Faurecia** ■ Board member of Faurecia. ■ Chairwoman of the Management Committee. **Outside Faurecia** As of December 31, 2017, Mrs. Linda Hasenfratz also held the following directorships and positions: ■ Chief Executive Officer of Linamar Corporation (Canada); ■ Board member of Linamar Corporation (Canada); ■ Member of the Board of Governors, Royal Ontario Museum (Canada); ■ Board member of Canadian Imperial Bank of Commerce (CIBC) (Canada); ■ Chairwoman of the business Council of Canada; formerly the Canadian Council of Chief Executives (Canada); ■ Member of the Catalyst Canadian Board of Advisors (Canada). Over the past five years, Mrs. Linda Hasenfratz has also held the following corporate office, which she no longer holds: ■ Board member of Original Equipment Suppliers Association (USA)

Corporate officer	Corporate offices/Positions
Penelope HERSCHER	
Mrs. Penelope Herscher sits on the Board of Directors of Lumentum Operations LLC. (formerly JDSU) for which she chairs the Appointments and Compensation Committee, and of Rambus Inc., for which she chairs the Strategy Committee. She serves on the Governance Committee of both Boards. She has also been a Verint Board member since April 20, 2017 and chaired, between March 2016 and October 2017, the Board of Savonix, Inc., a digital health start-up. Until July 31, 2017, Mrs. Penelope Herscher was Chairwoman of the Board of Directors at FirstRain, Inc., a software company, which she joined in 2004 and ran as President and CEO until 2015. From 2002 to 2003, Ms. Penelope Herscher held the position of executive vice president and chief marketing officer at Cadence Design Systems, Inc., an electronic design automation software company. From 1996 to 2002, she was president and Chief Executive Officer of Simplex Solutions, which she led through an IPO in 2001 and which was acquired by Cadence in 2002. Before Simplex, she was an executive at Synopsys for eight years and started her career as an R&D engineer with Texas Instruments. Ms. Penelope Herscher holds a BA Hons, MA in Mathematics from Cambridge University (England).	**Within Faurecia** ■ Board member of Faurecia. ■ Member of the Management Committee. **Outside Faurecia** As of December 31, 2017, Mrs. Penelope Herscher was also: ■ Board member of Lumentum Operations LLC*; ■ Board member of Verint; ■ Board member of Rambus, Inc*; ■ Penelope Herscher's term of office as a Board member; of Rambus, Inc. will come to an end in April 2018. Over the past five years, Mrs. Penelope Herscher has also held the following corporate offices and positions, which she no longer holds: ■ Chairwoman of the Board of Directors of FirstRain, Inc. between October 2015 and July 31, 2017; ■ President and CEO of FirstRain, Inc., from 2004 to 2015; ■ Chairwoman of the Board of Directors of Savonix, Inc. from March 2016 to October 2017.

** Listed company.*

Corporate officer	Corporate offices/Positions

Patrick KOLLER

Mr. Patrick Koller is Chief Executive Officer of Faurecia since July 1, 2016.

He graduated from the *École Supérieure des Sciences et Technologies de l'Ingénieur de Nancy* (ESSTIN) and Institut Français de Gestion.

He has held various management positions with several major manufacturing groups (Valeo, Rhodia).

In 2006, he joined the Faurecia group as Executive Vice-President of the Faurecia Automotive Seating Business Group (now Faurecia Seating), a position he held until February 2, 2015. During this period, he held various offices within the Group subsidiaries.

On February 2, 2015, he was appointed Deputy Chief Executive Officer, a position he held until June 30, 2016.

Within Faurecia

- Chief Executive Officer.

Outside Faurecia

As of December 31, 2017, Mr. Patrick Koller was also:

- Board member (donors' committee) of the Collège de France Foundation;

The appointment of Patrick Koller as Board member of the company Legrand* will be proposed to the General meeting of this company on May 30, 2018.

Over the past five years, Mr. Patrick Koller has also held the following corporate offices and positions **within the Faurecia group**, which he no longer holds:

- Deputy Chief Executive Officer and Chief Operating Officer until June 30, 2016;
- Vice-Chairman of the Board of Directors of Faurecia (China) Holding Co., Ltd (China) until March 12, 2015;
- General Manager of Faurecia Components Pisek, S.r.o. (Czech Republic) until April 21, 2015;
- General Manager of Faurecia Plzen (Czech Republic) until April 21, 2015;
- Member of the Supervisory Board of Faurecia Automotive GmbH (Germany) until May 31, 2015;
- Representative of Faurecia Investments, Board member and Vice-Chairman of the Board of Directors of Faurecia Azin Pars Company (Iran) until September 15, 2015;
- Member of the Board of Directors of Faurecia NHK Co., Ltd (Japan) until April 28, 2015;
- Member of the Supervisory Board of Faurecia Automotive Polska S.A. (Poland) until March 30, 2015;
- Chairman of the Supervisory Board of Faurecia Walbrzych S.A. (Poland) until March 30, 2015;
- Chairman of the Supervisory Board of Faurecia Grojec R&D Center S.A. (Poland) until March 30, 2015;
- Chairman and Chief Executive Officer of Faurecia Asientos Para Automovil España, S.A. (Spain) until November 30, 2015;
- Vice-Chairman of the Board of Directors of Teknik Malzeme Ticaret Ve Sanayi Anonim Sirketi (Turkey) until March 26, 2015;
- General Manager of Faurecia Automotive Seating, LLC (USA) until March 4, 2015;
- Board member of Faurecia Madison Automotive Seating, Inc. (United States) until March 2, 2015;
- Board member of Faurecia Automotive Seating UK Limited (UK) until September 16, 2014;
- Board member of Orcia Otomotiv Yan Sanayi Ve Anonim Sirketi (Turkey) until June 2, 2014;
- Vice-Chairman of the Board of Directors of Faurecia (Shanghai) Management Co., Ltd (China) until November 1, 2013.

** Listed company.*

Corporate officer	Corporate offices/Positions
Valérie LANDON	
Mrs. Valérie Landon is Vice Chairman Investment Banking & Capital Markets at Credit Suisse. She is an engineering graduate of the Ecole Centrale de Paris. She began her career in 1985 at Air France. In 1990, she joined Credit Suisse as an investment banker. She held increasingly responsible positions there, notably Head of Investment Banking & Capital Markets for France, Belgium and Luxembourg.	**Within Faurecia** ■ Board member of Faurecia. ■ Member of the Audit Committee. **Outside Faurecia** As of December 31, 2017, Mrs. Valérie Landon was also: ■ Vice Chairman Investment Banking & Capital Markets at Credit Suisse; ■ Member of the Board of Directors of Albioma. Over the past five years, Mrs. Valérie Landon has also held the following corporate office, which she no longer holds: ■ Member of the European Advisory Board of Catalyst (from 2010 to 2016).
Olivia LARMARAUD	
Mrs. Olivia Larmaraud is PSA Peugeot Citroen's Head of Consolidation and Accounting Standards since 2002. She is a certified public accountant and earned an MSTCF (a Master's degree in accounting and finance) from Université Paris-Dauphine. She also holds a Company Director Certificate, awarded by the Institut Français des Administrateurs and the Institut d'Études Politiques in 2013. She began her career at Deloitte, where she worked for three years as an external auditor. She followed this position with another three-year stint at Compagnie Générale des Eaux as a member of the consolidation team before joining Sanofi, where she served as a financial controller for eight years. Since 1995, she has been working within the Finance department of the PSA Peugeot Citroën group, where she was promoted to the rank of senior manager in 2008.	**Within Faurecia** ■ Board member of Faurecia. ■ Member of the Audit Committee. **Outside Faurecia** As of December 31, 2017, Mrs. Olivia Larmaraud also held the following directorships and positions: ■ Head of Consolidation and Accounting Standards of PSA Peugeot Citroën (France); ■ Board member and Chairwoman of the Audit Committee of SNEF (France) since July 2015; ■ Member of the IFRS Advisory Council since January 2017. Over the past five years, Mrs. Olivia Larmaraud has also held the following corporate offices and positions, which she no longer holds: ■ Board member of ACTEO from 2008 to 2017; ■ Member of the International Standards committee of ANC (*Autorité des Normes Comptables*) from 2010 to 2016; ■ Member of the Global Preparer Forum of the International Accounting Standards Board from 2008 to 2017.

Corporate officer	Corporate offices/Positions
Robert PEUGEOT	
Mr. Robert Peugeot is Chairman and CEO of FFP. Robert Peugeot studied at the *École Centrale de Paris* and INSEAD. He has held various senior positions within the PSA Peugeot Citroën group, and was a member of the group Executive Committee from 1998 to 2007, holding the position of Vice-President, Innovation and Quality. He is a permanent representative of FFP on the Supervisory Board of Peugeot S.A., a member of the Finance and Audit Committee and chair of the Strategy Committee. He has been Chairman and CEO of FFP since February 2002.	**Within Faurecia** ■ Board member of Faurecia. ■ Member of the Management Committee. **Outside Faurecia** As of December 31, 2017, Mr. Robert Peugeot also held the following directorships and positions: ■ Chairman and Chief Executive Officer and Chairman of the Investments and and Holdings Committee of FFP S.A.* (France); ■ Permanent representative of FFP S.A. on the Supervisory Board, Chairman of the Strategy Committee and member of the Finance and Audit Committee of Peugeot S.A.* (France); ■ Member of the Supervisory Board, the Audit Committee and the Compensation, Appointments and Governance Committee of Hermès International S.C.A.* (France); ■ Board member and Chairman of the Audit Committee of Établissements Peugeot Frères S.A. (France); ■ Board member and Chairman of the Compensation and Appointments Committee of Sofina S.A.* (Belgium); ■ Board member and member of the Appointments and Compensation Committee of DKSH S.A.* (Switzerland); ■ Board member and member of the Compensation Committee of Tikehau Capital Advisors SAS (France); ■ Permanent representative of FFP Invest SAS, Chairman and member of the Supervisory Board of Financière Guiraud SAS (France); ■ General Manager of SC Rodom (France); ■ General Manager of Sarl CHP Gestion (France); ■ Permanent representative of FFP S.A., President of FFP Invest SAS (France); ■ Permanent representative of Maillot I, Board member of SICAV ARMENE (France). Over the past five years, Mr. Robert Peugeot has also held the following corporate offices and positions, which he no longer holds: ■ Permanent representative of FFP Invest SAS on the Board of Directors and Chairman of the Compensation and Appointments Committee of Sanef S.A. (France); ■ Member of the Supervisory Board, Chairman of the Strategy Committee and member of the Finance and Audit Committee of Peugeot S.A. (France); ■ Member of the Supervisory Board of IDI Emerging Markets S.A. (Luxembourg); ■ permanent representative of FFP Invest on the Supervisory Board and member of the Accounts Committee of Zodiac Aerospace (France); ■ Board member and Chairman of the Appointments and Compensation Committee of Sanef (France); ■ Board member and member of the Strategy, Appointments and Compensation Committee of Imerys (France); ■ Board member, Member of the Strategy and Compensation Committees of Holding Reinier SAS; ■ Permanent representative of FFP Invest on the Supervisory Board of IDI Emerging Markets S.A. (Luxembourg).

** Listed company.*

Corporate officer	Corporate offices/Positions

Emmanuel PIOCHE

Mr. Emmanuel Pioche has been Head of R&D Frames at Faurecia (Brières les Scellés site, France) since July 2017. Previously, he was a prototype maker in the R&D trimlab at the same site.

He holds the professional title of thin-sheet metal worker, holds an Aerospace TIG Heavy and Light Metal Welding License, obtained a G2 Baccalaureat (management), and a level III programmer analyst's diploma.

Within Faurecia

- Board member of Faurecia.

Over the last five years, Mr. Emmanuel PIOCHE has held the following corporate offices and positions **within the Faurecia group**, which he no longer holds:

- Secretary of the Central Works Council of Faurecia Sièges d'Automobile (from 2007 to 2017);
- Secretary of the Works committee at Brières les Scellés (from 2002 to 2017);
- Member of the Workplace Health and Safety Committee - CHSCT (from 2000 to 2017);
- CFDT union representative and employee representative (from 1999 to 2017).

Michel de ROSEN

Mr. Michel de Rosen has been Chairman of the Board of Directors of Faurecia since May 30, 2017.

He is a graduate of the École des Hautes Études Commerciales (HEC) and the École Nationale d'Administration (ENA).

Over the course of his career, he has successively held positions first as a senior public official and then as a senior executive at companies in France and the United States.

He began his career at the Inspectorate General of Finance (IGF), a division of the French Ministry of Finance. He was an advisor to the French Minister of Defense between 1980 and 1981 and served as Chief of Staff for the French Minister for Industry and Telecommunications from 1986 to 1988.

Within the Rhône-Poulenc group, he served as Chief Executive Officer of Pharmuka from 1983 to 1986 and of Rhône Poulenc Fibres et Polymères from 1988 to 1993, after which he was Chief Executive Officer and then Chairman and Chief Executive Officer of Rhône Poulenc Rorer in the United States and in France and of Rhône Poulenc Santé from 1993 to 1999. In 2000, Mr. Michel de Rosen was named Chairman and Chief Executive Officer of the US company ViroPharma. He became Chairman and Chief Executive Officer of SGD in 2008, before joining Eutelsat in 2009. On July 1, 2009, Mr. Michel de Rosen was appointed as Deputy Chief Executive Officer of Eutelsat and then as Chief Executive Officer and Board member on November 9 of the same year. From September 2013 to February 2016, he was Chairman and Chief Executive Officer. From March 1, 2016 to November 8, 2017, Mr. Michel de Rosen was the Chairman of the Board of Directors.

Within Faurecia

- Chairman of the Board of Directors of Faurecia.

Outside Faurecia

As of December 31, 2017, Mr. Michel de Rosen also held the following directorships and positions:

- Chairman of the Board of Directors of Pharnext S.A.* (France).

Over the past five years, Mr. Michel de Rosen has also held the following position, which he no longer holds:

- Board member of ABB Ltd (Switzerland) until April 13, 2017;
- Chairman and Chief Executive Officer of Eutelsat Communications S.A.* until February 29, 2016 and Chairman of the Board of Directors until November 8, 2017.

** Listed company.*

Corporate officer	Corporate offices/Positions
Bernadette SPINOY	
Mrs. Bernadette Spinoy is Head of HSE, Total S.A. She has a Master of Science in business Engineering from the University of Louvain-La-Neuve in Belgium. She began her career with the Belgian PetroFina group in 1985 and since 1999 she has held various positions with Total group, in the areas of supply and refining of petroleum products, logistics and marketing of natural gas, and petrochemicals. Over the course of her career, she switched between positions responsible for internationally active business units such as styrene, base chemicals and East Refining & Chemicals and positions in cross-divisional units such as strategy, purchasing, management control and HSE.	**Within Faurecia** ■ Board member of Faurecia. ■ Member of the Governance Committee. **Outside Faurecia** As of December 31, 2017, Mrs. Bernadette Spinoy also held the following directorships and positions: ■ Head of HSE, Total S.A. (France); ■ Member of the group Performance Committee, Total S.A.* (France); ■ Board member of Fondation Total (France); ■ Board member of Etex* (Belgium). Over the last five years, Mrs. Bernadette Spinoy held the following corporate offices and positions, which she no longer holds: *In 2016* ■ Board member of ICSI (Institut pour une culture de sécurité industrielle) (France); ■ Board member of the Fondation FONCSI (Fondation pour une culture de sécurité industrielle), (France). *From 2013 to 2014* ■ Board member, Vice-President and Chairwoman of the Compensation Committee of Satorp**, (Saudi Arabia); ■ Board member of Qapco** (Qatar); ■ Board member of Qatofin** (Qatar); ■ Board member and member of the Compensation Committee of STC** (Samsung Total Chemicals), Korea.

* *Listed company.*
** *Unlisted joint ventures in which the Total group has a stake.*

Corporate officer	Corporate offices/Positions
Carlos TAVARES	
Mr. Carlos Tavares is Chairman of the Management Board of Peugeot S.A. *. He graduated from the *École Centrale de Paris*. He held various senior positions in the Renault group between 1981 and 2004 before joining the Nissan group. After being Operations Manager for Nissan in the Americas region, he was appointed Deputy Chief Executive Officer and Chief Operating Officer by the Renault group from 2011 to 2013. Since January 1, 2014, he has joined the Management Board of Peugeot S.A. and holds the position of Chairman of the Management Board since March 31, 2014.	**Within Faurecia** ■ Board member of Faurecia. **Outside Faurecia** At December 31, 2017, Mr. Carlos Tavares also held the following directorships and positions: ■ Chairman of the Management Board of Peugeot S.A.; ■ President of Fondation PSA; ■ Board member of Banque PSA Finance; ■ Chairman of the Board of Directors of Peugeot Citroën Automobiles S.A.; ■ Board member of Airbus Group SE*; ■ Board member of Total S.A.* Over the past five years, Mr. Carlos Tavares has also held the following directorships, which he no longer holds: ■ Deputy Chief Executive Officer and Chief Operating Officer of Renault and member of the Executive Board of Alliance Renault-Nissan; ■ Board member of Renault-Nissan B.V.; ■ Board member of PCMA Holding B.V. until October 2014; ■ Board member of Avtovaz; ■ Board member and Chairman of the Strategy Committee of Alpine-Caterham; ■ Chairman of Management Committee of Nissan Americas; ■ Executive Vice-President of Nissan Motor Company; ■ General Manager of a micro-enterprise for the management of a "Bed & Breakfast" type unit in Lisbon.

* *Listed company.*

Shares held by corporate officers

Pursuant to the bylaws, each Board member must hold at least 20 Faurecia shares throughout his or her term of office.

Furthermore, the internal rules of the Board of Directors, as amended by the Board at its meeting of December 21, 2016 upon the recommendation of the Governance Committee which met on the same date, provides that each Board member must hold 500 shares in the Company, including 20 shares provided for in the bylaws, during the entire term of their corporate office. However, Board members receiving no attendance fees are only required to hold the 20 shares provided for in the bylaws and the law does not require Board members representing employees to hold a minimum number of shares. As of December 31, 2017, as shown in the table below, the Board members in question complied with the mechanism set out in the internal rules.

The Board of Directors' meeting on December 19, 2017 also decided that, in addition to Board members' obligation to hold shares, the Chairman of the Board of Directors must hold shares corresponding to one year's compensation (including the 500 shares held as a Board member) and must comply with this obligation within two years of being appointed as Chairman.

The Board of Directors' internal rules were amended accordingly.

As of December 31, 2017, corporate officers held the following interests on the basis of a capital stock of €966,250,607 divided into 138,035,801 shares representing 202,758,867 theoretical voting rights and 201,944,547 exercisable voting rights.

	Number of shares	Percentage of capital stock	Number of voting rights	Percentage of theoretical voting rights	Percentage of exercisable voting rights
Daniel BERNARDINO	0	0.00%	0	0.00%	0.00%
Éric BOURDAIS DE CHARBONNIÈRE	500	0.00%	600	0.00%	0.00%
Jean-Baptiste CHASSELOUP DE CHATILLON	20	0.00%	40	0.00%	0.00%
Jean-Pierre CLAMADIEU	564	0.00%	928	0.00%	0.00%
Odile DESFORGES	500	0.00%	500	0.00%	0.00%
Hans-Georg HÄRTER	726	0.00%	1,452	0.00%	0.00%
Linda HASENFRATZ	500	0.00%	600	0.00%	0.00%
Penelope HERSCHER	500	0.00%	500	0.00%	0.00%
Patrick KOLLER	40,950	0.03%	55,900	0.03%	0.03%
Valérie LANDON	500	0.00%	500	0.00%	0.00%
Olivia LARMARAUD	20	0.00%	20	0.00%	0.00%
Robert PEUGEOT	500	0.00%	600	0.00%	0.00%
Emmanuel PIOCHE	0	0.00%	0	0.00%	0.00%
Michel de ROSEN	3,225	0.00%	3,225	0.00%	0.00%
Bernadette SPINOY	1,000	0.00%	2,000	0.00%	0.00%
Carlos TAVARES	20	0.00%	40	0.00%	0.00%
TOTAL	**49,525**	**0.03%**	**66,905**	**0.03%**	**0.03%**

Conflicts of interest

The internal rules of the Board of Directors stipulate that each Board member must inform the Board of any situation of conflict of interest, even potential, relating to issues mentioned in the agenda and draw conclusions therefrom with regard to their term of office. Thus, depending on the case, he should either abstain from participating in deliberations concerning him, or not attend the Board meetings during the time he finds himself in a situation of conflict of interest, or resign from the Board membership.

No such situations arose in 2017.

Thus, to the best of the Company's knowledge and as of the date of drafting of this document, no conflicts of interest had been identified between the duties of each member of the Board of Directors and of Executive Management vis-à-vis the Company in their capacity as corporate officers and their personal interests or other duties.

To the best of the Company's knowledge and as of the date of drafting of this document, there were no arrangements or agreements concluded with major shareholders, customers or suppliers resulting in a member of the Board of Directors or Executive Management being appointed in that capacity.

To the best of the Company's knowledge and as of the date of drafting of this document, no restriction has been agreed to by members of the Board of Directors or of Executive Management regarding the disposal of their interests in the Company's capital stock.

Aside from regulated agreements and undertakings, which are the subject of a report to the General meeting, no service agreement has been entered into between a member of the Board of Directors and Faurecia or any of its subsidiaries.

The Statutory Auditors' special report on regulated agreements and undertakings can be found in Section 5.5.1 of this Registration Document.

Transactions in the Company's securities by corporate officers

By the Board of Directors' decision of April 14, 2010, the Company established a Code of Conduct for Group employees and executives who have access to insider information by virtue of their positions and offices, with provisions on the management, ownership and disclosure of such information.

This Code was amended by the Board of Directors on February 8, 2017 to recognize (EU) Regulation No. 596/2014 of April 16, 2014, on market abuse, which came into force on July 3, 2016, and Law No. 2016-1691 of December 9, 2016 on Anti-Corruption and Economic Modernization.

Under the measures to prevent insider trading within the Group the Code provides, among others, for blackout periods that require corporate officers to refrain from trading in Faurecia shares during certain periods surrounding the publication of interim results, annual results and quarterly sales. These periods are defined as follows:

- from the date of the annual December meeting of the Company's Board of Directors up to and including the third day following the announcement of Faurecia's annual results;
- within 30 calendar days prior to the announcement of interim results and up to and including the third day following the announcement;
- within 15 calendar days prior to the publication of quarterly sales and up to and including the third day following the publication.

The Code also describes the disclosure requirements for securities transactions, which apply to persons with managerial responsibilities within the meaning of the EU Regulation and to persons closely associated with them, and lists the transactions to be disclosed since the regulation entered into force.

In accordance with the European Regulation, corporate officers were informed of disclosure requirements for securities transactions applicable to them as well as to their close associates.

The Code points out the existence of a compliance officer ("déontologue") in the person of the Group Chief Financial Officer who, if there is doubt about the type of the planned transaction, will be responsible for issuing an opinion thereon.

It mentions the corporate officers' obligation to hold shares in registered form.

Lastly, more generally, it lists the sanctions for insider trading or disclosure of insider information, with particular reference to Law No. 2016-1691 of December 9, 2016 on Transparency, the Fight against Corruption and Economic Modernization.

The following transactions were carried by corporate officers in 2017 and duly reported to the AMF:

Declarant	References and date of the AMF decision/notice	Financial instrument	Type of transaction	Date of transaction	Date of receipt of declaration	Transaction venue	Unit price	Amount of transaction
Amparo MORALEDA	2017DD468382 of March 8, 2017	Equities	Acquisition	March 8, 2017	March 8, 2017	Euronext Paris	€42.36	€10.166
Linda HASENFRATZ	2017DD514564 of October 19, 2017	Equities	Acquisition	October 18, 2017	October 19, 2017	Euronext Paris	€60.90	€24.360
Odile DESFORGES	2017DD516386 of November 6, 2017	Equities	Acquisition	November 2, 2017	November 6, 2017	Euronext Paris	€63.83	€25.532
Valérie LANDON	2017DD517188 of November 10, 2017	Equities	Acquisition	November 7, 2017	November 10, 2017	Euronext Paris	€65.12	€32.560
Robert PEUGEOT	2017DD530377 of December 11, 2017	Equities	Acquisition	December 11, 2017	December 11, 2017	Euronext Paris	€63.40	€25.360
Jean-Pierre CLAMADIEU	2017DD530715 of December 14, 2017	Equities	Acquisition	December 13, 2017	December 14, 2017	Euronext Paris	€63.99	€12.798
Eric BOURDAIS de CHARBONNIERE	2017DD530984 of December 18, 2017	Equities	Acquisition	December 14, 2017	December 18, 2017	Euronext Paris	€64.67	€25.868
Michel de ROSEN	2017DD531098 of December 19, 2017	Equities	Acquisition	December 14, 2017	December 19, 2017	Euronext Paris	€64.35	€201.094

Furthermore, Penelope Herscher acquired 500 Faurecia shares in March 2017, before being appointed as a Board member.

Other information on corporate officers

There are no family ties between Faurecia's corporate officers.

No Board member has been convicted of any fraudulent offense, none has managed a company that has filed for bankruptcy or gone into receivership or liquidation in the past five years, and none has received a definitive official public incrimination and/or sanction by statutory or regulatory authorities (see the information relating to the ongoing procedure involving the AMF, contained in Section 2.2.3. of this Registration Document).

None of them has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer, or from acting in the management or conduct of the affairs of an issuer in the past five years.

Board members' compensation

Board members' compensation is paid in the form of attendance fees allocated by the Board of Directors. On May 27, 2015, the maximum annual amount of attendance fees was set at €600,000 by the Ordinary General Meeting. It is distributed freely by the Board of Directors.

By virtue of Board of Directors' decisions on April 13, 2016 and December 21, 2016, the fee scale applicable to the payment of attendance fees was as follows:

	Fixed attendance fee	Variable attendance fee	Fee for inter-continental travel for non-European Board members
Board of Directors	€12,000	€3,000	€3,000 per Board meeting attendance
Committees			-
■ Member	€10,000	€2,500	-
■ Chairman	€15,000	€3,500	-

Please note that Board members holding executive or management positions within PSA waived their right to receive attendance fees along with the Chairman of the Board of Directors and Chief Executive Officer of Faurecia.

A €600,000 to €700,000 increase in the maximum annual amount of attendance fees will be sought at the General meeting of May 29, 2018, to recognize notably the increase in the number of Board members.

Board members received gross attendance fees in respect of 2016 and 2017 in the amounts detailed in the table below:

Table No. 3 (the AFEP-MEDEF Code and AMF Recommendation No. 2009-16)

Board members *(gross amounts in €)*	**Attendance fees paid for 2016**	**Of which, variable portion paid for 2016**	**Attendance fees paid for 2017**	**Of which, variable portion paid for 2017**
Daniel BERNARDINO	-	-	5,400	3,000
Éric BOURDAIS DE CHARBONNIÈRE	49,500	27,500	47,000	25,000
Jean-Baptiste CHASSELOUP DE CHATILLON	0	0	0	0
Jean-Pierre CLAMADIEU	59,500	32,500	56,000	29,000
Yann DELABRIÈRE	0	0	0	0
Odile DESFORGES	33,500	11,500	51,500	27,000
Lee GARDNER	27,000	15,000	10,800	6,000
Hans-Georg HÄRTER	42,000	20,000	49,500	27,500
Linda HASENFRATZ	53,500	26,500	62,500	35,500
Penelope HERSCHER	-	-	38,700	25,500
Patrick KOLLER	-	-	0	0
Valérie LANDON	-	-	10,400	5,500
Olivia LARMARAUD	0	0	0	0
Ross McINNES	58,400*	31,400	25,300	13,000
Amparo MORALEDA	49,500	27,500	36,600	19,500
Robert PEUGEOT	49,500	27,500	46,500	24,500
Thierry PEUGEOT	18,000	6,000	-	-
Emmanuel PIOCHE	-	-	5,400	3,000
Michel de ROSEN	36,000	14,000	19,800	11,000
Bernadette SPINOY	47,000	25,000	47,000	25,000
Carlos TAVARES	0	0	0	0
TOTAL	**523,400**	**264,400**	**512,400**	**280,000**

* *Of which €2,400 corresponding to the variable fee due for the Board meeting of April 14, 2015.*

Board members are not entitled to any termination benefits or deferred compensation for the loss of their corporate office (see below, however, for the specific situation of Patrick Koller who, as Chief Executive Officer, is entitled to a termination payment).

Details of fixed and variable compensation, as well as all benefits granted by Peugeot S.A., Faurecia's parent company, to its corporate officers who also hold a corporate office within Faurecia, are detailed in Peugeot S.A.'s 2017 Registration Document.

No compensation other than the attendance fees mentioned above was paid to any of its Board members by Faurecia or its subsidiaries during the past year.

3.1.1.2.2. INFORMATION ON EXECUTIVE AND NON-EXECUTIVE CORPORATE OFFICERS

RESTRICTIONS ON THE POWERS OF THE CHIEF EXECUTIVE OFFICER PLACED BY THE BOARD

Under the terms of the current internal rules, the Chief Executive Officer must obtain approval from the Board of Directors before carrying out any acquisition, disposal, or joint venture project representing a total asset value of over €100 million and/or with sales in excess of €300 million. These rules also state that any material transaction which is not integrated in the Company's current strategy plan will be submitted to the prior approval of the Board of Directors.

At its meeting of April 11, 2017, the Board of Directors renewed the authorization given to the Chief Executive Officer to grant sureties, endorsements, or guarantees of up to €50 million, capped at €10 million per transaction. If the Group is required to provide advance payment guarantees or performance bonds for contracts with successive partial deliveries, the Chief Executive Officer is authorized to provide guarantees representing a maximum of €5 million per transaction.

COMPENSATION OF EXECUTIVE AND NON-EXECUTIVE CORPORATE OFFICERS

Principles and criteria for determining, allocating and awarding compensation to the executive and non-executive corporate officers

The principles and criteria for determining, allocating and awarding compensation to executive and non-executive corporate officers are detailed for each officer concerned in the explanatory notes to the resolutions included in Chapter 5 of this Registration Document.

These elements will be submitted for shareholder approval in application of paragraph 1 of Article L. 225-37-2 of the French Code of commerce resulting from Law No. 2016-1691 of December 9, 2016 on Transparency, the Fight against Corruption and Economic Modernization.

Mr. Yann Delabrière's compensation

Chairman of the Board of Directors until May 30, 2017

The elements of the compensation paid, or awarded, to Mr. Yann Delabrière for the year ended December 31, 2017, which are subject to the vote of the shareholders pursuant to Article L. 225.100, paragraph II, of the French Code of commerce, are shown in the explanatory notes to the resolutions included in Section 5 of this Registration Document.

Fixed compensation for 2017

As from July 1st, 2016, the date on which the duties of the Chairman and the Chief Executive Officer were segregated, Mr. Yann Delabrière's annual fixed compensation as Chairman of the Board of Directors was set at €300,000 by the Board of Directors' decision of July 25, 2016.

This compensation was established with reference to a compensation analysis conducted by an external consulting firm based on a sample of French listed companies with a segregated governance structure, and by taking into account Mr. Yann Delabrière's responsibilities as Chairman of the Board of Directors.

On the recommendation of the Governance Committee, which met on February 6, 2017, the Board of Directors maintained Mr. Yann Delabrière's fixed compensation for 2017 as Chairman of the Board of Directors at €300,000 in its meeting of February 8, 2017.

Other components of compensation

- Having waived any compensation in his capacity as Board member, Mr. Yann Delabrière received no attendance fees for 2017.
- Mr. Yann Delabrière did not receive any variable compensation for 2017.
- Mr. Yann Delabrière did not receive any company stock options in 2017.
- Mr. Yann Delabrière did not receive any performance shares in 2017.
- Mr. Yann Delabrière was entitled to a company car until May 30, 2017.

SUMMARY OF THE COMPENSATION, OPTIONS AND SHARES ALLOTTED TO MR. YANN DELABRIÈRE

Table No. 1 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

(in €)	Fiscal year 2016	Fiscal year 2017
Compensation for the year (see Table 2)	1,175,131.60	303,071
Value of multi-annual variable compensation awarded during the year	-	-
Value of stock options granted during the year	-	-
Value of performance shares granted during the year	-	-
Value of other long-term compensation plans	-	-
TOTAL	**1,175,131.60**	**303,071**

SUMMARY OF MR. YANN DELABRIÈRE'S COMPENSATION

Table No. 2 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

(gross in €)	Fiscal year 2016 Amount due	Fiscal year 2016 Amount paid	Fiscal year 2017 Amount due	Fiscal year 2017 Amount paid
Fixed compensation	550,000 (1)	550,000	300,000	125,000
Annual variable compensation	617,760 (2)	1,380,000 (3)	-	617,760 (4)
Multi-annual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind (5)	7,371.60	7,371.60	3,071	3,071
TOTAL	**1,175,131. 60**	**1,937,371. 60**	**303,071**	**745,831**

(1) Of which €400,000 as Chairman and Chief Executive Officer for the period from January 1 to June 30, 2016 and €150,000 as Chairman of the Board of Directors for the period from July 1st to December 31, 2016.
(2) Amount due in respect of fiscal year 2016 as Chairman & CEO and paid in 2017.
(3) Amount paid in respect of fiscal year 2015.
(4) Amount paid in respect of fiscal year 2016.
(5) Availability of a company car.

STOCK SUBSCRIPTION OR PURCHASE OPTIONS GRANTED TO MR. YANN DELABRIÈRE BY THE ISSUER AND OTHER GROUP COMPANIES DURING THE FISCAL YEAR

No stock options were granted to Mr. Yann Delabrière by Faurecia or other Group companies in 2017.

Consequently, Table 4 (the AFEP-MEDEF Code and AMF Recommendation No. 2009-16) does not apply.

STOCK SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE YEAR BY MR. YANN DELABRIÈRE

No stock options were exercised by Mr. Yann Delabrière in 2017. Consequently, Table 5 (the AFEP-MEDEF Code and AMF Recommendation No. 2009-16) does not apply.

PERFORMANCE SHARES ALLOCATED TO MR. YANN DELABRIÈRE DURING THE YEAR

No performance shares were allocated to Mr. Yann Delabrière in 2017. Consequently, Table 6 (the AFEP-MEDEF Code and AMF Recommendation No. 2009-16) does not apply.

PERFORMANCE SHARES THAT BECAME AVAILABLE TO MR. YANN DELABRIÈRE DURING THE FISCAL YEAR

Table No. 7 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

The situation with regard to shares becoming available in 2017 for Mr. Yann Delabrière is as follows (these shares becoming available after he ceased to be a corporate officer, given that the Board of Directors, meeting on April 13, 2016, had decided to continue the benefits of the plan in question):

	Number and date of plan	Number of shares that became available during 2017	Vesting conditions
	Plan No. 5 of July 24, 2013	71,500	Since these shares became available after Mr. Yann Delabrière had ceased to be a corporate officer, they were not subject to any lock-up condition.
TOTAL	-	**71,500**	

Table No. 11 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

	Employment Contract		Supplementary pension scheme		Compensation or benefits due or that may be due on termination or change in position		Compensation due under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Position: Chairman of the Board of Directors until May 30, 2017 End of term: Annual General Meeting of May 30, 2017		X		X*		X		X

* *Mr. Yann Delabrière exercised his rights to retirement on July 1st, 2016.*

Compensation payable to Mr. Michel de Rosen

Chairman of the Board of Directors since May 30, 2017

The elements of the compensation paid, or awarded, to Mr. Michel de Rosen for the year ended December 31, 2017, which are subject To the Shareholders' vote, pursuant to Article L. 225.100, paragraph II, of the French Code of commerce, are shown in the explanatory notes to the resolutions included in Section 5 of this Registration Document.

Fixed compensation

On the recommendation of the Governance Committee, which met on April 5, 2017, the Board of Directors set Mr. Michel de Rosen's fixed annual compensation as of May 30, 2017, the date on which he was appointed Chairman of the Board of Directors, at €300,000.

This compensation was established with reference to a compensation analysis conducted by an external consulting firm 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.

Other components of compensation

- Mr. Michel de Rosen is entitled to a company car.
- Mr. Michel de Rosen ceased to receive attendance fees as of May 30, 2017, the date of his appointment as Chairman of the Board of Directors.
- Mr. Michel de Rosen does not receive any other compensation from the Company. Consequently, Tables 4, 5, 6 and 7 (the AFEP-MEDEF Code and AMF Recommendation No. 2009-16) do not apply. Likewise Table 10 (AFEP-MEDEF Code).

SUMMARY OF COMPENSATION, OPTIONS AND SHARES GRANTED TO MR. MICHEL DE ROSEN

Table No. 1 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

(in €)	Fiscal year 2017
Compensation for the year (see Table 2)	321,876
Value of multi-annual variable compensation awarded during the year	-
Value of stock options granted during the year	-
Value of performance shares granted during the year	-
Value of other long-term compensation plans	-
TOTAL	**321,876**

SUMMARY OF COMPENSATION PAYABLE TO MR. MICHEL DE ROSEN

Table No. 2 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

	Fiscal year 2017	
(gross in €)	Amount due	Amount paid
Fixed compensation	300,000	175,000
Annual variable compensation	-	-
Multi-annual variable compensation	-	-
Exceptional compensation	-	-
Attendance fees (1)	19,800 (2)	-
Benefits in kind (3)	2,076	2,076
TOTAL	**321,876**	**177,076**

(1) Until May 30, 2017.
(2) Amount paid in 2018.
(3) Provision of a company car from August 1st, 2017.

Table No. 11 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

	Employment Contract		Supplementary pension scheme		Compensation or benefits due or that may be due on termination or change in position		Compensation due under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Position: Chairman of the Board of Directors since May 30, 2017 End of term: 2020 Annual General Meeting to approve the 2019 financial statements		X		x		X		X

Mr. Patrick Koller's compensation

Chief Executive Officer

The elements of the compensation paid, or awarded, to Mr. Patrick Koller for the year ended December 31, 2017, which are subject to the Shareholders' vote, pursuant to Article L. 225.100, paragraph II, of the French Code of commerce, are shown in the explanatory notes to the resolutions included in Section 5 of this Registration Document.

Fixed compensation for 2017

As from July 1, 2016, the date on which the duties of the Chairman and the Chief Executive Officer were segregated, Mr. Patrick Koller's fixed annual compensation as Chief Executive Officer was set at €750,000 by the Board of Directors' decision of July 25, 2016.

On the recommendation of the Management Committee, which met on February 1, 2017, the Board of Directors maintained Mr. Patrick Koller's fixed annual compensation for 2017 as Chief Executive Officer at €750,000 in its meeting of February 8, 2017.

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 France with comparable revenues, capitalization and headcount.

Variable compensation for 2017

On the recommendation of the Management Committee, which met on February 1, 2017, the Board also laid down the rules for determining Mr. Patrick Koller's variable compensation for 2017 as Chief Executive Officer in its meeting of February 8, 2017.

The Board decided that Mr. Patrick Koller's total variable compensation would range from 0 to 180% of his fixed annual compensation according to the achievement of quantitative and qualitative targets.

The achievement of quantitative targets entitles him to variable compensation ranging from 0 to 150% of his fixed annual compensation.

The quantitative targets set by the Board of Directors on February 8, 2017 are linked to the operating income and free cash flow:

- the operating income set by reference to the 2017 budget will give right to a variable compensation ranging from 0 to 150% (maximum percentage) of the fixed compensation. The operating income will be taken into account for 40%;
- the free cash flow set by reference to the 2017 budget will give right to a variable compensation ranging from 0 to 150% (maximum percentage) of the fixed compensation. The free cash flow will be taken into account for 60%.

The expected levels of achievement of these targets were set by the Board of Directors with reference to the 2017 budget but are not made public for confidentiality reasons.

Qualitative targets have also been set in addition to quantitative targets:

- the deployment of the strategy through the implementation of organic and external growth priorities in line with the strategic plan (30% weighted on this criterion) i.e. to propose to the Board of Directors investment alternatives which will allow a real strategic choice; to add technology to existing Business Groups through external growth; to grow in China with local OEMs; to make bolt on acquisitions to accelerate the growth of areas identified as new areas of value creation (Value Spaces): to invest in start-ups to reinforce the Group's product offering;
- the deployment of the Group's initiatives in the fields of R&D productivity & efficiency, Global Business Services and Digital Productivity (25% weighted on this criterion) i.e. to define a saving strategy for each initiative; to set associated net savings to achieve; to implement first steps of a formalized plan; to demonstrate feasibility of global net savings objective at the end of the year;
- the management of program launches (25% weighted on this criterion); the objective is to achieve flawless launches of 14 programs identified as being at risk; and
- the reinforcement of the entrepreneurship, accountability and agility components of the Being Faurecia approach (20% weighted 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.

Once all or part of the quantitative targets are achieved, the level of achievement of the qualitative targets will determine a multiplier effect of the achievement of 0.70 to 1.20 of the quantitative targets.

Therefore, if the achievement of the quantitative targets is equal to 0, the multiplier effect of the qualitative targets will not be taken into account.

On February 15, 2018, on the recommendation of the Management Committee which met on February 12, 2018, by applying the principles described above and having noted that the qualitative targets had been attained as described above, the Board of Directors set Mr. Patrick Koller's 2017 variable compensation as Chief Executive Officer as follows:

		Weighting of targets	Maximum target (%)	Achieved target (%)	Corresponding amount in €
Quantitative targets	Operating income (loss)	40%	150%	150%	450,000
From 0 to 150% of 100% of the fixed annual compensation if the levels of achievement of these targets set with reference to the 2017 budget are reached	Free cash flow	60%	150%	150%	675,000
	TOTAL QUANTITATIVE	**100%**	**150%**	**150%**	**1,125,000**
Qualitative targets	Deployment of strategy	30%	120%	120%	65,813
Multiplier effect (ranging from 0.70 to 1.20) of the achievement of the quantitative targets, which may increase or decrease variable compensation	Deployment of Group initiatives	25%	120%	115%	40,781
	Management of program launches	25%	120%	115%	40,781
	Being Faurecia	20%	120%	110%	21,375
	TOTAL QUALITATIVE	**100%**	**120%**	**115%**	**168,750**
TOTAL VARIABLE COMPENSATION			**180%**	**173%**	**1,293,750**

As regards the deployment of strategy, the Board of Directors of February 15, 2018 pointed to the completion of the acquisition of Parrot Automotive, Jiangxi Coagent Electronics Co. and Hug Engineering, investment in 8 start-ups, growth in China via 4 new JVs, record order books, 35% of orders involving Chinese OEMs, technological partnerships with, amongst others, ZF, Malhe and Accenture (this last partnership only having been announced in early 2018). It also acknowledged five ongoing projects with OEMs relating to the Cockpit of the Future.

Regarding the deployment of Group initiatives in the fields of R&D productivity & efficiency, Global Business Services and Digital Productivity, the Board of Directors of February 15, 2018 acknowledged that savings plans had been defined and implemented for each initiative with effective cost reductions, as from the 2017 exercice.

In terms of the management of program launches, the Board of Directors of February 15, 2018 acknowledged that the number of at risk programs had been reduced to five due to the drafting, and implementation, of prevention plans. Within this context, the Board acknowledged the absence of any negative impact for customers.

Lastly, actions taken as part of the Being Faurecia initiative were, amongst other things, reflected by the introduction, following an internal survey (Management Survey) of several working groups on simplifying organization and reducing bureaucracy in relation to Capex management, reporting reduction and manufacturing execution; by the launch of two specific corporate governance projects, one in the United States, the other relating to the Cockpit of the Future ; by the move from the Senior Management to the Group Leadership Committee. by accelerated leadership training through Ignite and Drive programs and continued efforts in terms of developing diversity and finally by the launch of CSR initiative.

In accordance with Article L. 225-100 II, paragraph 2, of the French Code of commerce resulting from Law No. 2016-1691 of December 9, 2016 on Transparency, Anti-Corruption and Economic Modernization, this compensation will be paid to Mr. Patrick Koller after its approval by the shareholders at the Annual General Meeting to be held on May 29, 2018.

Fixed compensation for 2018

On the recommendation of the Management Committee, which met on February 12, 2018, the Board of Directors, at its meeting of February 15, 2018, decided to increase Mr. Patrick Koller's fixed annual compensation as Chief Executive Officer, as of 2018, from €750,000 to €825,000, an increase of 10%.

The Board of Directors set this compensation by assessing several factors:

- mr. Patrick Koller's performance in assuming full responsibility for Faurecia's Executive Management, demonstrated through results of operations, profitability and market capitalization; before being appointed Chief Executive Officer in July 2016, Mr. Patrick Koller was Deputy Chief Executive Officer and Chief Operating Officer since February 2015, and before that had been responsible for one of the Group's BGs;
- the launch of the Group's transformation, which is based on new strategic priorities centered around clearly defined focuses with high technological value, substantial growth, changes in the Group's business, and significant international expansion benefiting from industrial geographic coverage.

The Board of Directors also took into consideration the results of a comparative study prepared by an outside consultant, Willis Towers Watson, based on a set of twenty manufacturers listed in Paris with comparable revenues, capitalization and headcount, Mr. Patrick Koller's fixed compensation still being around 8% below the median, compared with 17% before the increase.

Variable compensation for 2018

On the recommendation of the Management Committee, which met on February 12, 2018, the Board also laid down the rules for determining Mr. Patrick Koller's variable compensation for 2018 as Chief Executive Officer in its meeting of February 15, 2018.

The Board decided that Mr. Patrick Koller's total variable compensation would range from 0 to 180% of his fixed annual compensation according to the achievement of quantitative and qualitative targets.

The achievement of quantitative targets gives right to a variable compensation ranging from 0 to 150% of his fixed annual compensation.

The quantitative targets set by the Board of Directors on February 15, 2018 are linked to the operating income and free cash flow:

- the operating income set by reference to the 2018 budget will give right to a variable compensation ranging from 0 to 150% (maximum percentage) of the fixed compensation. The operating income will be taken into account for 40%;
- the free cash flow set by reference to the 2018 budget will give right to a variable compensation ranging from 0 to 150% (maximum percentage) of the fixed compensation. The free cash flow will be taken into account for 60%.

The expected levels of achievement of these targets were set by the Board of Directors with reference to the 2018 budget but are not made public for confidentiality reasons.

Qualitative targets have also been set in addition to quantitative targets:

- Execution of strategy in terms of Sustainable Mobility and Smart Life on Board, (40% weighted on this criterion). This will largely be a case of defining and deploying clear organization and accountabilities, focusing on order book growth, identifying and implementing external growth requirements, within the new Value Spaces;
- Management of program launches (30% weighted on this criterion), with particular attention given to 11 programs identified as being at risk;
- Being Faurecia (30% weighted on this criterion) with, in particular, the preparation of a medium-term action plan for selected convictions, defining objectives for 2018 and proposed objectives for 2019 for each of these convictions.

Once all or parts of the quantitative targets are achieved, the level of achievement of the qualitative targets will determine a multiplier effect of the achievement of 0.70 to 1.20 of the quantitative targets.

Therefore, if the achievement of the quantitative targets is equal to 0, the multiplier effect of the qualitative targets will not be taken into account.

Other components of compensation

- Mr. Patrick Koller is entitled to a company car.
- Mr. Patrick Koller does not receive any attendance fees as a Board member.
- Mr. Patrick Koller has no multi-year compensation. Consequently, Table 10 (AFEP-MEDEF Code) does not apply.
- Mr. Patrick Koller did not receive or exercise any stock options of the Company in 2017.
- Upon the adoption of the Performance Share Plan No. 9 as described in Table 6 below, at its meeting of July 20, 2017 the Board allocated a maximum of 39,400 shares to Mr. Patrick Koller vesting on July 20, 2021, subject to the plan's continued employment and performance conditions.

The Board also decided that Mr. Patrick Koller would retain 30% of his stock allocation under this plan until the end of his term of office as Chief Executive Officer, irrespective of the number of times he is reappointed.

Furthermore, on October 12, 2017, the Board of Directors decided that this requirement of a per-plan percentage threshold will cease to apply once he holds a number of shares that corresponds to three years of gross base compensation, factoring in all the plans already established.

- Lastly, Mr. Patrick Koller is entitled to a termination payment duly authorized by the Board of Directors at its meeting of July 25, 2016 on a proposal of the Appointments and Compensation Committee issued on July 20, 2016, according to the procedure of Articles L. 225.38 et seq. of the French Code of commerce. This termination benefit was submitted for shareholder approval at the General meeting of May 30, 2017 (5th resolution to be voted upon under ordinary business).

SUMMARY OF COMPENSATION, OPTIONS AND SHARES GRANTED TO MR. PATRICK KOLLER

Table No. 1 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

(in €)	Fiscal year 2016	Fiscal year 2017
Compensation for the year (see Table 2)	1,661,593	2,056,818
Value of multi-annual variable compensation awarded during the year	-	-
Value of stock options granted during the year	-	-
Value of performance shares granted during the year (see Table 6)	1,325,339*	1,369,437
Value of other long-term compensation plans	-	-
TOTAL	**2,986,932**	**3,426,255**

* *The value reported in the 2016 Registration Document (€1,722,931) was the maximum, rather than the target, value.*

SUMMARY OF MR. PATRICK KOLLER'S COMPENSATION

Table No. 2 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

	Fiscal year 2016		Fiscal year 2017	
(gross in €)	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	685,000 (1)	685,000	750,000	750,000
Annual variable compensation	962,161.20 (2)	784,290 (3)	1,293,750 (4)	962,161.20 (5)
Multi-annual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind	14,431.80 (6)	14,431.80	13,068 (7)	13,068
TOTAL	**1,661,593**	**1,483,721.80**	**2,056,818**	**1,725,229.20**

(1) Of which €310,000 as Deputy Chief Executive Officer for the period from January 1 to June 30, 2016 and €375,000 as Chief Executive Officer for the period from July 1 to December 31, 2016.
(2) Amount due in respect of fiscal year 2016 and paid in 2017.
(3) Amount paid in respect of fiscal year 2015.
(4) Amount payable subject to approval from the General meeting of May 29, 2018.
(5) Amount paid in respect of fiscal year 2016.
(6) Of which €8,349.72 for a company car and €6,082.08 paid from January 1 to June 30, 2016 and corresponding to the social security contribution paid by the Company for its executives.
(7) Availability of a company car.

STOCK SUBSCRIPTION OR PURCHASE OPTIONS GRANTED TO MR. PATRICK KOLLER BY THE ISSUER AND OTHER GROUP COMPANIES DURING THE FISCAL YEAR

No stock options were granted to Mr. Patrick Koller by Faurecia or other group companies in 2017. Consequently, Table 4 (the AFEP-MEDEF Code and AMF Recommendation No. 2009-16) does not apply.

STOCK SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED BY MR. PATRICK KOLLER DURING THE FISCAL YEAR

No stock options were exercised by Mr. Patrick Koller in 2017. Consequently, Table 5 (the AFEP-MEDEF Code and AMF Recommendation No. 2009-16) does not apply.

PERFORMANCE SHARES ALLOCATED TO MR. PATRICK KOLLER DURING THE YEAR

The table below lists the performance shares allocated to Mr. Patrick Koller in 2017.

Table No. 6 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

	Number and date of plan	Max. number of shares granted during the period (1)	Value of shares by the method used for the consolidated financial statements	Acquisition date	Vesting date	Performance condition
Plan No. 9 (2)	Plan No. 9 of July 20, 2017	39,400	1,369,437	07/20/2021	07/20/2021	■ Net income before tax of the Group 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 forecast in the Group's medium-term plan reviewed and decided by the Board of Directors on the date when the shares are allocated. ■ 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.
TOTAL	-	**39,400**	**1,369,437**	-	-	-

(1) The number of performance shares given in this table is the maximum number and corresponds to 130% of the number of shares used in the valuation.
(2) Since it is not known whether the conditions of this plan were met, the value expressed is the target value.

According to the rules of the plan in question, Mr. Patrick Koller made a formal commitment not to hedge the risks associated with the performance shares allocated to him.

PERFORMANCE SHARES THAT BECAME AVAILABLE TO MR. PATRICK KOLLER DURING THE FISCAL YEAR

The situation in terms of shares that became available in 2017 is as follows, these shares having been awarded when Mr. Patrick Koller was not yet a corporate officer.

Table No. 7 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

	Number and date of plan	Number of shares that became available during 2017	Vesting conditions
	Plan No. 5 of July 24, 2013	26,000	As these shares were granted to Mr. Patrick Koller before he was appointed as a corporate officer, they were not subject to lock-up conditions at the allocation date.
TOTAL	-	**26,000**	

The total number of performance shares outstanding as of December 31, 2017 which may vest to Mr. Patrick Koller, minus the number of shares already vested (i.e., a total of 139,403 shares, of which 18,525 were granted before his appointment as a corporate officer) represents 0.10% of Faurecia's capital as of that date.

Table No. 11 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)

	Employment Contract		Supplementary pension scheme		Compensation or benefits due or that may be due on termination or change in position		Compensation due under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Position: Chief Executive Officer since July 1, 2016 End of term: Mr. Patrick Koller's term of office as Chief Executive Officer is unlimited		X*	X		X			X

* *Mr. Patrick Koller's employment contract was terminated on July 1, 2016, when he was appointed Chief Executive Officer.*

PENSION SCHEMES FOR EXECUTIVE AND NON-EXECUTIVE CORPORATE OFFICERS

(Decree No. 2016-182 of February 23, 2016 in application of paragraph 5 of Article 229 of the French Growth, Jobs and Equal Economic Opportunities Act No. 2015-990 of August 6, 2015)

Mr. Patrick Koller is a participant in the pension scheme set up for all of Faurecia's managers in France, which comprises a defined contribution pension scheme and a defined benefits pension scheme.

Mr. Patrick Koller is also a participant in the supplementary pension scheme specifically set up on January 1, 2015 for members of Faurecia's Executive Committee who have an employment contract with the Company (either in progress or suspended), or a term of office in France.

	Defined contribution pension scheme	Defined benefits pension scheme	Specific supplementary pension scheme
Applicable law	Article 83 of the French General Tax Code	Article 39 of the French General Tax Code	Article 39 of the French General Tax Code
Participation criteria	One-year seniority with the Group upon retirement	Employment contract or office and five-year seniority with the Group upon retirement	■ Employment Contract (either in progress or suspended) or corporate office in France ■ Three-year seniority within Faurecia's Executive Committee as from January 1, 2015
Rules for determining the reference compensation used to calculate rights	Tranche A and Tranche B contributions for the current year (contributions paid by the Company in 2017: €7,453.32)	Average Tranche C compensation over the past three years	Average total compensation over the past three years (fixed + variable), excluding special compensation
Vesting formula	1% of Tranche A compensation and 6% of Tranche B compensation	1% of Tranche C compensation and performance conditions linked to the level of achievement of variable compensation targets	Depending on Faurecia's performance, from 1% to 3% of total compensation (fixed + variable), excluding special compensation
Ceiling, amount or rules for determining the amount	Not applicable	Depending on the retirement age, from 65% to 70% of the average salary over the last three years	■ Eight times the annual French social security ceiling ■ Total amount paid by Faurecia for pension benefits must be less than 25% of the reference compensation ■ The replacement rate across all pension schemes (mandatory and specific) must be less than 45%
Funding of rights	Outsourced	Outsourced	Outsourced
Estimated annuity at the reporting date	€4,218 per annum	€31,431 per annum*	€332,323 per annum**
Associated tax and payroll expenses	Not applicable	Tax on annuity	Tax on contribution

* *Seniority starting from December 18, 2006.*
** *Seniority starting from January 1, 2015.*

Further information on these pension schemes can be found in Note 25-2 to the consolidated financial statements.

Table 3 as required by the AFEP-MEDEF Code and AMF recommendation No. 2009-16 ("Attendance fees") appears in Section 3.1.1.2.1.

Table 9 required by the AFEP-MEDEF Code and table 10 required by AMF recommendation No. 2009-16 ("History of performance share grants") appear in Section 3.2.1.

Table 8 required by these same texts ("History of stock subscription or purchase options") and table 9 required by AMF recommendation No. 2009-16 ("Stock subscription or purchase options granted during the fiscal year to the top ten non-corporate officer employees and options exercised by them during the year") do not apply.

3.1.2. The Executive Committee

3.1.2.1. Executive Committee members

The Faurecia group's executive management function is performed under the responsibility of the Chief Executive Officer (CEO) by an Executive Committee that meets every month to review the Group's results and consider general matters concerning the Group.

At December 31, 2017, it included the following members:

Patrick Koller
Chief Executive Officer (CEO)

Michel Favre
Executive Vice-President, Group Chief Financial Officer

Hervé Guyot
Executive Vice-President, Group Strategy

Thorsten Muschal
Executive Vice-President, Sales and Program Management

Kate Philipps
Executive Vice-President, Group Communications

Jean-Michel Renaudie
Executive Vice-President, Faurecia Interiors

Christophe Schmitt
Executive Vice-President, Faurecia Clean Mobility

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

Eelco Spoelder
Executive Vice-President, Faurecia Seating

Jean-Michel Vallin
Executive Vice-President, Faurecia China

Hagen Wiesner
Executive Vice-President, Group Operations

3.1.2.2. Compensation of the Executive Committee

The total amount of compensation paid during fiscal year 2017 to the Executive Committee members in office at December 31, 2017, including the Chief Executive Officer, was €9,009,031.

The compensation of the Executive Committee, excluding the Chief Executive Officer, includes a variable bonus. Performing on target can result in a bonus worth 50% of the base salary. Should targets be exceeded, this percentage can rise to 100% of the base salary. 80% of the bonus is based on targets related to operating income and cash generation within the scope of responsibility, and 20% on the same targets measured across the Group. Within the corporate departments, 100% is based on targets measured across the Group.

In 2017, this bonus changed so as to be better aligned with the corporate officer's compensation: it switched from a half-yearly payment to an annual payment, and a multiplier factor ranging from 0.7 to 1.2 and based on four or five individual weighted targets was added. Consequently, the total amount of compensation paid in 2017 reflects only a half year of variable compensation, corresponding to the second half of 2016, which was paid in February 2017. The variable compensation for 2017 will be paid in early 2018.

If the employment contract of an Executive Committee member (excluding the CEO) is terminated, he or she may receive contractual severance pay of up to 12 months' compensation, depending on their position. This amount is not payable in the event of gross or serious misconduct.

Members of the Executive Committee also benefit from the performance share plan instituted by the Board of Directors. As of December 31, 2017, the plans No. 6, 7, 8 and 9 are on-going. They were granted by the Board of Directors' decisions of July 28, 2014, July 23, 2015, July 25, 2016, and July 20, 2017.

The Board of Directors' meeting of October 12, 2017, decided that starting with plan No. 6 and for all plans established subsequently, all Executive Committee members must retain at least 20% of the shares acquired under each plan. This requirement of a percentage threshold for each plan will cease to apply once the Executive Committee member in question holds a number of shares that corresponds to one year of base gross compensation, factoring in all the plans already established, and it will again become applicable in the event that the member no longer holds the target number of shares corresponding to one year of base gross compensation.

In any event, this ownership requirement will no longer apply when the Executive Committee member in question steps down from the Committee.

3.1.3. **The Senior Management**

Each of the three Business Groups is organized into geographic divisions – Europe, divided when appropriate into North and South Europe, North America, South America, and Asia (China) – which manage operations in their region and also coordinate operations with customers headquartered in their region.

The three Business Groups also have a central staff that handles the main operational functions (sales and marketing, programs, manufacturing support, purchasing, quality, Human Resources and finance). These functions are also managed within the geographic divisions by equivalent teams. Additionally, some specialized areas are managed by worldwide product lines within the three businesses, such as seat mechanisms, acoustic treatments and decorative interior trims.

Senior Management at Faurecia consists of all the aforementioned management teams along with the Executive Committee and the key headquarters managers of the manufacturing and quality staff, as well as the Human Resources and Finance departments.

Faurecia Senior Management included 319 members as at December 31, 2017. This is Faurecia's operational management, responsible for the Company's operations, growth and performance. As such, the members of this team have an interest in the short-term results, through a system of variable bonuses. 80% of the bonus is based on targets related to operating income and cash generation within their scope of responsibility, and 20% on the same targets measured for the scope immediately above.

Members of this team also benefit from the performance share plan instituted by the Board of Directors. As of December 31, 2017, the plans No. 6, 7, 8 and 9 are on-going. They were granted by the Board of Directors' decisions of July 28, 2014, July 23, 2015, July 25, 2016, and July 20, 2017.

On January 1, 2018, a Group Leadership Committee was put in place as a replacement for the Senior Management.

3.2. Capital stock and shareholder structure

3.2.1. Faurecia's capital stock

No shares have been issued that do not represent the Company's capital stock.

As of December 31, 2017, the Company's capital stock amounted to €966,250,607, divided into 138,035,801 fully paid-up shares with a par value of €7 each, all in the same class.

The distribution of Faurecia's capital stock and voting rights at December 31, 2017 is shown in the following table. For the purposes of this Registration Document and in compliance with AMF Recommendation No. 2009-16 (amended on April 13, 2015), it shows the total number of theoretical voting rights, excluding shares (such as treasury shares) with no such rights, and the total number of votes that may be cast in the General meeting.

Shareholders at 12/31/2017	Shares	% capital stock	Theoretical voting rights*	% theoretical voting rights	Voting rights exercisable in the General Meeting*	% voting rights exercisable in the General meeting
Peugeot S.A.	63,960,006	46.34	127,920,012	63.09	127,920,012	63.34
Faurecia Actionnariat Corporate Mutual fund	318,394	0.23	636,788	0.31	636,788	0.32
Corporate officers	49,525	0.03	66,905	0.03	66,905	0.03
Treasury stock	814,320	0.59	814,320	0.40	0	0
o/w liquidity contract	*0*	*0*	*0*	*0*	*0*	*0*
Other shareholders (registered shares and bearer shares)	72,893,556	52.81	73,320,842	36.16	73,320,842	36.31
TOTAL	**138,035,801**	**100%**	**202,758,867**	**100%**	**201,944,547**	**100%**

* *Calculation based on information from the Caceis Corporate Trust Register on December 31, 2017.*

No disclosure was made concerning the crossing of any legal ownership threshold in 2017.

The following disclosures were made to the Company in 2017 concerning the crossing of thresholds provided for in the bylaws:

Shareholder name	Date crossed	Upwards/ downwards	Threshold	Number of shares afterwards	% capital stock afterwards	% voting rights afterwards
BNP Paribas Investment Partners	January 25, 2017	Downward	2% of capital stock	2,719,757	1.97	1.28
Axa Investment Managers	May 29, 2017	Upward	2% of capital stock	2,823,617	2.05	1.40
Amundi	June 29, 2017	Downward	2% of capital stock	2,689,596	1.94	1.33
BNP Paribas Investment Partners	October 20, 2017	Upward	2% of capital stock	2,764,511	2.00	1.30
BNP Paribas Investment Partners	December 1, 2017	Downward	2% of capital stock	2,625,404	1.90	1.24

To the best of the Company's knowledge, as December 31 2017, no other shareholder directly or indirectly, individually or in concert, owned more than 2% of the Company's capital stock or voting rights.

The Company is entitled to ask the central depository at any time for the names of holders of securities carrying immediate or future voting rights at General meetings, the number of securities held by each, plus details of any restrictions applicable to the securities.

To the best of the Company's knowledge, no shareholder made a pledge on the Faurecia securities that he/she/it holds.

There are no agreements of those referred to in Article L. 233-11 of the French Code of commerce.

Changes in ownership structure over the last three years are presented in Section 3.2.1.4.

3.2.1.1 Authorized capital stock

The table below summarizes the status of the current financial authorizations, as voted by the General meetings on May 27, 2016, and May 30, 2017, and how they were used during 2017.

Type of authorization	Amount in €/par value	Term	Use in 2017
General meeting of May 30, 2017			
Twentieth resolution Authorization for the Board of Directors to issue ordinary shares and/or securities giving access to ordinary shares in the Company, with preferential subscription rights for existing shareholders, (including capital stock increases by capitalization of earnings, premiums or reserves)	■ €250 million ■ €1 billion for debt securities (ceiling common to the twenty-first and twenty-second resolutions of this same meeting)	26 months	No
Twenty-first resolution Authorization for the Board of Directors to issue ordinary shares and/or securities giving access to ordinary shares in the Company, without preferential subscription rights for existing shareholders, through a public offering	■ €95 million (ceiling common to the twenty-second resolution) ■ €1 billion for debt securities	26 months	No
Twenty-second resolution Authorization for the Board of Directors to issue ordinary shares and/or securities giving access to ordinary shares in the Company or to debt securities, as part of a private placement, without preferential subscription rights for existing shareholders	■ €95 million ■ €1 billion for debt securities	26 months	No
Twenty-third resolution Authorization of the Board of Directors to increase the number of securities to be issued in the event of a capital increase, with or without preferential subscription rights with an overallotment option	Up to a limit of 15% of the initial issue and at the same price as that for the initial issue	26 months	No
Twenty-fourth resolution Authorization of the Board of Directors to decide on a capital increase reserved for Company employees under the terms stipulated in Article L. 3332-19 of the French Labor Code by issuing equities and/or securities giving access to ordinary shares of the Company	3% of the Company's capital stock at the date on which the Board of Directors decides to use the authority	26 months	No
General meeting of May 27, 2016			
Thirteenth resolution Authorization of the Board of Directors to grant free shares	Up to a maximum of 2 million shares on the day the Board of Directors makes its decision and within the limits, within the aforementioned amount, of 10% as allocations to executive and non-executive corporate officers	26 months	Authorization used by the Board of Directors on July 20, 2017, through the award of a maximum of 816,300 shares

3.2.1.2 Potential capital stock

As of December 31, 2017, the potential capital stock was comprised only of performance shares.

On that same date, there were no outstanding stock option plans in force as the last stock subscription option plan had expired on April 16, 2017. Therefore, Table 8 ("History of allocations of stock subscription options") as mandated by the AFEP-MEDEF Code and AMF recommendation No. 2009-16 is not applicable.

Furthermore, no option was exercised by any group employee during fiscal year 2017. Therefore, Table 9 ("Stock subscription or purchase options granted during the fiscal year to the top 10 non-corporate office employees and options exercised by them during the fiscal year") as mandated by AMF recommendation No. 2009-16 is not applicable.

PERFORMANCE SHARES

The Chief Executive Officer, as well as the Senior Management (replaced by the *Group Leadership Committee* on January 1, 2018) of around 300 people as at December 31, 2017, were beneficiaries of performance share plans established by the Company.

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 service 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 grant 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 deducted 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 result 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.

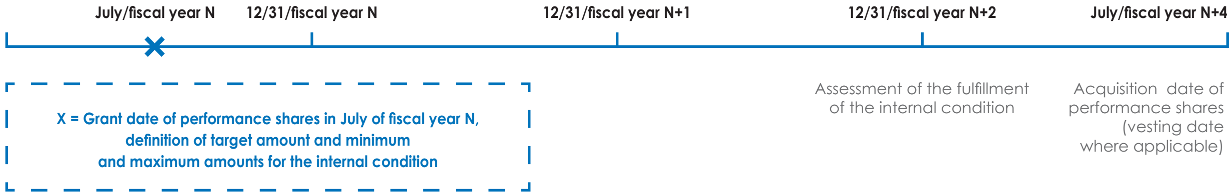
  The reference group is made up of the following European and North American automotive suppliers:

  - 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).

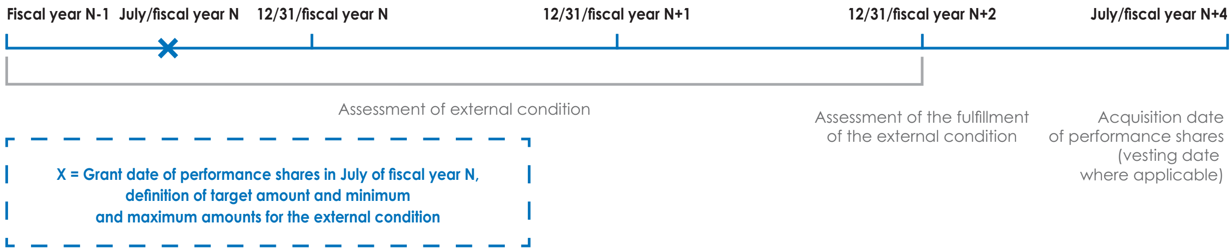
This group generally remains stable even it may be modified in the event of a major change concerning one of its members.

Method used for the award of performance share plans

Internal condition (net income)



External condition (net earnings per share)



Summary of the achievement of performance share plan conditions

Plans	Performance condition	Minimum	Target	Maximum	Comments
Plan No. 1 of June 23, 2010	Internal condition: Net income before tax of the Group as of December 31, 2011, 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 forecast in the Group's medium-term plan reviewed by the Board of Directors on the date when the shares are allocated.	Group net income before tax at December 31, 2011 equal to 78% of that of the 2011 medium-term plan.	Group net income before tax at December 31, 2011 in line with that of the 2011 medium-term plan.	Group net income before tax at December 31, 2011, equal to 126% of that of the 2011 medium-term plan.	Maximum performance condition fulfilled. The maximum number of shares was granted to the beneficiaries present on the vesting date.
Plan No. 2 of July 21, 2010	Internal condition: Net income before tax of the Group as of December 31, 2012, 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 forecast in the Group's medium-term plan reviewed by the Board of Directors on the date when the shares are allocated.	Group net income before tax at December 31, 2012, equal to 75% of that of the 2012 medium-term plan.	Group net income before tax at December 31, 2012, in line with that of the 2012 medium-term plan.	Group net income before tax at December 31, 2012, equal to 125% of that of the 2012 medium-term plan.	Condition not met. The plan was cancelled.
Plan No. 3 of July 25, 2011	Internal condition: Net income before tax of the Group as of December 31, 2013, 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 forecast in the Group's medium-term plan reviewed by the Board of Directors on the date when the shares are allocated.	Group net income before tax at December 31, 2013, equal to 75% of that of the 2013 medium-term plan.	Group net income before tax at December 31, 2013, in line with that of the 2013 medium-term plan.	Group net income before tax at December 31, 2013, equal to 125% of that of the 2013 medium-term plan.	Condition not met. The plan was cancelled

Plans	Performance condition	Minimum	Target	Maximum	Comments
Plan No. 4 of July 23, 2012	Internal condition (60%): Net income before tax of the Group as of December 31, 2014, 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 forecast in the Group's medium-term plan reviewed by the Board of Directors on the date when the shares are allocated.	Group net income before tax at December 31, 2014, equal to 75% of that of the 2014 medium-term plan.	Group net income before tax at December 31, 2014, in line with that of the 2014 medium-term plan.	Group net income before tax at December 31, 2014, equal to 125% of that of the 2014 medium-term plan.	Conditions not met. The plan was cancelled
	External condition (40%): Growth in Faurecia's net earnings per share between fiscal year 2011 and fiscal year 2014, assessed against the weighted growth of a reference group comprised of twelve global automotive suppliers.	If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points below this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth.	If the reference group's weighted growth in net earnings per share is in line with the growth in Faurecia's net earnings per share, the target external condition is fulfilled.	If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points above this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth.	

Plans	Performance condition	Minimum	Target	Maximum	Comments
Plan No. 5 of July 24, 2013	Internal condition (60%): Net income before tax of the Group as of December 31, 2015, 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 forecast in the Group's medium-term plan reviewed by the Board of Directors on the date when the shares are allocated.	Group net income before tax at December 31, 2015, equal to 75% of that of the 2015 medium-term plan.	Group net income before tax at December 31, 2015, in line with that of the 2015 medium-term plan.	Group net income before tax at December 31, 2015 equal to 125% of that of the 2015 medium-term plan.	Maximum performance condition fulfilled. The maximum number of shares was granted to the beneficiaries present on the vesting date.
	External condition (40%): Growth in Faurecia's net earnings per share between fiscal year 2012 and fiscal year 2015, assessed against the weighted growth of a reference group comprised of twelve global automotive suppliers.	If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points below this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth.	If the reference group's weighted growth in net earnings per share is in line with the growth in Faurecia's net earnings per share, the target external condition is fulfilled.	If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points above this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth.	

Plans	Performance condition	Minimum	Target	Maximum	Comments
Plan No. 6 of July 28, 2014	Internal condition (60%): Net income before tax of the Group as of December 31, 2016, 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 forecast in the Group's medium-term plan reviewed by the Board of Directors on the date when the shares are allocated.	Group net income before tax at December 31, 2016, equal to 75% of that of the 2016 medium-term plan.	Group net income before tax at December 31, 2016, in line with that of the 2016 medium-term plan.	Group net income before tax at December 31, 2016 equal to 125% of that of the 2016 medium-term plan.	Maximum performance condition fulfilled. The verification of the presence condition will be performed at the end of the vesting period on July 28, 2018.
	External condition (40%): Growth in Faurecia's net earnings per share between fiscal year 2013 and fiscal year 2016, assessed against the weighted growth of a reference group comprised of twelve global automotive suppliers.	If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points below this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth.	If the reference group's weighted growth in net earnings per share is in line with the growth in Faurecia's net earnings per share, the target external condition is fulfilled.	If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points above this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth.	

Plans	Performance condition	Minimum	Target	Maximum	Comments
Plan No. 7 of July 23, 2015	Internal condition (60%): Net income before tax of the Group as of December 31, 2017, 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 forecast in the Group's medium-term plan reviewed by the Board of Directors on the date when the shares are allocated.	Group net income before tax at December 31, 2017, equal to 75% of that of the 2017 medium-term plan.	Group net income before tax at December 31, 2017, in line with that of the 2017 medium-term plan.	Group net income before tax at December 31, 2017, equal to 125% of that of the 2017 medium-term plan.	The internal condition was reached at 107.5%. The exernal condition was reached at 130%. The conditions of the plan are then fulfilled up to 116.5%. The verification of the presence condition will be performed at the end of the vesting period on July 23, 2019.
	External condition (40%): Growth in Faurecia's net earnings per share between fiscal year 2014 and fiscal year 2017, assessed against the weighted growth of a reference group comprised of twelve global automotive suppliers.	If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points below this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth.	If the reference group's weighted growth in net earnings per share is in line with the growth in Faurecia's net earnings per share, the target external condition is fulfilled.	If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points above this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth.	

Plans	Performance condition	Minimum	Target	Maximum	Comments
Plan No. 8 of July 25, 2016	Internal condition (60%): Group net income after tax (excluding exceptional tax credits) at December 31, 2018, before taking into account the capital gains from asset disposals and change in scope of consolidation, as decided by the Board of Directors, assessed against the same income anticipated for the same fiscal year by the Group's medium-term plan reviewed by the Board of Directors on the date of the share grant.	Group net income after tax at December 31, 2018, equal to 75% of that of the 2018 medium-term plan.	Group net income after tax at December 31, 2018, in line with that of the 2018 medium-term plan.	Group net income after tax at December 31, 2018, equal to 125% of that of the 2018 medium-term plan.	
	External condition (40%): Growth in Faurecia's net earnings per share between fiscal year 2015 and fiscal year 2018, assessed against the weighted growth of a reference group comprised of twelve global automotive suppliers.	If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points below this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth.	If the reference group's weighted growth in net earnings per share is in line with the growth in Faurecia's net earnings per share, the target external condition is fulfilled.	If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points above this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth.	Plan in vesting period.

Plans	Performance condition	Minimum	Target	Maximum	Comments
Plan No. 9 of July 20, 2017	Internal condition (60%): Group net income after tax (excluding exceptional tax credits) at December 31, 2019, before taking into account the capital gains from asset disposals and change in scope of consolidation, as decided by the Board of Directors, assessed against the same income anticipated for the same fiscal year by the Group's medium-term plan reviewed by the Board of Directors on the date of the share grant.	Group net income after tax at December 31, 2019, equal to 91% of that of the 2019 medium-term plan.	Group net income after tax at December 31, 2019, in line with that of the 2019 medium-term plan.	Group net income after tax at December 31, 2019, equal to 110% of that of the 2019 medium-term plan.	
	External condition (40%): Growth in Faurecia's net earnings per share between fiscal year 2016 and fiscal year 2019, assessed against the weighted growth of a reference group comprised of twelve global automotive suppliers.	If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points below this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth.	If the reference group's weighted growth in net earnings per share is in line with the growth in Faurecia's net earnings per share, the target external condition is fulfilled.	If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points above this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth.	Plan in vesting period.

DETAILED HISTORY OF PERFORMANCE SHARE PLANS

Table N° 9 of the AFEP-MEDEF Code and table N° 10 of AMF recommendation No. 2009-16

Information on the allocation of performance shares	Plan No. 1 of June 23, 2010	Plan No. 2 of July 21, 2010	Plan No. 3 of July 25, 2011	Plan No. 4 of July 23, 2012
Date of General meeting (GM)/Board of Directors meeting (BM)	■ GM February 8, 2010 ■ BM June 23, 2010	■ GM February 8, 2010 ■ BM July 21, 2010	■ GM May 26, 2011 ■ BM July 25, 2011	■ GM May 26, 2011 ■ BM July 23, 2012
Minimum number of shares granted during the relevant period	436,920	450,450	473,880	403,500
Maximum number of shares granted during the relevant period	860,600	887,250	933,440	1,049,100
Maximum total number of shares that may be granted to Yann Delabrière	37,050	37,050	52,000	52,000
Maximum total number of shares that may be granted to Michel de Rosen	Not applicable	Not applicable	Not applicable	Not applicable
Maximum total number of shares that may be granted to Patrick Koller*	14,950	14,950	19,500	19,500
Target number of shares granted during the relevant period	662,000	682,500	718,000	807,000
Acquisition date	June 23, 2012 for beneficiaries working and tax resident in France/ June 23, 2014 for all other beneficiaries	July 21, 2013, for beneficiaries working and tax resident in France/ July 21, 2014, for all other beneficiaries	July 25, 2014, for beneficiaries working and tax resident in France/ July 25, 2015, for all other beneficiaries	June 23, 2015, for beneficiaries working and tax resident in France/ June 23, 2016, for all other beneficiaries
Vesting date	June 23, 2014 for all plan beneficiaries working and tax residents in France or abroad	July 21, 2015, for beneficiaries working and tax resident in France/ June 21, 2014, for all other beneficiaries	July 25, 2016, for beneficiaries working and tax resident in France/ July 25, 2015, for all other beneficiaries	June 23, 2017, for beneficiaries working and tax resident in France/ June 23, 2016, for all other beneficiaries
Performance conditions	Net income before tax of the Group as of December 31, 2011, 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 forecast in the Group's medium-term plan reviewed and decided by the Board of Directors on the date when the shares are allocated.	Net income before tax of the Group as of December 31, 2012, before taking into account capital gains from the disposal of assets and change in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as forecast in the Group's medium-term plan reviewed and decided by the Board of Directors on the date when the shares are allocated.	Net income before tax of the Group as of December 31, 2013, before taking into account capital gains from the disposal of assets and change in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as forecast in the Group's medium-term plan reviewed and decided by the Board of Directors on the date when the shares are allocated.	■ Net income before tax of the Group as of December 31, 2014 before gains on disposals of assets and changes in the Group's structure, as approved by the Board of Directors compared with net income forecast for the same year in the Group's medium-term Plan reviewed and decided by the Board at the time the shares are allocated; and ■ Growth in Faurecia's net earnings per share between fiscal year 2011 and fiscal year 2014, assessed against the weighted growth of a reference group comprised of 12 comparable international automotive equipment suppliers.

Information on the allocation of performance shares	Plan No. 1 of June 23, 2010	Plan No. 2 of July 21, 2010	Plan No. 3 of July 25, 2011	Plan No. 4 of July 23, 2012
Number of shares granted at December 31, 2017	707,200	0	0	0
Accumulated number of shares canceled or forfeited at December 31, 2017**	153,400	682,500	718,000	807,000
Shares allocated free of charge remaining at end of period	0	0***	0****	0*****

* *Shares granted to Patrick Koller under plans No. 1 to 6 were awarded before he became a corporate officer. The number of shares mentioned in the 2016 Registration Document, related to Plan No. 1 (14,250) and plan No. 2 (19,500), were wrongly reported. This information has been corrected in the present document.*

** *The maximum performance conditions for plan No. 1 were fulfilled, so this plan is based on the maximum number of shares. The other plans are based on the target number.*

*** *The performance condition for Plan No. 2 was not fulfilled: no share was granted to any beneficiary under this plan.*

**** *The performance condition for Plan No. 3 was not fulfilled: no share was granted to any beneficiary under this plan.*

***** *The performance conditions for Plan No. 4 were not fulfilled: no share was granted to any beneficiary under this plan.*

Information on the allocation of performance shares	Plan No. 5 of July 24, 2013	Plan No. 6 of July 28, 2014	Plan No. 7 of July 23, 2015	Plan No. 8 of July 25, 2016
Date of General meeting (GM)/Board of Directors meeting (BM)	■ GM May 30, 2013 ■ BM July 24, 2013	■ GM May 30, 2013 ■ BM July 28, 2014	■ GM May 27, 2015 ■ BM July 23, 2015	■ GM May 27, 2016 ■ BM July 25, 2016
Minimum number of shares granted during the relevant period	467,500	368,125	342,201	380,480
Maximum number of shares granted during the relevant period	1,215,500	957,125	889,981	989,945
Maximum total number of shares that may be granted to Yann Delabrière	71,500	68,900	55,798	0
Maximum total number of shares that may be granted to Michel de Rosen	Not applicable	Not applicable	Not applicable	Not applicable
Maximum total number of shares that may be granted to Patrick Koller*	26,000	18,525	26,383	55,095
Target number of shares granted during the relevant period	935,000	736,250	684,674	760,961
Acquisition date	July 24, 2017, for all plan beneficiaries working and tax residents in France or abroad	July 28, 2018, for all plan beneficiaries working and tax residents in France or abroad	July 23, 2019, for all plan beneficiaries working and tax residents in France or abroad	July 25, 2020, for all beneficiaries working and tax residents in France or abroad
Vesting date	July 24, 2017, for all plan beneficiaries working and tax residents in France or abroad	July 28, 2018, for all plan beneficiaries working and tax residents in France or abroad	July 23, 2019, for all plan beneficiaries working and tax residents in France or abroad	July 25, 2020, for all beneficiaries working and tax residents in France or abroad

Information on the allocation of performance shares	Plan No. 5 of July 24, 2013	Plan No. 6 of July 28, 2014	Plan No. 7 of July 23, 2015	Plan No. 8 of July 25, 2016
Performance conditions	■ Net income before tax of the Group as of December 31, 2015 (before gains on disposals of assets and changes in the Group's structure), as approved by the Board of Directors compared with net income forecast for the same year in the Group's medium-term plan reviewed and decided by the Board at the time the shares are allocated; and ■ Growth in Faurecia's net earnings per share between fiscal year 2012 and fiscal year 2015, assessed against the weighted growth of a reference group comprised of twelve global automotive suppliers.	■ Net income before tax of the Group as of December 31, 2016 (before gains on disposals of assets and changes in the Group's structure), as approved by the Board of Directors compared with net income forecast for the same year in the Group's medium-term plan reviewed and decided by the Board at the time the shares are allocated; and ■ Growth in Faurecia's net earnings per share between fiscal year 2013 and fiscal year 2016, assessed against the weighted growth of a reference group comprised of twelve global automotive suppliers.	■ Net income before tax of the Group as of December 31, 2017, before taking into account capital gains from disposal of assets and change in scope of consolidation, as decided by the Board of Directors, assessed against the net income anticipated for the same fiscal year in the Group's medium-term plan, which was reviewed and voted on by the Board of Directors on the share grant date; and ■ Growth in Faurecia's net earnings per share between fiscal year 2014 and fiscal year 2017, assessed against the weighted growth of a reference group comprised of twelve global automotive suppliers.	■ Net income after tax of the Group as of December 31, 2018 (before gains on disposals of assets and changes in the Group's structure), as approved by the Board of Directors compared with the net income forecast for the same year in the Group's medium-term plan reviewed and decided by the Board at the time the shares are allocated; and ■ Growth in Faurecia's net earnings per share between fiscal year 2015 and fiscal year 2018, assessed against the weighted growth of a reference group comprised of twelve global automotive suppliers.
Number of shares granted at December 31, 2017	**949,650**	**2,015**	**1,231**	**-**
Accumulated number of shares canceled or forfeited at December 31, 2017**	**265,850**	**193,245**	**113,321**	**73,250**
Shares allocated free of charge remaining at end of period	**0**	**760,865**	**570,122**	**687,711**

* *Shares granted to Patrick Koller under plans No. 1 to 6 were awarded before he became a corporate officer.*

** *The maximum performance conditions for plan Nos. 5 and 6 were fulfilled, so these plans are based on the maximum. The other plans are based on the target number.*

Information on the allocation of performance shares	Plan No. 9 of July 20, 2017
Date of General meeting (GM)/Board of Directors meeting (BM)	■ GM May 27, 2016 ■ BM July 20, 2017
Minimum number of shares granted during the relevant period	313,962
Maximum number of shares granted during the relevant period	816,300
Total maximum number of shares that may be granted to Yann Delabrière	Not applicable
Maximum total number of shares that may be granted to Michel de Rosen	0
Maximum total number of shares that may be granted to Patrick Koller	39,400
Target number of shares granted during the relevant period	627,924
Acquisition date	July 20, 2021
Vesting date	July 20, 2021
Performance conditions	■ Net income after tax of the Group as of December 31, 2019 (before gains on disposals of assets and changes in the Group's structure), as approved by the Board of Directors compared with the net income forecast for the same year in the Group's medium-term plan reviewed and decided by the Board at the time the shares are allocated; and ■ Growth in Faurecia's net earnings per share between fiscal year 2016 and fiscal year 2019, assessed against the weighted growth of a reference group comprised of twelve global automotive suppliers.
Number of shares granted at December 31, 2017	**-**
Accumulated number of shares canceled or forfeited at December 31, 2017*	**10,329**
Shares allocated free of charge remaining at end of period	**617,595**

* *Plan based on the target number.*

All shares allocated free of charge remaining at December 31, 2017 (2,637,293 shares) represent 1.91% of the Company's capital stock at this date.

3.2.1.3 Trading by the Company in its own shares during 2017 (Article L. 225-211 of the French Code of commerce)

The General meeting of May 30, 2017, authorized the implementation of a share buy-back program, superseding that authorized in the tenth resolution of the General meeting of May 27, 2016.

TREASURY STOCK (EXCLUDING THE LIQUIDITY CONTRACT)

In 2017, the Company bought back 960,000 shares at an average price of €41.88 (weighted gross price) on the basis of the authorization of the General meeting of May 27, 2016.

Trading costs amounted to €24,125.60 excluding VAT.

The value of these shares, measured at their purchase price, totals €40,209,323.78.

These 960,000 shares were initially purchased to cover the performance share plans. However, the Board of Directors meeting of December 19, 2017, decided not to restrict the use of these shares to the objective in question, but to allow them to be allocated to the other objectives authorized by the General meeting.

In any event, none of these 960,000 shares was used in 2017.

At December 31, 2017, the Company held 814,320 treasury shares, *i.e.*, 0.59% of the Company's capital stock on that date (see Note 22.3 to the consolidated financial statements).

LIQUIDITY CONTRACT

Since April 27, 2009, Faurecia has been implementing a liquidity contract that complies with the AMAFI Code of Ethics.

In 2017, under this liquidity contract, 1,776,319 shares were purchased, *i.e.*, 1.29% of the Company's capital stock, for a total of €82,001,297.50, while 1,776,319 shares were sold for a total of €82,102,544.

As of December 31, 2017, assets in the liquidity account relating to the liquidity contract comprised 0 shares and €0 in cash.

In 2017, the capital gain made through the liquidity contract amounted to €101,246.50. Management fees for the liquidity contract came to €100,000 in 2017.

DESCRIPTION OF THE BUY-BACK PROGRAM

(Defined according to Article 241-2 of the AMF's General Regulation)

A new share buyback authorization will be submitted to the General meeting of May 29, 2018, with the following terms and conditions:

Resolution twelve – Authorization to the Board of Directors aiming to allow the Company to buy back its own shares pursuant to Article L. 225-209 of the French Code of commerce, duration of authorization, purposes, terms and conditions, ceiling, suspension during public offerings

The General meeting, after having read the report by the Board of Directors, authorizes the latter, for a period of eighteen months, in accordance with Articles L. 225-209 et *seq*. of the French Code of commerce, to purchase company shares, in one or several installments, at such times that it deems appropriate, capped at 10% of the total number of shares in the Company's capital stock, adjusted to take into account any possible increase or decrease in the share capital that may occur during the program.

This authorization terminates the authorization granted to the Board of Directors by the General meeting of May 30, 2017 (ordinary resolution eighteen).

Acquisitions are authorized in order to:

- support the secondary market or the liquidity of Faurecia shares, through an investment service provider under a liquidity contract, in accordance with the AMAFI (French association of stock markets) Code of Ethics, as allowed by regulations, with the stipulation that in this context, the number of shares used to calculate the aforementioned cap corresponds to the number of shares purchased, less the number of shares resold;
- retain the shares purchased and use these shares for exchange or payment at a later stage, as part of any possible external growth transactions;
- hedge stock option plans and/or free grant of shares plans (or similar plans) to the benefit of employees and/or Group corporate officers, as well as all allocations of shares as part of a group or Company savings plan (or similar plan), under a profit-sharing plan and or any other form of allocation of shares to the benefit of the Group employees and/or corporate officers;
- hedge securities giving access to the allocation of Company shares subject to the regulations in force;
- cancel the shares acquired, if applicable, in accordance with the current or future authorization of an Extraordinary General Meeting.

Such shares may be purchased by any means, including by acquiring blocks of shares, and at such times deemed appropriate by the Board of Directors.

The Board of Directors may not, without the prior authorization of the General meeting, use this authorization during a public offering launched by a third party, involving company shares, until the end of the offering.

The Company reserves the right to use optional mechanisms or derivatives subject to the applicable regulations.

The maximum purchase price per share is set at €110 (one hundred and ten). In the event of transactions affecting the capital stock, in particular a division of shares, a reverse stock split or allocation of free shares, the aforementioned amount will be adjusted in the same proportions (multiplication coefficient equal to the ratio of the number of company shares prior to the transaction to the number of shares after the transaction).

On this basis, and for information only, the maximum amount, which the Company would pay, assuming a maximum purchase price of €110 (one hundred and ten), would amount to €1,428,818,600 on the basis of the capital stock on December 31, 2017 (consisting of 138,035,801 shares), taking into account the 814,320 company treasury shares on this date.

The General meeting grants full powers to the Board of Directors, with a sub-delegation option in accordance with legal provisions, to carry out these transactions, set the conditions and procedures thereof, enter into all agreements and carry out all of the required formalities.

3.2.1.4 Other information on the capital stock

CHANGE IN FAURECIA'S CAPITAL STOCK OVER THE LAST FIVE YEARS

Year and type of transaction	Amount of the capital stock increase/decrease *(in euros)*		New capital stock *(in €)*	Resulting share premium *(in €)*	New number of shares
	Nominal amount	Premium			
03/2013 Capital stock increased by creating 5,200 shares under Performance Shares Plan No. 1	36,400	-	775,872,615	-	110,838,945
08/2013 Capital stock increased by creating 7,800 shares under Performance Shares Plan No. 1	54,600	-	775,927,215	-	110,846,745
09/2013 Capital stock increased by creating 5,200 shares under Performance Shares Plan No. 1	36,400	-	775,963,615	-	110,851,945
12/2013 Capital stock increased by 11,736,190 new shares following the early redemption of the OCEANE bonds maturing on January 1, 2015	82,153,330	128,759,451	858,116,945	870,858,506	122,588,135
06/2014 Capital stock increase resulting from the creation of 1,102,775 shares in connection with the payment of the 2013 dividend in shares, the creation of 221,000 shares in connection with Performance Shares Plan No. 1, and the creation of 13,300 shares following the exercise of stock subscription options under Plan No. 18	9,359,525	22,152,382	867,476,470	893,010,889	123,925,210
06/2015 Capital stock increase resulting from the creation of 800,251 shares in connection with the payment of the 2014 dividend in shares, the creation of 96,960 shares in response to requests for the conversion of OCEANE bonds, and the creation of 93,600 shares following the exercise of stock subscription options under Plan No. 18	6,935,677	28,224,379	874,412,147	921,235,268	124,916,021

Year and type of transaction	Amount of the capital stock increase/decrease *(in euros)* Nominal amount	Premium	New capital stock *(in €)*	Resulting share premium *(in €)*	New number of shares
11/2015 Capital stock increase resulting from the creation of 4,341,813 shares in response to requests for the conversion of OCEANE bonds	30,392,691	52,527,572	904,804,838	973,762,840	129,257,834
12/2015 Capital stock increase resulting from the creation of 7,933,744 shares in response to requests for the conversion of OCEANE bonds on January 1, 2018 and the creation of 1,200 shares following the exercise of stock subscription options under Plan No. 18	55,544,608	96,008,745	960,349,446	1,069,771,585	137,192,778
01/2016 Capital stock increase resulting from the creation of 690,123 shares in response to requests for the conversion of OCEANE bonds on January 1, 2018	4,830,861	8,349,171	965,180,307	1,078,120,756	137,882,901
07/2016 Capital stock increase resulting from the creation of 152,900 shares following the exercise of stock subscription options under Plan No. 18	1,070,300	3,269,002	966,250,607	1,081,389,758	138,035,801

CHANGE IN SHAREHOLDER STRUCTURE OVER THE LAST THREE YEARS

Shareholders as of 12/31/2017	Shares	% capital stock	Theoretical voting rights*	% theoretical voting rights	Voting rights exercisable at the General Meeting*	% voting rights exercisable at the General meeting
Peugeot S.A.	63,960,006	46.34	127,920,012	63.09	127,920,012	63.34
Faurecia Actionnariat Corporate Mutual fund	318,394	0.23	636,788	0.31	636,788	0.32
Corporate officers	49,525	0.03	66,905	0.03	66,905	0.03
Treasury stock	814,320	0.59	814,320	0.40	0	0
o/w liquidity contract	*0*	*0*	*0*	*0*	*0*	*0*
Other shareholders (registered shares and bearer shares)	72,893,556	52.81	73,320,842	36.16	73,320,842	36.31
TOTAL	**138,035,801**	**100%**	**202,758,867**	**100%**	**201,944,547**	**100%**

* *Calculation based on information from the Caceis Corporate Trust Register on December 31, 2017.*

Shareholders as of 12/31/2016	Shares	% capital stock	Theoretical voting rights*	% theoretical voting rights	Voting rights exercisable at the General Meeting*	% voting rights exercisable at the General meeting
Peugeot S.A.	63,960,006	46.34	127,340,515	62.94	127,340,515	63.20
Faurecia Actionnariat Corporate Mutual fund	352,305	0.25	661,420	0.33	661,420	0.33
Corporate officers	93,658	0.06	154,182	0.07	154,182	0.08
Treasury stock	807,216	0.58	807,216	0.40	0	0.00
o/w liquidity contract	*0*	*0*	*0*	*0*	*0*	*0.00*
Other shareholders (registered shares and bearer shares)	72,822,616	52.76	73,343,730	36.25	73,343,730	36.40
TOTAL	**138,035,801**	**100%**	**202,307,063**	**100%**	**201,499,847**	**100%**

* *Calculation based on information from the Caceis Corporate Trust Register on December 31, 2016.*

Shareholders as of 12/31/2015	Shares	% capital stock	Theoretical voting rights*	% theoretical voting rights	Voting rights exercisable at the General Meeting*	% voting rights exercisable at the General meeting
Peugeot S.A.	63,960,006	46.62	127,277,956	63.22	127,277,956	63.22
Faurecia Actionnariat Corporate Mutual fund	329,685	0.24	631,353	0.31	631,353	0.31
Corporate officers	93,916	0.07	154,107	0.08	154,107	0.08
Treasury stock	21,888	0.02	21,888	0.01	0	0.00
o/w liquidity contract	*0*	*0*	*0*	*0*	*0*	*0.00*
Other shareholders (registered shares and bearer shares)	72,787,283	53.05	73,252,625	36.38	73,252,625	36.39
TOTAL	**137,192,778**	**100%**	**201,337,929**	**100%**	**201,316,041**	**100%**

* *Calculation based on information from the Caceis Corporate Trust Register on December 31, 2015.*

3.2.2 Share price

Faurecia's share (EO.PA) is listed on compartment A of the Euronext Paris market. It is on the CAC Next20 index (since December 18, 2017) and the MSCI France (since November 30, 2017).

At the end of 2017, it was valued at €65.13 (December 29, 2017 closing quotation), to compare to €36.84 at the 2016 closing (December 30, 2016 closing quotation). It turned in a market performance of +76.82%, far outperforming its sector index, the Stoxx Auto (+13.25%) and the SBF120 (+10.84%).

The average price of Faurecia's share over 2017 was €50.37. The price peaked at €67.49 on December 20, 2017, and hit its lowest point of the year, €36.67, on January 2, 2017.

The average number of monthly trades was 11,651,588 shares, representing €586.90 million.

3.2.2.1 Share price and trading volume (source: Euronext)

2017 share price and trading volume	Price *(in €)* High	Average	Low	Close	Trading volume Equities	Value *(in € thousands)*
January	42.13	39.76	36.67	40.18	11,196,029	445,168
February	43.68	41.32	37.56	41.48	12,281,034	507,474
March	44.61	42.21	40.58	44.59	10,986,745	463,743
April	45.04	43.18	40.62	44.82	10,182,739	439,701
May	47.99	46.03	43.58	46.73	13,837,171	636,905
June	49.01	46.49	43.73	44.47	12,134,198	564,089
July	49.07	46.96	44.52	46.93	10,468,299	491,542
August	49.75	48.22	46.42	48.86	7,803,920	376,315
September	59.07	55.28	48.86	58.73	11,158,818	616,810
October	62.59	60.83	58.89	62.41	12,737,402	774,849
November	65.46	63.29	60.00	64.28	16,751,317	1,060,235
December	67.49	64.79	62.23	65.13	10,281,388	666,133

2016 share price and trading volume	Price *(in €)* High	Average	Low	Close	Trading volume Equities	Value *(in € thousands)*
January	36.55	33.48	31.01	33.40	13,103,543	438,678
February	33.60	29.96	26.64	31.36	19,110,167	572,447
March	34.13	32.67	30.65	33.30	11,822,724	386,233
April	37.37	34.44	30.94	36.07	13,878,734	477,945
May	36.79	35.37	33.82	35.75	9,371,724	331,524
June	36.33	32.64	28.00	28.74	14,129,286	461,238
July	36.45	31.76	27.03	35.29	13,861,455	440,269
August	36.13	34.97	33.12	35.79	9,827,568	343,629
September	37.18	35.56	33.65	34.90	11,479,462	408,233
October	36.04	33.90	32.33	33.51	11,956,336	405,332
November	33.92	31.86	29.00	33.82	10,373,718	330,474
December	36.94	35.75	33.03	36.84	8,071,896	288,544

3.2.2.2 Stock market data

	12/31/2017	12/31/2016
Stock market capitalization at end of period *(in € millions)*	8,990.27	5,084.55
Share price *(in €)*		
■ High	67.49	37.37
■ Low	36.67	26.64
Share price at end of period (in €)	65.13	36.84
shareholders’ equity per share (in €)	23.43	21.31
Number of shares outstanding	138,035,801	138,035,801

3.2.2.3 Dividends

Fiscal year	Number of shares carrying dividend rights	Dividends paid
2015	137,192,778	€0.65 per share
2016	138,035,801	€0.90 per share
2017	138,035,801	€1.10 per share*

* *Subject to approval by the 29 May 2018 General meeting.*

3.2.2.4 Dividend payment policy

The Company pays dividends in line with the practices of other similar companies, based on the Group's results for the year.

3.2.2.5 Per share data

(in €)	12/31/2017	12/31/2016
Non-diluted earnings (loss) per share – Attributable to equity holders of the parent	4.45	4.65
Cash flow per share from operating activities	11.75	9.45

The method used to calculate the weighted average number of shares before dilution to determine per share data is explained in Note 9 to the consolidated financial statements.

3.2.2.6 2018 financial calendar

February 16, 2018	Before market hours	2017 yearly earnings announced
April 20, 2018	Before market hours	First-quarter 2018 sales announced
May 29, 2018	10:00 am	General meeting of shareholders
July 20, 2018	Before market hours	First-half 2018 interim results announced
October 11, 2018	Before market hours	Third-quarter 2018 sales announced

Relations between Faurecia and the financial community are described in Section 4.3.2.

4. CSR

The information that appears in this section aims to fulfill the requirements of Article L. 225-102-1 of the French Code of commerce as amended by French Law No. 2010-788 of July 12, 2010, French Decree No. 2012-557 of April 24, 2012, and French Decree No. 2016-1138 of August 19, 2016, which introduced the subject of actions to combat food waste. However, due to Faurecia's limited impact in this area and the sub-contracting of catering services to exterior companies, this topic is excluded from the extra-financial data presented in this section.

4.1. Human Resources and social policy

4.1.1. Safety in the workplace

Safety in the workplace is one of the key elements of the excellence initiative embodied by the Faurecia Excellence System (FES). It forms part of the personal respect requirement which every site must satisfy. Faurecia's policy on health and safety in the workplace at the day-to-day level centers around two main goals: safeguarding staff health and improving staff safety in the workplace.

Thanks to Faurecia's commitment to enhancing occupational safety and working conditions, Faurecia has regularly reduced the number of work-related accidents since 2003. To speed up this change, in 2010, Faurecia launched a breakthrough safety plan which, in two years, enabled it to achieve its highly ambitious objective of reducing the frequency of work-related accidents with lost time per million working hours by two thirds.

4.1.1.1. Workplace safety indicators

The change in the frequency rate of work-related accidents is analyzed in order to measure the effectiveness of actions carried out in this area. To guarantee the same level of workplace safety for all employees, temporary workers are included in the same manner as permanent staff in the following indicators:

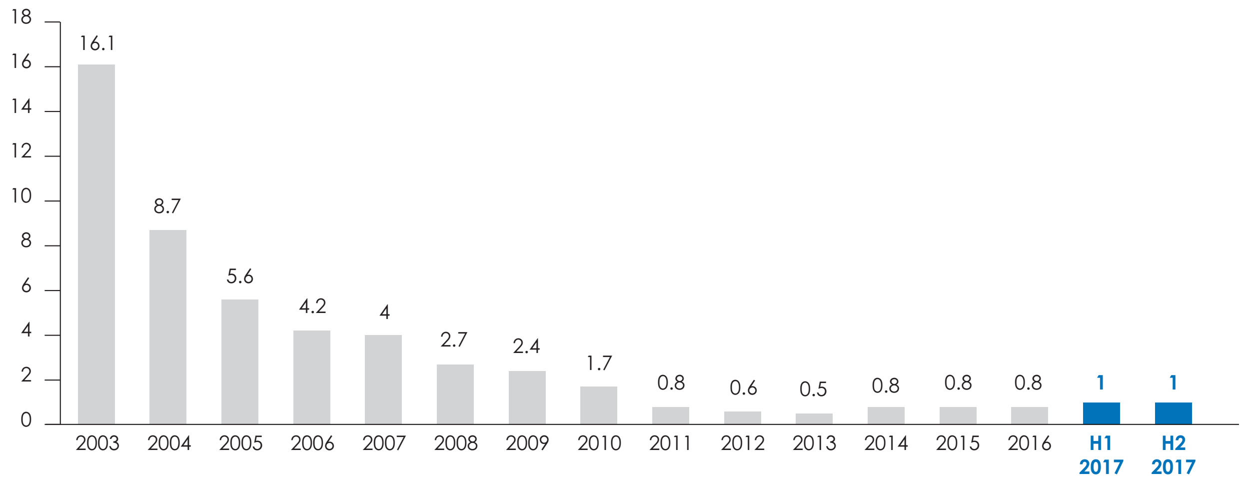
The Group's excellence indicators are FR0t and FR1t:

- FR0t measures the number of work-related accidents involving a Faurecia employee or temporary worker, with lost time, per million hours worked;
- FR1t measures the number of work-related accidents involving a Faurecia employee or temporary worker, with or without lost time, per million hours worked.

Both indicators are calculated on a rolling six-month basis.

After each FR0t and FR1t accident, a Quick Response Continuous Improvement (QRCI) analysis is performed using a problem-solving method based on the best practices in terms of solving quality problems to ensure that the root causes of the accident are understood, that corrective actions have been effective and that preventative measures are implemented and shared across the various sites.

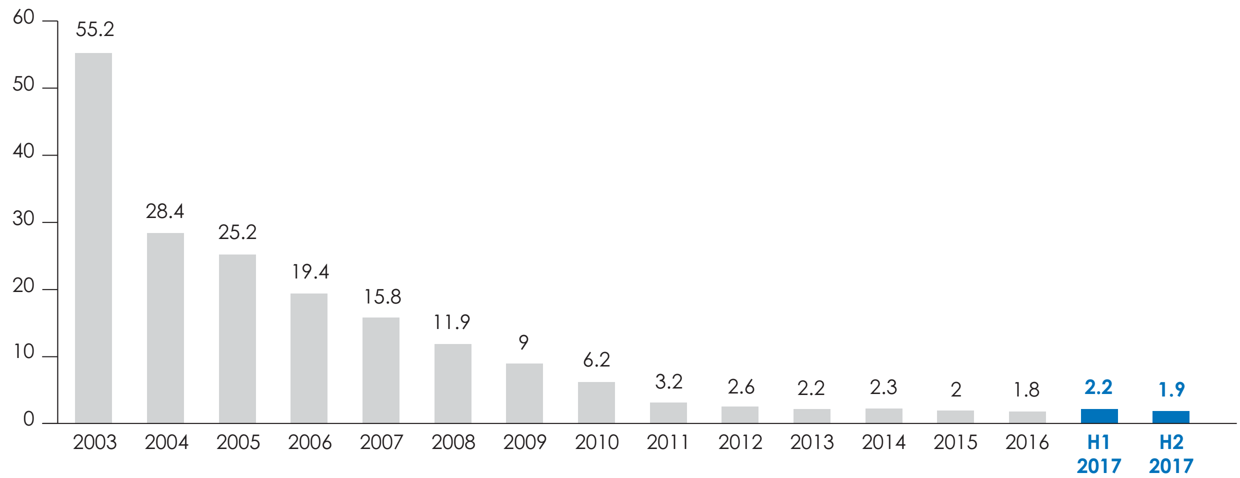
Number of accidents with lost time per million hours worked (FR0t)



The rates shown above, calculated on a rolling six-month basis, indicate the accident incidence rates approved as of the end of each fiscal year. For 2017, the results for the first and second half of the year are shown separately.

In 2017, the FR0t accident frequency rate rose slightly, but Faurecia remains in the range of the worldwide best practices.

Number of accidents with or without lost time per million hours worked (FR1t)



In 2017, the FR1t was 1.9.

The rates shown above, calculated on a rolling six-month basis, indicate the accident incidence rates approved as of the end of each fiscal year.

For 2017, the results for the first and second half of the year are shown separately.

In its plants, Faurecia also monitors the FR2t indicator, of which stability recorded especially vs 2016, is a strong sign of the absence of aggravation of FR0t and FR1t indicators. This indicator measures the number of first aid procedures performed following an incident per million hours worked. This monitoring enables plants that have few accidents, with or without lost time, to focus on accident prevention and relevant priorities.

The monitoring of first aid concerns all autonomous production units, combined with application of the QRCI problem-solving method. This has enabled production managers to take greater responsibility for accident investigations and to increase their responsiveness.

The Group does not report the accident severity indicator as priority is given to accident prevention.

4.1.1.2. Safety initiatives for safer operations

Faurecia has fully integrated specific measures from its 2010 breakthrough safety plan into its practices and pursued the implementation of these actions all through 2017.

The purpose of the breakthrough safety plan is to reduce the number of work-related accidents and serious HSE (Health, Safety, Environment) alerts following work-related accidents by providing training in the Group's various mandatory HSE rules as well as in monitoring the enforcement of these rules.

As such, Faurecia provides specialized internal training to its network of employees, including temporary employees, in 13 mandatory HSE rules and 13 logistical HSE recommendations. The training includes well-targeted theory and practice modules with practical scenarios which allow employees to learn or improve their knowledge of the HSE rules.

The 13 mandatory HSE rules relate to personal safety. These rules are applied at all of Faurecia's sites.

Any plant reporting a serious HSE alert or an abnormally high work-related accident rate is audited by the Group's Quality department. An unsatisfactory audit result (level D) systematically results in a report being sent to the Group's Chief Executive Officer. No site has been on level D since the end of 2011. Faurecia ensures that these rules are applied at all the other sites by means of Faurecia Excellence System (FES) production audits.

Applying these 13 rules has made it possible to significantly reduce the number of serious HSE alerts and to achieve the FR0t objective.

Three mandatory HSE rules apply to the control of non-production operational risks. The first two cover consignment operations (stopping processes, locking and draining energy and blocking gravitational energy), the third requires the application of a "Personal ID" label when working with equipment. This prevents machines being restarted by others, the owner of the personal ID label being the only person entitled to remove it from the machine.

Four other rules apply to the protection of personnel during production operations. They cover protection against access to moving parts of machines through the establishment of protective devices such as light curtains, safety mats, radars and fixed barriers. The plant must ensure that the failure of one component of the safety loop will stop the machine automatically. Protective equipment is tested before production begins. If the protective equipment has any faults, the machine must not be used.

The other rules focus on the prevention of falls, finger pinch point injuries, traffic accidents, the bursting of hydraulic circuits, and fires and explosions.

In addition to the 13 mandatory HSE rules, Faurecia defined 3 rules on personal protection equipment (3PPE) for all Group sites. The application of these rules and their monitoring via FES production audits is contributing to the prevention of work-related accidents not resulting in lost time (FR1t). These rules related to protective equipment require the wearing of helmets during maintenance operations, gloves and cut-resistant sleeves when using cutting elements or handling metal and thermal protection when working with hot materials. These rules also make it mandatory to wear ear protectors in noisy environments.

Furthermore, each Faurecia plant defines, on an individual basis, the personal protection equipment to be used by its employees or visitors. Faurecia safety footwear and clothing are mandatory in nearly all the plants. Ear protectors are mandatory in plants with high noise levels, as well as, in most cases, safety glasses.

A film has been made about the 13 mandatory HSE and the 3 PPE rules so as to raise awareness among Faurecia employees. This film, with the help of practical scenarios demonstrating the different rules, is also intended for FES training for managers and was notably used in Europe, North and South America and Asia. In particular, these training courses focused on learning about the Group problem-solving technique, QRCI (Quick Response Continuous Improvement) regarding HSE.

Faurecia further pursues its fire safety initiatives, particularly with the installation of sprinklers. In doing that, the Group not only ensures the safety of its staff, but also reduces the risk of production downtime due to fire.

The analysis of accidents has shown that many are related to work outside the standard production process. For this reason, the plants will now systematically review potential risks for this type of work.

Thirteen strict HSE recommendations were also developed. Five of these relate to plant safety, four to the safety of machine operators, two to vehicles and the last two relate to pedestrians. The Faurecia group has been monitoring the application of these 13 rules in all of its plants. In 2016, a new training module for the logistics teams was introduced, and it was continued in 2017.

The actions concerning the safety of contractors (including subcontractors) working at high levels were maintained. The contractor and subcontractor requirement levels have been raised and now require risk assessment, training and verification. A risk assessment is conducted with the contractor in order to detect all risks and devise preventive measures. Contractors are asked to guarantee that all employees (including temporary staff) carrying out tasks at high levels have been trained and are fully qualified. Each contractor must appoint a security manager who will guarantee that all measures devised during the risk assessment are applied and adhered to. As a result, only the contractors who have followed this process are authorized to work on the roofs at Faurecia plants.

4.1.1.3. Ergonomics and working conditions

Most occupational illnesses reported by employees involve musculoskeletal disorders. To reduce this, Faurecia has taken steps for several years to take the strain caused by workstations into greater consideration and to remedy the situation as much as possible.

Ergonomic reviews of workstations form part of the FES and the Group systematically carries out audits at each of its production plants on an annual basis.

As a result of these reviews, a variety of solutions have been implemented for manufacturing workstations. The reviews are also used to prepare a list of recommendations that are systematically taken into account during the design of products and manufacturing tools.

A number of recommendations from professional ergonomists and Group HSE coordinators are being factored into the Program Management System (PMS).

All of the Group's operations managers and plant managers have been given training in ergonomics as part of the acceleration of the deployment of the FES, which was launched during the second half of 2009 and continued in subsequent years. The goal of this program is to ensure that these managers play a real leadership role in the continuous improvement process, notably for ergonomics-related issues.

An Ergonomics memorandum is available to all Group process engineers and managers in charge of efficiency in manufacturing systems, to provide additional information on analyzing workloads and how to take into consideration the ergonomic constraints of workstations. This memorandum is aimed at providing basic training in this area for people such as members of Health and Safety Committees, who are involved in organizing work schedules or designing workstations.

Within the Faurecia Seating Business Group a new ranking software tool was deployed in 2016 for analyzing dangerous gesture and their impact on workplace strain (AGREPT – *Analyse des Gestes à Risque et leur Effet sur la Pénibilité au Travail*). This software simplifies the rating actions for ergonomists while facilitating the consolidation work at Division and *Business Group* level.

4.1.2. Skills development

Faurecia's employees progress within a meritocratic environment where their advancement is dependent on their potential and performance. The Group's growth and development is directly dependent on the commitment levels and skills of its teams and its capacity to set up the best teams of managers and experts, on a worldwide level. Effective management of Human Resources is, therefore, right at the heart of the Faurecia group's strategy and is based on three principles: involvement, performance and development. Internal promotion is a key priority. It is based on individual development and makes it possible to capitalize on automotive know-how, expertise and a high level of customer insight.

4.1.2.1. Being Faurecia

The Faurecia group has inherited a long tradition of technological innovation and manufacturing excellence, although it was created in 1997. Since then, the Group has grown rapidly both organically and through major acquisitions. It is now one of the top global automotive suppliers and employs more than 109,000 people in 34 countries.

During the first phase of its history, the Group focused on developing systems and processes necessary to ensure that it provides the same level of quality and operational performance to all of its customers around the world.

The Group has now entered a new phase of development, characterized by steadier growth and a greater emphasis on value creation.

Under these new circumstances, in 2017 the Faurecia group continued to advance its cultural transformation program, Being Faurecia, which was launched in 2014. Being Faurecia aims to redefine the corporate culture and its management model. The program seeks to create an environment that promotes an entrepreneurial spirit and autonomous operating teams. As part of this approach, the Human Resources development strategy has been recalibrated. The priority given to internal promotion has been reaffirmed and most of the Human Resources development processes have been reviewed and improved.

Faurecia is positioning itself as a company that is focused on creating value, is customer-oriented, innovative and has management principles based on self-control, the pursuit of excellence and entrepreneurship.

The corporate values are now broken down into managerial values (entrepreneurship, autonomy and accountability) and behavioral values (respect, exemplarity and energy). The Group developed a Management Code to encourage exemplary behavior within the organization. Relying on practical situations that managers face during their daily activities, this management guide defines the exemplary behavior that is expected from managers.

It has reinforced the decentralized organizational principles. All decision-making processes have been reviewed. The number of such processes has been reduced significantly and their content has been pared down in order to validate the autonomy of the teams at the different levels of the organization.

In 2017, new initiatives were launched within the framework of Being Faurecia. This topic continues to receive special attention in the Corporate Training offering, such as through leadership training, Diversity Management modules and in the area of Compliance. As part of this, the digital learning platform has been a key distribution driver. Finally, a program to expand collaboration has flourished through the advent of many learning communities set up to promote horizontal cooperation within the organization.

The fourth anniversary of Being Faurecia was celebrated at all Group sites. They have encouraged all staff to take on Board the Group values and bear witness to the Group's strong commitment to the success of its cultural transformation.

To measure commitment and assess practices, in late 2016, a survey was conducted with a representative sample of managers in order to measure the level of adherence to and integration of Being Faurecia within teams. The survey polled a representative sample of 1,000 people. The encouraging results demonstrated considerable progress in the change in expected behaviors.

To thoroughly analyze particular points of resistance that were reported by employees, the Executive Committee appointed cooperative working groups that were comprised of managers from different regions and functions and tasked with offering concrete recommendations for improvements. Three working groups sponsored by an Executive Committee member were formed to address the following topics: manufacturing performance, management of investment requests and reduction of reporting in the plants. The preliminary conclusions were presented, and improvement actions are in the process of being introduced.

Some thoughts over the past months on the CSR field will lead the Group to define, validate and deploy its 10 convictions on this topic in 2018. To allow the implementation of a continuous improvement approach on the chosen axes, a list of indicators will be defined with progress objectives attached.

4.1.2.2. Training policy

4.1.2.2.1. PRINCIPLES

Within the Group, training is considered a strategic investment.

It is a key tool in the implementation of genuine continuous improvement, backed by the Faurecia Excellence System (FES). The training plans focus on ethics, integrity and improving results. In this context, training actions are favored, as are internal training programs.

As training is a tool for development, specific actions are implemented to encourage individual development and to increase team effectiveness.

Training also facilitates the development of the organizational structure and operational principles prevailing within the Group. In this context, the changes induced by the Being Faurecia strategy are gradually incorporated into the Group's training programs.

Lastly, training is a management tool. It is the responsibility of supervisors (identification of needs, communication with interested parties) and is implemented with the support of the Group's Human Resources network.

4.1.2.2.2. PRIORITIES

The priorities identified in training plans are used to achieve the goals set for different business units. They are structured around the following themes:

- improving plant performance (safety, quality, costs and deadlines) and ensuring optimal production start-up;
- enhancing the attractiveness of customer offerings;
- increasing technological expertise in products and processes;
- increasing the professional qualifications of staff, fostering their career development and enhancing their employability;
- developing managerial skills in line with Faurecia's Leadership Competency Model;
- anticipating and managing identified skills requirements over the medium term;
- strengthening a shared culture focusing on value creation and entrepreneurial spirit, while respecting the fundamentals of Faurecia's internal codes (ethics and management), in particular compliance with competition law;
- ensuring the use of common working methods to increase efficiency;
- developing people's ability to work in an international setting.

4.1.2.2.3. 2017 KEY FIGURES

During 2017, the training provided throughout Faurecia represented more than 1.7 million hours.

4.1.2.2.4. FOCUS ON FAURECIA UNIVERSITY

In 2017, Faurecia University reached an immense audience, training more than 9,000 employees over the period. The three regional campuses successfully delivered *Corporate* training and created targeted programs addressing regional issues. In addition to the Nanterre campus, these universities have specialized teams and sites in Auburn Hills (Michigan), Puebla (Mexico) and Shanghai (China).

1. Role and responsibilities of Faurecia University

   Faurecia University aims to assist with management development and offer a firm foundation for the cultural transformation the Company has embarked upon.

   To this effect, Faurecia University assists managers throughout their careers by:

- ensuring their integration within the Group;
- helping them to acquire functional skills necessary for their professional growth;
- offering training to help them acquire and improve their managerial skills and to develop their leadership skills;

- preparing them for key positions (plant manager, program manager, R&D manager);
- preparing them in advance for taking on leadership responsibilities.

To address these issues, the university uses up-to-date, interactive educational methods and the best digital tools available.

2. Mode of governance

   Faurecia University has an Advisory Board comprising the members of the Group's Executive Committee. The Advisory Board met twice in 2017. In addition to attending these plenary meetings, the Advisory Board members are closely involved in creating new programs and are especially active in certain key programs.

3. A firmly established training offer

   The Leadership Development offer, which was introduced in 2016, had broader impact in 2017, reaching 1,400 managers (vs. 700 managers in 2016). It covers a full range of leadership skills broken down by themes and levels of responsibility. This undertaking aligns Faurecia with the best practices in the world in terms of investment in its employees' skills to make the Group a major player in the transformation of the automotive industry.

   The DRIVE program, which has separate levels for managers and experienced managers and is broken down into different modules on leadership, is thriving, especially through its modules on change management, innovation and team dynamics. This offer has benefited from the growing experience of its partner, Impact International, a renowned English firm that specializes in managerial training, and the rising involvement of dozens of Faurecia managers, who have enhanced this training by sharing testimonials and stories about their experiences. The outstanding instructors and in-depth work combining e-learning, coursework and group role-plays have made this training a vital rite for Group managers that guarantees their success in their assignments in Nanterre (France), Auburn Hills (United States), Puebla (Mexico) and now Pune (India).

   IGNITE, the offer for executives that was designed and implemented with the London Business School, was delivered to two-thirds of the executives, who could follow a basic module focusing on «transformation» and another module on «team management.» These modules gave executives the tools to deepen their ability to operate in the new ecosystem of the automotive industry and to engage their teams as their environment changes around them. The steady presence of members of Faurecia's Executive Committee, who shared their stories during training and interacted with the executives, is one of the many ways in which the organization demonstrates that it is committed to and responsible for helping its managers grow.

   Faurecia University has continued to expand its high-level training offers targeting the sales function in partnership with IESE of Barcelona, it has started a new program on negotiation and purchasing, and it has helped executives in the financial function improve their skills so they can better advise managers.

   In 2017, digital training took on a new dimension through the Learning Lab, an internal training platform open to all Group managers and employees. The training, which take the form of short, animated, engaging, original videos combined with questions, have been a hit and have propelled Faurecia to the ranks of the most advanced organizations in the field. The success of the digital training stems from multimedia access (PC, tablet, smartphone), a library of more than 120 digital courses on topics ranging from the fundamental aspects of Faurecia (FES, Program Management System, basic transactions, gender diversity, ethics and compliance, etc.) to leadership, management and many aspects of the transformation of the business activity. This digital training is being phased in as a key training vehicle.

   The numbers tell the story: around 20,000 managers and professionals took courses on the Learning Lab in 2017.

   Furthermore, since the opening of the Learning Lab in 2016:

   - more than 3.2 million knowledge-testing questions were answered with a supported response;
   - more than 250,000 videos were viewed;
   - more than 110,000 hours were spent learning.

   The Faur'us digital platform further adds to the collaborative and social dimension of this learning by offering the possibility of sharing collaborative and open work methods, thus providing access to rich and diverse knowledge and increasing the collective intelligence. Over 800 communities, involving over 15,000 employees in varied domains daily, were active in 2017.

   The Faurecia Seating, Faurecia Interiors and Faurecia Clean Mobility Business Groups rolled out training courses in technical academies dedicated to their specific products and processes.

4.1.2.3. Employee empowerment

The Group's success is closely bound up with its capacity to actively involve all its employees in their work on a day-to-day basis and to create effective and autonomous teams. Employee accountability is one of Faurecia's key performance levers and is also one of the mainstays of the Faurecia Excellence System.

Group employees follow development programs so as to be able to meet their responsibilities. Staff benefit from development opportunities enabling them to increase their level of responsibility, the aim being to constantly improve team skills.

Employees are also encouraged to make an active contribution to continuous improvement. Managers are trained in team leadership so as to be able to effectively support operational efficiency and individual employee development.

Plant Management Committees are key participants in industrial progress. On this basis, they help to make employee empowerment an operational reality and to assist in the deployment of FES tools in plants.

After an overhaul in 2016, training modules on employee empowerment were rolled out more quickly in 2017:

- fundamentals of employee empowerment: this module is geared to the Plant Management Committees. It aims to develop their role in the day-to-day management of teams by using the FES. The link between the seven basic principles of employee empowerment and their impact on the business has been improved thanks to the use of digital tools. About 500 people benefited from this module in 2017;
- site Human Resources officers: this module aims to cultivate current and future Human Resources officers. Following the update of the module, it now focuses on strengthening the links between day-to-day responsibilities and employee empowerment. About 80 HR professionals benefited from it in 2017;
- a new "Massive Open Online Course" (MOOC) platform was launched in 2016. Within this framework, ten modules dedicated to employee empowerment were made available online. At the end of 2017, 3,500 employees had completed them.

In order to maintain a strong improvement momentum within the Company, the employees are encouraged to express their ideas for improvement based on their daily experience. The number of ideas for improvement acted upon remained stable at 13 per employee in 2017.

Furthermore, 38% of supervisors at Faurecia have a level of education equivalent to a Bachelor's degree or higher. This is in line with the Group's objective of recruiting young graduates to have sufficient internal talent reserves to secure the next generation of autonomous production unit managers and, in the longer term, plant managers.

4.1.2.4. Developing the potential of engineers and managers

Faurecia integrates and develops the potential of its engineers and managers so as to improve their performance and skills and offer them attractive career paths. The effective development of engineers' and managers' potential is at the core of the Being Faurecia program. The Group seeks to continuously improve the performance of its managers and ensure their professional development so that they can realize their potential.

At the same time, the Group constantly adapts its allocation of Human Resources to meet short-term business demands and prepares for the medium-term to ensure that the Group always has best-in-class in terms of managers and technical experts, driven by the pursuit of excellent customer service.

4.1.2.4.1. RECRUITING AND RETAINING TALENT

Faurecia has grown substantially in recent years, and now has headcounts of just over 109,000 people, more than 18,000 of whom were engineers and managers as of the end of 2017.

Over the last four years, the volume of external hires has stabilized, at slightly over 2,300 engineers and managers. In 2017, hires were mainly carried out in Asia (1,001), Europe (784), and North America (537); the countries that recruited the most in these regions were China (583), the United States (348), India (329) and Mexico (183). At the same time, the number of hires remained somewhat stable in France (354) and declined in Germany (120 compared to 142 in 2016).

43% of new employees were assigned to production, 35% to sales, R&D and program functions, and 22% to support functions.

In 2017, Faurecia continued to focus on recruiting recent graduates and early-career professionals in order to ensure that the Group recruits and retains the talent of the future. Programs and preferential partnerships with postsecondary institutions are in place in many countries where the Group operates so as to publicize internship and job opportunities among students.

To ensure the success of newly recruited employees, Faurecia offers all new hires a personal induction program enabling them to find out more about the Company, its values, strategy and organization, and to become acquainted with its culture and operating systems. Some countries have organized special events, such as orientation days, to expedite the integration of new hires.

Developing and promoting international exposure is essential for a Group that employs 66% of its engineers and managers outside Western Europe and carries out 78% of its recruitment outside this region. Within this framework, Faurecia can offer its people many international assignments as well as the opportunity to take part in international projects.

Lastly, a stable employee base is essential for safeguarding our investment in human capital. In 2017, the resignation rate of engineers and managers was stable: (-8.3% compared to -8.4% in 2016). This figure is improving in North America (10.9% vs. 11.8% in 2016) but increasing in Europe (6.9% vs. 5.6% in 2016), mainly in Central Europe (12.1% vs. 9% in 2016). In China, it was 8.4%, below the market average. The resignation rate for senior management positions was 4.5% in 2017.

4.1.2.4.2. THE EMPLOYEES OF TOMORROW

In 2017, the Group continued to implement two Faurecia Talent Initiatives in order to attract and retain the employees of tomorrow, two key factors in sustaining the Group's growth.

The aim of the first project was to improve gender diversity at the time of recruitment and for employee development in general.

An action plan was defined by working groups, covering both Group-wide Human Resources issues and the introduction of dedicated social networks, while respecting local cultural particularities. It covers six areas:

- improvement of working conditions, in particular through the deployment of telework and the implementation of concierge-type services, in order to promote a better balance between personal and professional life;

- cultivating women's careers: the People Review was adapted and now includes a section on female talent. At the same time, a process was launched to accompany the spouses of expatriate employees through external and individualized support to prepare the best departure, to facilitate cultural and professional adaptation, and to help find local employment;
- the talent acquisition strategy was also reviewed: country recruitment officers reviewed the list of target schools, giving preference to those with an even male-female ratio. The list of Ambassadors was completed to ensure that women are duly represented. The recruitment agencies were also made aware of the Group's ambition to welcome more female talent. Lastly, the internal training on recruitment now covers the issue of diversity awareness;
- training is a lever to speed up this cultural change: Faurecia University makes certain that diversity management is an integral part of the training delivered to managers, and it has handled the establishment of training programs targeting women in order to help them bolster their influence, impact and visibility;
- studies have been launched in key countries to ensure pay equity. The results of the two statistical studies carried out show no major differences;
- the women@faurecia network was created to support initiatives in favor of gender diversity. With the support of local representatives, the members of the network organize internal events and also participate in associations and activities.

Implemented in 2016, these actions are starting to bear fruit. The proportion of the number of women increased slightly and now represents 23.3% of managers and one Notes a positive trend as regards front-line positions at the sites (20.8% in 2017 vs. 19.7% in 2016), front-line positions in the Divisions (11.6% in 2017 vs. 9.2% in 2016) and senior management positions (10.6% of top management in 2017 vs. 9.7% in 2016).

The goal of the second project is to recruit more young graduates. Although 44.5% of new recruits to entry-level management positions were young graduates, which is in line with the sector average, this figure is not high enough to inject the required level of talent into the Group to guarantee its growth. Working groups were set up and tasked with identifying the action the Group could take globally and locally to help it find a way to quickly increase the recruitment rate of young graduates.

To help it reach its target to recruit more young graduates, including female graduates, the Group relies heavily on the VIE international corporate volunteer program. In 2017, the number of international corporate volunteer (Volontariat International en Entreprise, VIE) contracts continued to grow, with 294 signed, compared with 280 in 2016. It is noteworthy that almost 50% of the young engineers and managers who completed their VIE assignments in 2017 were recruited by Faurecia, mainly in France (43%), Germany (27%), and the rest of Europe (12%). Furthermore, nine VIEs were hired in Asia and seven in North America.

4.1.2.4.3. CONSOLIDATING THE GROUP'S PERFORMANCE CULTURE AND HAVING EXEMPLARY LEADERS

A fair, objective performance assessment is a cornerstone of employee development and a key Being Faurecia concept. In 2017, the Group launched the third campaign of its new performance appraisal system, STAR (Setting Targets, Achieving Results), a comprehensive approach combining three components:

- a management by objective component that aligns individual performance with business objectives;
- the evaluation of behavior enables the measurement of commitment to the Group's values. They consist of three managerial values (entrepreneurship, autonomy and accountability) and three individual values (respect, exemplarity and energy). A Management Code was developed to illustrate the behavior expected from managers in the main situations they might face. This Code is intended to be a practical guide for managers to develop exemplary behavior;
- lastly, the managerial skills assessment makes it possible to identify each individual's strengths as well as areas where there is room for improvement so as to construct practical and effective individual development plans. The Code, which describes the managerial skills that must be mastered at each level of the organization, is at the center of performance management and the identification of the potential and development of future leaders.

In 2017, managerial engagement and the quality of reviews remain objectives of the STAR campaign. In order to reinforce the message, the three priorities identified the previous year were retained: improve the quality of feedback, strengthen internal equity in terms of performance reviews and improve the robustness and follow-up of development actions.

In order to be more consistent with internal managerial practices, the scale of performance levels was trimmed from five to four levels in 2017. Identifying and giving recognition to the best-performing employees is especially encouraged.

4.1.2.4.4. DEVELOPING SKILLS AND OPTIMIZING CAREER MANAGEMENT

The Group's internal promotion policy revolves around offering career opportunities to employees who succeed and demonstrate their potential.

Despite a high recruitment rate, the rate of vacancies filled internally amounted to 50.6% overall in 2017, down on the 2016 figure (58%). The percentage is closer to 74% for Senior Management positions. The results for managerial posts were achieved through the implementation of robust succession planning and individual development plans, based on individual reviews made at least once a year at all levels of the Company (sites, divisions, Business Groups, Group) and on a rigorous use of Faurecia's managerial skills model.

In 2017, 15.6% of engineers and managers benefited from internal mobility.

In line with the Group's expertise management policy, Faurecia particularly rewards performance in technical and technological areas. The Group offers its experts a specific career program, which has the added advantage of allowing it to enhance business-specific skills within each product line. In 2017, Faurecia had 322 experts, including 45 senior experts and 4 master experts. 39 new appointments, consisting of 34 experts and 5 senior experts, were in the process of being approved as of the end of 2017. The skills portfolios for the target areas of expertise were reviewed in 2017 in order to incorporate the skills in HMI (Human Machine Interface), ergonomics and on-board comfort, the Cockpit of the Future and more.

4.1.2.4.5. FOSTERING TALENT, AN AMBITIOUS OBJECTIVE

To prepare the managers of tomorrow, talent identification should start as early as possible. The applicants are offered diverse career paths to realize their potential. These paths include inter-functions/inter-divisions mobility, project work or short-term assignments. The plan aims to help employees step out of their comfort zone and provide them with general management skills.

External assessments are offered to current and future leaders. The aim is to help all individuals better understand their development potential so they can make the best career choices. Individual development plans are defined as part of this process. In all, 61 assessments were carried out in 2017 (total since the beginning: 256).

Alongside these internal activities, a reinforcement plan was rolled out in France, Germany, the United States and China to recruit high-potential applicants for whom an accelerated career path is defined and implemented. At the end of 2017, 22 people were participating in this program.

The Group also places great importance on the international dimension of its Senior Management team, while taking steps to attract, develop and retain local talent across the globe. In keeping with this strategy, 55% of the Group's senior managers are non-French nationals (compared to 57% in 2016), and 53% of engineers and managers identified as having Senior Management potential are from countries outside Western Europe (compared to 43% in 2016).

The Executive Committee strengthened its involvement in managing talent. It now assesses the Group's high-potential staff twice a year, with a particular focus on potential executives. In addition to the People Reviews normally organized at the Business Group, Division and functional levels, Key Reservoir Reviews were carried out in North America, Asia and South America in order to develop internal mobility and to optimize local talent management. Since 2016, a new process called "Cross BG Point HR" was also set up at Group level in order to develop the mobility of Senior Managers between Business Groups.

Following audits carried out in 2017 by the Top Employer Institute, Faurecia is among the 31 companies which were awarded the "Top Employer Europe" label for 2018. This global recognition can be added to the Top Employer certification received by key countries of the Group in Europe: France, Germany, Spain, Czech Republic, Poland; in Asia: China, India and on the American continent, in the United-States.

The Top Employer label rewards companies for the excellence of their practices in terms of management of human capital especially in the field of attraction and development of talents, compensation and social advantages, training and development of competences.

4.1.3. Strengthening economic and social dialog

4.1.3.1. An environment of contrasting business activity by region

In 2017, Faurecia's overall level of business continued to increase due to sustained growth in Europe and Asia and gradual resumption of business in South America.

This trend was reflected by continued growth in the workforce which rose from 79,818 at the end of 2016 to 86,319 at the end of 2017 (up 8.1%).

Industrial redeployment initiatives affected 17 sites in 2017, impacting 1,205 jobs in 10 countries, mostly in Europe, Asia and North America.

Against this backdrop, thanks to the commercial success of a number of vehicles and to sales that far surpassed the growth of automotive production, the number of registered employees in Europe increased by 4.4% despite restructuring undertaken in some Western European countries.

Despite a sharp drop in automotive production in North America, Faurecia's strong resistance in the region helped the number of registered employees to rise by 4.1%.

In South America, the number of registered employees surged by 33.5% due to high order intake and the contribution of the business of the FCA-Pernambuco joint venture.

Finally, thanks to significant gains in market share, particularly among Chinese automakers, Faurecia continued to grow in Asia, where the number of registered employees jumped by 23.9%, thus consolidating all the growth potential on this market and the positive commercial dynamic achieved with local automakers and foreign automakers operating in the region.

4.1.3.2. Greater social dialog and consultation with employee representatives

Pursuant to the component on the development of economic and social dialog of the Code of Ethics in force since 2007, complemented in 2014 by the Being Faurecia program, the Group's various entities continued an active policy of dialog and negotiation with employee representatives.

In 2017, this policy resulted in the establishment of 308 site or company agreements in 22 countries, including 137 in France, 72 in Germany, 27 in Brazil, 12 in Mexico, 11 in Argentina, 6 in Italy and 5 in the Czech Republic, United States, and Uruguay.

26% of these agreements related to working conditions and working hours, 24% to statutory profit-sharing and incentive plans and 20% to wages and benefits.

More specifically, in terms of targeting increased competitiveness and/or performance, negotiations were successfully concluded in 2017 at a number of sites where this was a key issue to keeping the business going or to winning new programs, thereby avoiding any new plans for industrial redeployment. As a result, two new competition agreements covering a Spanish site and a French site were finalized within the Group's various businesses. With these new agreements and those entered into in previous fiscal years, this brings to almost 46 the total number of sites covered by competition agreements since 2012.

In addition, in all the countries in which it operates, the Group is keen to implement existing plans so as to reduce the impact on jobs arising from a slowdown in business. For example, these measures represented the equivalent of 608,207 hours in 2017, down by more than 36% compared to fiscal year 2016. At the same time, in the event of any industrial redeployments, the Group prefers to make use of internal mobility, both on a geographical and cross-divisional level, as well as voluntary redundancy plans. In the event that a site closure is required, the Group endeavors, where this is possible, to put in place re-industrialization projects by providing financial and/or operational assistance to industrial players that are likely to propose redeployment solutions to its employees. In cases where compulsory redundancies cannot be avoided, providing support for those employees seeking redeployment is a priority.

Created in 2003, the European Works Council is a key body in the Group's economic and social dialog, the preferred forum for exchanges with employee representatives on the Group's strategy, results and outlook.

The functioning of this body is governed for four years by the agreement signed unanimously on January 11, 2016. There are 25 seats, giving representation to each of the 15 European countries where Faurecia operates.

As a result of the appointment process for members of the European Works Council under this new authorization, more than 30% new members were appointed. A three-and-a-half-day-long training was then held in Barcelona, Spain, in March 2017 in order to give these members the resources to best perform their duties.

To meet the needs of the members of this body, this training focused on closely analyzing the content and potential offered by the new agreement, and on the fundamental economic concepts and their application within the Group and its industry.

In light of the current transformation of the automotive sector and visible fundamental trends, there was also a module on the issues and impacts of the "Mobility" revolution.

The European Works Council met in plenary session on May 10 and 11, 2017. The Council Board, comprising representatives of the six biggest countries in terms of workforce (i.e., France, Poland, Germany, Czech Republic, Spain and Portugal), met three times during the year.

Pursuant to the terms of the agreement, the last Board meeting of the year was held at a site on November 28, 2017. On that occasion, the Board members visited the Faurecia Interiors plant and Dacia assembly site located in Pitesti, Romania.

Finally, in accordance with the new regulations ensuing from the French law of August 17, 2015, on employment and social dialog, the Group appointed two Board members representing employees to sit on Faurecia's Board of Directors beginning on November 1, 2017.

Pursuant to the provisions of the bylaws, 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 Labor Code in France; the other is appointed through an anonymous vote by the Faurecia European Works Council (FEWC).

In order to effectively prepare for discharging their duties, in late 2017 the two Board members representing employees completed a specialized set of training sessions organized with Sciences Po.

4.1.3.3. Respect of fundamental rights

Faurecia adhered to the UN Global Compact in 2004. By doing so, the Group committed to abiding by and promoting, in its business practices, a set of values and principles drawn from international texts and conventions relating to human rights, labor standards and the environment. Changes within the Group, the new requirements of customers and new guidelines bearing on corporate social responsibility and sustainable development prompted Faurecia in 2007 to prepare a new version of its Code of Ethics mirroring the International Labour Organization's (ILO) Core Conventions. This Code of Ethics was updated in 2014 as part of the roll out of the Being Faurecia program, intended to strengthen the Group's culture and contribute to the creation of long-term value. The Management Code, which was established at that time to guide the day-to-day management of teams, customers and also suppliers, translated many of the principles set out in the Code of Ethics into operations. Faurecia developed an e-learning tool on

Compliance that lets managers and professionals test their knowledge on the Group's Code of Ethics and Management Code. After its 2016 launch in North America and China, in 2017 this MOOC was rolled out in Europe and in the rest of the regions where the Group operates.

4.1.3.3.1. PROHIBITION OF CHILD LABOR

Faurecia complies with national laws and regulations relating to child labor. It will not employ children under the age of 16, under any circumstances, and complies with the provisions of the ILO regarding the health, safety and morality of young people aged between 15 and 18. The Group ensures that its suppliers and partners adhere to the same principles.

4.1.3.3.2. ELIMINATION OF ALL FORMS OF FORCED LABOR

Faurecia is committed to the free choice of employment and the elimination of all forms of forced and compulsory labor. It ensures that its suppliers and/or partners adhere to the same principles.

4.1.3.3.3. FREEDOM OF ASSOCIATION AND RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

Faurecia recognizes the existence of trade unions worldwide and the right of workers to form the union organization of their choice and/or to organize workers' representation in accordance with the laws and regulations in force. The Group undertakes to protect union members and leaders and not to make any discrimination based on the offices held.

The Group is also committed to promoting a policy of dialog and negotiation. Given its decentralized legal and managerial structure, this policy is implemented through collective bargaining agreements signed with the sites, on the one hand, and companies, on the other.

4.1.3.3.4. ELIMINATION OF DISCRIMINATION IN EMPLOYMENT AND OCCUPATION

The Group is committed not to discriminate against anyone, notably on the basis of age, sex, skin color, nationality, religion, health status or disability, sexual orientation, political, philosophical or union-related opinion in its recruitment and career development initiatives. Every employee has the right to work in a healthy environment, free from any form of hostility or harassment qualified as unlawful under the regulations and practices in force in the countries where the Faurecia group operates.

In particular, Faurecia forbids any unlawful conduct construed as sexual or moral harassment, including in the absence of any hierarchical or subordination relationship.

4.1.3.4. Changes in compensation and benefits

The total amount of compensation paid, including social contributions, increased by 6.02% across the Group as a whole: €3,243.4 million in 2017, compared with €3,059.1 million in 2016. Meanwhile, the number of employees at the end of the year increased by 8.1% (+8.9% for engineers and managers).

The Group adheres to current minimum wage legislation in each country. Wage negotiations are held in the majority of countries. In 2017, 62 agreements were concluded on wage/bonus/compensation packages and 77 on profit-sharing/incentives.

A system of variable compensation, based essentially on business units performance, applies in a uniform manner in all countries in which Faurecia operates. At end-2017, around 4,000 managers (after the disposal of the Exteriors business), out of a total of more than 18,000 managers on open-ended contracts, were eligible for such variable compensation.

4.1.4. Company savings, incentive and profit-sharing bonuses in the development of the Group

4.1.4.1. Employee savings plans in France

In France, the Group has over the past few years implemented several mechanisms to allow employees to accumulate savings.

Since 2004, employees have had access to a Group employee savings plan (PEG) open to amounts distributed under profit-sharing and incentive plans, as well as voluntary contributions.

Thirteen funds are available, including Faurecia Actionnariat, a mutual fund investing exclusively in Faurecia stock. At end-2017, total funds managed in the employee savings plan (PEG) stood at €53.5 million, of which 35% were invested in Faurecia Actionnariat (2,846 employees).

Employees also have access to the Group retirement savings plan (PERCO), set up in late 2012. Like the employee savings plan, payments into the Group pension savings plan can be made from discretionary and non-discretionary profit-sharing plans as well as voluntary employee contributions. At end-2017, total funds managed in the retirement savings plan (PERCO) stood at €3.7 million.

A defined-contribution pension scheme was also introduced in 2006 for group executives and was opened up to voluntary contributions from employees in 2013. The various retirement savings plans have more than €95.8 million under management.

4.1.4.2. Incentive plans in France

The incentive agreements entered into by the Group's various French companies mostly establish how voluntary incentive payouts are calculated based on two sets of indicators:

- financial indicators at Company level. This part accounts for about 40% of the overall payout and is calculated annually;
- operational performance indicators calculated at site level and selected from among Faurecia Excellence System indicators. This part accounts for about 60% of the overall payout and is calculated half-yearly.

Under these agreements, the payout is capped at 5 to 6% of payroll – although in exceptional cases it may be raised to 6.7 to 8% if objectives are exceeded – and is allocated partly in proportion to salary and partly applied on a uniform basis depending on hours worked.

In 2017, €18.5 million was paid out to employees under the incentive plan (€17.6 million in 2016), of which €7.2 million were invested in Group employee savings plans in France (PEG or PERCO).

4.1.4.3. Profit-Sharing in France

The mandatory profit-sharing agreements of the various group companies stipulate, for the most part, that employee profit-sharing calculated in accordance with the legal formula must be allocated among employees prorated on the basis of their compensation for the year in question, subject to compliance with regulatory limits.

The amounts allocated to the profit-sharing reserve may be held in a no-access account or invested in the corporate mutual funds set up in connection with the Group employee savings plan (PEG) or retirement savings plan (PERCO).

In 2017, €7.6 million was paid out to employees under the profit-sharing plan (€8.5 million in 2016), of which €2.6 million were invested in Group employee savings plans in France (PEG or PERCO).

4.1.4.4. Stock subscription options and performance share plans

Faurecia has set up performance share plans for its Senior Management, with a view to promoting motivation and fostering loyalty. It follows a procedure established by the Board of Directors at its meeting of December 17, 2009.

The Combined General meeting of May 27, 2016 authorized the Board of Directors to grant a maximum of 2,000,000 performance shares.

Based on this authorization, on July 20, 2017, the Board of Directors allocated a maximum of 816,300 performance shares to 336 beneficiaries, including 36 high-potential managers. The latter include an internal requirement relating to the Group's net income (after tax) in 2019 and an external requirement comparing net earnings per Faurecia share between 2016 and 2019 with reference to a group of 12 comparable international automotive suppliers. It should be noted that the last six plans were allocated in the same period of the year.

As at December 31, 2017, there were 2,637,293 performance shares that could be allocated through July 2021 subject to the fulfillment of the corresponding performance conditions.

4.1.5. Administrative efficiency of Human Resources

The rationalization of the Human Resources IT system begun in 2007 reached another milestone in 2017. GlobalView, the SAP-based payroll and employee management platform, was rolled out in Romania (3,250 people), Poland (7,230 people) and India (2,560 people) during the first half of the year. At the end of 2017, almost 80,000 employees (in 19 countries) were being paid by GlobalView, 93% of the Group's registered employees.

Dual initiatives have also helped to improve payroll processes: complete outsourcing in the new countries covered by GlobalView and the continued deployment of shared service centers. At the end of the planned deployment, 75% of employees will be paid through a Faurecia shared service center and 25% through an external platform directly managed by the GlobalView provider. This process was backed by the deployment of a Group Manage Payroll Procedure (MPP) in 2015, which was deployed in all group countries in 2016, in order to handle the internal control and audit of the pay processes by country.

At the same time as rolling out the payroll system, automatic interfaces continued to be set up with the Group's Human Resources reporting, engineers and managers database and accounting system to improve administrative efficacy and make data more reliable. 80% of the GlobalView perimeter is now interfaced with these different systems.

The optimization of administrative procedures also took another step forward as a result of the implementation of a talent management tool and a tool for managerial assessment of individual performance. The corresponding individual development plan was put in place to complete the module, the use of which became widespread in 2017. Human Resources is thus equipped with a modern tool for managing its employees' individual development online. Transparency with regard to employees and their managers is a key factor when it comes to improving managerial processes and information system quality.

Lastly, to streamline its Human Resources Information System (HRIS), and in the continuation of its digital transformation, the Group confirmed the deployment of a project team dedicated to setting up a complete Human Resources suite called "SAP Success Factor", integrated with the payroll platform. This project will result in the establishment of a new global Human Resources management platform, called "PASS", covering all the functional needs of the Human Resources function within the Group by the end of 2018. Every Human Resources employee, manager and partner will thereby have access to a single digital HR management tool across the Group.

Concurrent with the implementation of these technical changes, the content of the monthly HR reporting was simplified in 2017. Thanks to the efficient, fast communication methods that are already in place and the frequency of direct dialog at every level of the organization, the Group was able to eliminate the monthly descriptive "HR report." More broadly, the Group is striving for standardization, automation and simplification in its HR reporting. To this end, five quantitative and monthly indicators will be eliminated in 2018.

4.1.6. Other employee-related data

Total headcount 2017 vs. 2016

	2017				2016				2017 vs. 2016			
	Registered employees	Temporary employees	Total headcount	Of which % open-ended contracts (CDI)	Registered employees	Temporary employees	Total headcount	Of which % open-ended contracts (CDI)	Registered employees	Temporary employees	Total headcount	Of which open-ended contracts (CDI) *(in points)*
Europe	43,302	11,027	54,329	73.4%	41,943	8,785	50,728	76.7%	3.2%	25.5%	7.1%	(3.3)
North America	19,590	1,100	20,690	85.2%	18,817	1,269	20,086	84.4%	4.1%	-13.3%	3.0%	0.8
South America	5,647	248	5,895	88.6%	4,231	194	4,425	88.2%	33.5%	27.8%	33.2%	0.4
Asia	12,221	8,495(*)	20,716	54.8%	9,866	6,649(*)	16,515	57.5%	23.9%	27.8%	25.4%	(2.7)
Others	5,559	2,086	7,645	57.6%	4,961	1,893	6,854	62.1%	12.1%	10.2%	11.5%	(4.5)
TOTAL	**86,319**	**22,956**	**109,275**	**71.8%**	**79,818**	**18,790**	**98,608**	**74.5%**	**8.1%**	**22.2%**	**10.8%**	**(2.7)**

* *For FCM China division, the recorded value is a position at the end of December 2017 and not a recording in full time equivalent as for the other group companies.*

The Group's total headcount grew by more than 10,600 people in 2017, up to almost +11% due to a constant activity, many program launches, the continuation of reinforcement of competences and the integration of new activities in China and South America.

The proportion of staff employed on open-ended contracts decreased from 74.5% to 71.8%.

Over the period, the proportion of staff on fixed-term contracts rose from 6.4% to 7.2%, and the proportion of temporary staff rose from 19.0% to 21.0% under the effect of sustained business in Europe and Asia.

In 2017, the number of employees grew mainly in Asia (+4,201 people), in Europe (+3,601 people) and in South America (+1,470 people).

The Group's registered employees increased by 6,501 people in 2017 (+8.1%).

This increase was especially noticeable in Asia (+23.9%, or +2,355 people), due mainly to the integration of two new legal entities in China; in South America (+33.5%, or +1,416 people), particularly in Brazil with the consolidation of the joint venture signed with Magneti Marelli; and in Europe (+3.2%, or +1,359 people) due to the growth in business in these regions.

Almost 5,000 new hires under open-ended contracts were made in 2017.

The number of temporary employees rose by more than 4,100 people, including almost 4,000 operators in 2017, up to more than +22.0% due to the activity level in particular in Europe and Asia.

As of the end of December 2017, the percentage of temporary employees was 21.0%, 2 points higher than in 2016.

In Europe, the rate rose from 17.3% to 20.3%. It reached 19.0% at the end of 2017 in Western Europe, compared to 22.2% in Central Europe.

Growth in the use of temporary labor was most marked in Poland, France and Slovakia.

This percentage remained high in Asia (more than 40%), as the percentage of temporary labor is structurally high in China.

Number of registered employees 2017 vs. 2016

	2017				2016				
	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total	Change 2017 vs. 2016
Europe	28,299	6,431	8,572	43,302	27,502	6,335	8,106	41,943	3.2%
North America	14,422	1,286	3,882	19,590	13,711	1,282	3,824	18,817	4.1%
South America	4,004	1,145	498	5,647	2,859	925	447	4,231	33.5%
Asia	6,110	1,013	5,098	12,221	4,685	961	4,220	9,866	23.9%
Others	4,259	601	699	5,559	3,769	579	613	4,961	12.1%
TOTAL	**57,094**	**10,476**	**18,749**	**86,319**	**52,526**	**10,082**	**17,210**	**79,818**	**8.1%**

The number of registered employees rose by 8.1% in 2017: 8.9% for managers and professionals, 3.9% for technicians, foremen and administrative staff, and 8.7% for operators and workers.

In Europe, the number of registered employees rose by 3.2% including 5.7% for managers and professionals, 2.9% for operators and workers, and 1.5% for technicians, foremen and administrative staff.

In Western Europe, the number of registered employees rose by 0.3%, including in Portugal (+317 people) and Italy (+95 people).

In Central Europe, the number of registered employees jumped by 8.1%, mainly in Slovakia (+454 people), Poland (+431 people) and Romania (+326 people).

In North America, the number of registered employees rose by 4.1%, or 773 people. The number of operators and workers increased by 5.2%, whereas the number of technicians, foremen and administrative staff increased by 0.3% and that of managers and professionals increased by 1.5%.

In South America, as business activity came back in force, the number of registered employees soared by 33.5%, mainly in Brazil (+1,371 people), due primarily to the integration of the joint venture signed with Magneti Marelli. This increase was 40% for operators and workers, 23.8% for technicians, foremen and administrative staff, and 11.4% for managers and professionals.

In Asia, the number of registered employees climbed by 23.9%, mainly in China (+1,654 people), integrating the consolidation of two new joint ventures, and in India (+754 people). Numbers were up 30.4% for operators and workers and up 26.2% for technicians and managers.

The other countries recorded a rise in their registered employees of 12.1%, mainly in Morocco (+427 people) and Russia (+105 people).

Registered employees by type of contract 2017 vs 2016

	2017			2016			2017 vs. 2016		
	Open-ended contracts (CDI)	Fixed-term contracts (CDD)	Total	Open-ended contracts (CDI)	Fixed-term contracts (CDD)	Total	Open-ended contracts (CDI)	Fixed-term contracts (CDD)	Total
Europe	39,884	3,418	43,302	38,896	3,047	41,943	2.5%	12.2%	3.2%
North America	17,620	1,970	19,590	16,960	1,857	18,817	3.9%	6.1%	4.1%
South America	5,224	423	5,647	3,901	330	4,231	33.9%	28.2%	33.5%
Asia	11,346	875	12,221	9,488	378	9,866	19.6%	131.5%	23.9%
Others	4,440	1,159	5,559	4,258	703	4,961	3.3%	64.9%	12.1%
TOTAL	**78,474**	**7,845**	**86,319**	**73,503**	**6,315**	**79,818**	**6.8%**	**24.2%**	**8.1%**

Open-ended contracts rose by 6.8% (+4,971 people). Over the same period, the number of employees on fixed-term contracts rose by 1,530 people, or 24.2%.

Open-ended contracts accounted for 90.9% of the registered employees as opposed to 92.1% in 2016.

The number of open-ended contracts rose by 1,858 in Asia (+19.6%, mainly in China) and by 1,323 in South America (+33.9%, mainly in Brazil). This was accompanied by business growth and the increase in acquisitions in these two regions.

This figure also increased by 988 people in Europe, primarily in Poland, Slovakia and Romania.

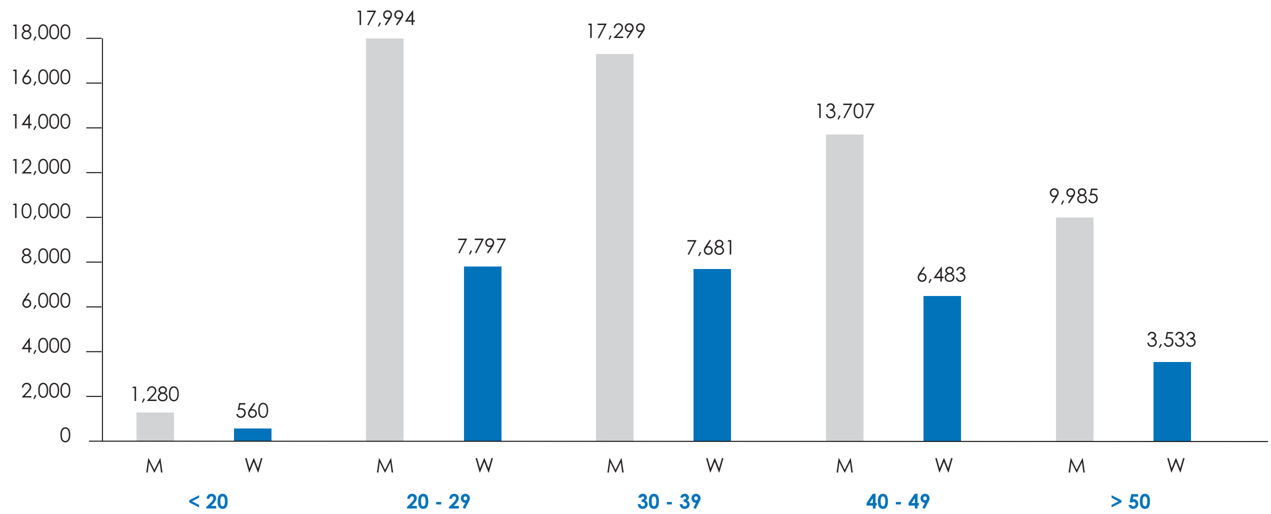
The changes in North America showed contrasting trends. The number of open-ended contracts fell in the United States (-263 people) but rose in Mexico (+927 people).

The number of fixed-term contracts was up 24.2% from 2016.

They accounted for 9.1% of employees at the end of 2017, compared with 7.9% at the end of 2016.

2017 age pyramid by gender

	< 20		20-29		30-39		40-49		> 50		Total	
Registered employees	**M**	**W**	**M**	**W**	**M**	**W**	**M**	**W**	**M**	**W**	**M**	**W**
Operators & workers	1,140	453	12,438	5,312	10,378	5,229	8,395	4,882	6,127	2,740	38,478	18,616
Technicians, foremen & administrative staff	140	107	2,135	1,128	2,032	752	1,725	595	1,470	392	7,502	2,974
Managers & professionals	0	0	3,421	1,357	4,889	1,700	3,587	1,006	2,388	401	14,285	4,464
TOTAL	**1,280**	**560**	**17,994**	**7,797**	**17,299**	**7,681**	**13,707**	**6,483**	**9,985**	**3,533**	**60,265**	**26,054**



Women accounted for 30.2% of the Group's registered employees, an increase of 0.6 points compared with 2016.

They accounted for 32.6% of operators and workers, 28.4% of technicians, foremen and administrative staff, and 23.8% of managers and professionals at the Group level.

Faurecia is a relatively young group with 60.9% of employees under the age of 40 and 32.0% under 30.

13,518 registered employees were over 50 (15.7%), down 0.1 points from 2016.

For all age brackets, the breakdown by staff category remained stable, with operators and workers accounting for 66% of registered employees, technicians, foremen and administrative staff representing 12%, and managers and professionals accounting for 22%.

External hires 2017 vs 2016

	2017			2016			2017 vs. 2016		
Registered employees	**Hires on open-ended contracts (CDI)**	**Hires on fixed-term contracts (CDD)**	**Total**	**Hires on open-ended contracts (CDI)**	**Hires on fixed-term contracts (CDD)**	**Total**	**Hires on open-ended contracts (CDI)**	**Hires on fixed-term contracts (CDD)**	**Total**
Europe	4,550	3,585	8,135	3,232	4,021	7,253	40.8%	-10.8%	12.2%
North America	2,131	7,262	9,393	2,495	5,558	8,053	-14.6%	30.7%	16.6%
South America	1,168	374	1,542	657	263	920	77.8%	42.2%	67.6%
Asia	2,677	1,199	3,876	1,781	535	2,316	50.3%	124.1%	67.4%
Others	479	798	1,277	423	529	952	13.2%	50.9%	34.1%
TOTAL	**11,005**	**13,218**	**24,223**	**8,588**	**10,906**	**19,494**	**28.1%**	**21.2%**	**24.3%**

This table shows year-on-year changes in hiring, excluding the impact of transfers from fixed-term to open-ended contracts.

In total, the number of hires increased by 24.3% from 2016, or +28.1% for open-ended contracts and +21.2% for fixed-term contracts.

In Europe, hires on open-ended contracts soared by 40.8% compared to 2016, mainly in Poland (1,068 hires), Romania (1,016 hires) and the Czech Republic (860 hires). In Western Europe 139 more people were hired than in 2016.

Hires on fixed-term contracts fell by 10.8% over the period.

In North America, 2,131 hires were made on open-ended contracts, compared with 2,295 in 2016 (-14.6%). Hires on fixed-term contracts increased from 5,558 in 2016 to 7,262 in 2017, mainly in Mexico, in order to rapidly respond to fluctuations in business activity.

In South America, the volume of new hires grew compared to 2016 (+67.6% across all types of contracts). This change should be considered against the background of the substantial slowdown in hires in 2015 and 2016 due to the economic downturn in this region.

In Asia, the number of hires on open-ended contracts jumped by 50.3%, especially in China, where there were more than 2,000 hires.

In other countries, hires on open-ended contracts rose from 2016. Most of these hires took place in Russia.

External hires 2017 vs 2016

	2017				2016			
Registered employees	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total
Europe	6,092	1,125	918	8,135	5,600	1,007	646	7,253
North America	8,330	362	701	9,393	7,059	326	668	8,053
South America	1,038	464	40	1,542	550	349	21	920
Asia	2,500	368	1,008	3,876	1,370	211	735	2,316
Others	970	150	157	1,277	654	152	146	952
TOTAL	**18,930**	**2,469**	**2,824**	**24,223**	**15,233**	**2,045**	**2,216**	**19,494**

The increase of 24.3% in external hires in 2017 encompasses a 24.3% increase for operators and workers, a 20.7% increase for technicians, foremen and administrative staff, and a 27.4% increase for managers and professionals across all types of contracts. This increase is due to the constant activity, many program launches, the continuation of reinforcement of competences and the integration of new activities in China.

Operators and workers represented 78.1% of hires in 2017, compared with 10.2% for technicians, foremen and administrative staff, and 11.7% for managers and professionals, compared with 78.1%, 10.5% and 11.4% in 2016. There were 2,824 managers and professionals hired, 2,384 of them on open-ended contracts.

In Europe, hires of operators and workers rose by 8.8%, mainly in Poland, Slovakia and France. Hires of technicians, foremen and administrative staff rose by 11.7%, and hires of managers and professionals rose by 42.0% (mainly in Poland, the Czech Republic and France).

In North America, hires of operators and workers increased by 18%. The number of hires of structural and managerial staff was up by 6.9%.

In South America, after the substantial slowdown in 2015 and 2016, hires of operators and workers increased by 488, mainly in Brazil.

In Asia, following the downturn in economic activity in 2015 and 2016, the number of hires by staff category rebounded, rising by 82.5% for operators and workers, 74.4% for technicians, foremen and administrative staff, and 37.1% for managers and professionals. This progression applied mainly to China and India.

In other countries, hires of operators and workers increased by 48.3%, primarily in Morocco.

Transfers from fixed-term to open-ended contracts 2017 VS 2016

	2017				2016			
Registered employees	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total
Europe	995	217	144	1,356	1,899	258	126	2,283
North America	2,975	100	230	3,305	2,481	74	187	2,742
South America	1	16	0	17	0	1	0	1
Asia	72	7	0	79	130	9	0	139
Others	93	18	7	118	229	17	1	247
TOTAL	**4,136**	**358**	**381**	**4,875**	**4,739**	**359**	**314**	**5,412**

The number of transfers from fixed-term contracts to open-ended contracts fell by almost 10% in 2017. These transfers almost exclusively involved operators and workers.

Departures by reason 2017 vs 2016

Registered employees	2017 Resignations (open-ended contracts)	2017 Individual layoffs	2017 Group layoffs	2017 Others	2017 Total	2016 Resignations (open-ended contracts)	2016 Individual layoffs	2016 Group layoffs	2016 Others	2016 Total
Europe	2,894	1,715	240	1,969	6,818	2,267	1,462	461	2,166	6,356
North America	2,145	3,850	6	2,546	8,547	1,818	3,482	107	1,638	7,045
South America	134	658	21	270	1,083	94	524	75	218	911
Asia	1,422	979	47	579	3,027	1,236	513	13	270	2,032
Others	252	153	30	226	661	335	229	35	230	829
TOTAL	**6,847**	**7,355**	**344**	**5,590***	**20,136**	**5,750**	**6,210**	**691**	**4,522**	**17,173**

* *Of which 1,771 end of fixed-term contracts, 3,345 resignations on fixed-term contracts, and 474 retirements or deaths.*

The number of employees who left the Group totaled 20,136 in 2017, compared with 17,173 in 2016, an increase of 17.3%.

The number of **resignations** has increased by 19.1% to reach 6,847. They represent 34.0% of the departures in 2017 vs 33.5% in 2016. Of these, 69.2% were operators and workers (mainly in central Europe and in Mexico), 8.8% were technician, foremen and administrative staff and 22.0% managers and professionals.

The percentage of resignations of managers and professionals is slightly decreasing. It amounts to 8.3% in 2017 vs 8.4% in 2016. The percentage of resignations of technician, foremen and administrative staff increased from 6.7% in 2016 to 7.1% in 2017. Eventually, the percentage of resignation of operators and workers rose, during the same period, from 8.2% to 9.6% which is the main explanation of the global increase of the number of resignations. The most sensible increase of resignations of operators and workers is in Central Europe (Poland, Romania) and in Mexico, in a very stressed working environment.

The number of **lay-offs** increased from 11.6% to reach 7,699. The relative part of individual and collective layoffs decreased, from 40% to 38% of the total of recorded departures, mainly in the United States and in Mexico.

The number of departures for other causes increased by 23.6% to reach 5.590. The relative part of departures for other causes rose from 26.3% à 27.7%. Of these, 91.5% are due to termination of open-ended contracts or to resignations during the course of open-ended contracts essentially in Mexico.

Training hours 2017 vs 2016

	2017 Training hours	2017 Training hours per employee	2016 Training hours	2016 Training hours per employee
Europe	661,353	17	733,313	18
North America	541,354	29	457,052	25
South America	78,550	16	48,334	13
Asia	324,423	28	285,834	30
Others	115,693	22	65,596	13
TOTAL	**1,721,373**	**22**	**1,590,129**	**21**

The average number of training hours was 22 hours per employee Group-wide in 2017, up from 21 hours in 2016.

The total number training hours delivered in 2017 increased by 8.3% over the period, mainly in Mexico, Brazil and China.

Expatriates by destination 2017 vs 2016

	2017	2016
Europe	83	98
North America	68	67
South America	11	11
Asia	58	65
Others	20	26
TOTAL	**240**	**267**

Changes in the number of expatriates and the wide diversity of their nationalities supported the Group's international growth.

The number of expatriates decreased by almost 10% in 2017 due to the strengthening of the local management teams.

Employees with disabilities 2017 vs 2016

	2017	2016
Europe	852	916
North America	13	16
South America	97	29
Asia	13	12
Others	41	47
TOTAL	**1,016**	**1,020**

Faurecia employs more than 1,000 people with disabilities, mainly in Europe. This figure remained steady compared to 2016.

The criteria used to define employees with disabilities are those set down in the legislation of each country. In Europe – particularly France and Germany – such legislation tends to favor a more proactive approach than in other countries. In France and Germany, the proportion of employees with disabilities was unchanged at nearly 5% of registered employees.

2017 Work schedules

Registered employees	Two 8-hr shifts (1)	Three 8-hr shifts (2)	Weekend (3)	Others	Total
Europe	9,563	15,253	325	18,161	43,302
North America	4,780	8,193	188	6,429	19,590
South America	1,292	391	0	3,964	5,647
Asia	5,250	887	90	5,994	12,221
Others	2,315	1,857	22	1,365	5,559
TOTAL	**23,200**	**26,581**	**625**	**35,913**	**86,319**

(1) Two shifts.
(2) Three shifts.
(3) Reduced weekend hours.

Staff work schedules within the Group are aimed at meeting customer needs, based on production capacity at group sites. The work hours for items ((1), (2) and (3)), which apply mainly to group production plants, account for more than 58.0% of registered employees.

Part-time staff 2017 vs 2016

	2017	2016
Europe	690	758
North America	0	0
South America	0	0
Asia	0	0
Others	0	0
TOTAL	**690**	**758**

All of the Group's part-time employment contracts are in Europe, particularly France, Germany and Spain.

In 2017, they represented 2.1% of the registered employees in France compared to 2.0% in 2016, 3.3% in Germany compared to 3.1% in 2016 and 5.2% in Spain compared to 6.1% in 2016.

Overtime (in hours) 2017 vs 2016

	2017		2016	
	Overtime *(in hours)*	% hours worked	Overtime *(in hours)*	% hours worked
Europe	2,857,192	4.2%	2,409,711	3.6%
North America	4,125,524	10.4%	4,198,054	10.9%
South America	708,406	7.3%	486,828	6.5%
Asia	4,487,966	19.6%	3,405,636	18.3%
Others	867,476	8.1%	747,361	8.0%
TOTAL	**13,046,564**	**8.7%**	**11,247,590**	**8.0%**

Overtime hours are determined in accordance with the legislation of each country.

The volume of overtime hours in 2017 was up 0.7 points on 2016, representing 8.7% of the hours worked Group-wide in 2016.

The volume of overtime hours rose in Central Europe (Poland and Slovakia), China and Brazil.

Absenteeism 2017 vs 2016

	2017					
	Sick leave	Absence as a result of work-related accidents	Other absences	Total	Abs. rate 2017	Abs. rate 2016
Europe	2,210,103	52,995	164,070	2,427,168	3.6%	3.6%
North America	285,681	22,931	506,918	815,530	2.1%	2.0%
South America	163,548	21,110	20,191	204,849	2.1%	2.0%
Asia	56,193	6,683	107,411	170,287	0.7%	0.7%
Others	167,833	6,472	31,741	206,046	1.9%	2.2%
TOTAL	**2,883,358**	**110,191**	**830,331**	**3,823,880**	**2.5%**	**2.6%**

The absenteeism rate amounts to 2.5% in 2017 vs 2.6% in 2016.

Absenteeism reported was due to illness, workplace accidents and various unauthorized absences.

The number of hours of employee absence was up 5.6% in 2017 compared with 2016, to reach nearly 3.8 million hours in total.

The number of hours worked increased by 7.1% from 140.6 million to 150.6 million hours over the same period.

Sick leave accounted for more than 75% of absences recorded Group-wide. This percentage was over 91% in Europe.

Maternity/paternity/parental leave at December 31, 2017

	Maternity leave				Paternity leave				Parental leave				Total			
	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total
Europe	503	117	163	783	482	112	227	821	380	114	120	614	1,365	343	510	2,218
North America	234	10	43	287	253	14	54	321	34	1	4	39	521	25	101	647
South America	35	13	13	61	55	22	4	81	18	7	3	28	108	42	20	170
Asia	85	32	95	212	146	33	103	282	44	10	19	73	275	75	217	567
Others	143	28	21	192	13	1	2	16	0	9	5	14	156	38	28	222
TOTAL	**1,000**	**200**	**335**	**1,535**	**949**	**182**	**390**	**1,521**	**476**	**141**	**151**	**768**	**2,425**	**523**	**876**	**3,824**

The number of employees taking maternity leave grew by 0.9% in 2017, mainly in Europe and Asia. The numbers of employees taking paternity and parental leave increased by 5.4% and 1.7% (mainly in Europe).

Terms and durations of maternity/paternity and parental leave are governed by legislation in each individual country.

Occupational illnesses by type at December 31, 2017

	2017					
	Musculoskeletal disorders of the arms	Musculoskeletal back disorders	Exposure to asbestos	Deafness or hearing impairments	Others	Total
Europe	151	27	1	0	54	233
North America	48	17	0	0	5	70
South America	36	40	0	5	16	97
Asia	0	0	0	0	0	0
Others	0	0	0	0	13	13
TOTAL	**235**	**84**	**1**	**5**	**88**	**413**

0.5% of the Group's registered employees had an occupational illness in 2017, a ratio that remains stable compared with 2016.

Musculoskeletal disorders of the arms accounted for almost 57% of the occupational illnesses recorded within the Group.

The requirements for recognition of these different pathologies are governed by legislation in each individual country.

Almost 38% of these disorders were recorded in France.

Subcontracting 2017 vs 2016

	2017			2016		
	One-off subcontracting projects	Ongoing subcontracting	Total	One-off subcontracting projects	Ongoing subcontracting	Total
Europe	789	1,490	2,279	811	1,534	2,345
North America	177	681	858	142	631	773
South America	261	343	604	306	207	513
Asia	196	745	941	333	673	1,006
Others	60	199	259	60	185	245
TOTAL	**1,483**	**3,458**	**4,941**	**1,652**	**3,230**	**4,882**

The use of subcontractors increased by 1.2% in 2017.

This change stems mainly from heightened use of subcontractors in North and South America.

Social and cultural activities in 2017 (for registered employees)

(in € thousands)	Accommodation	Transportation	Catering	Medical care	Supplementary health and personal risk insurance	Subsidies	Total
Europe	3,533	14,379	10,981	5,205	21,002	5,508	60,608
North America	11,139	9,204	3,793	8,299	3,250	734	36,419
South America	402	4,464	3,715	5,890	1,853	292	16,616
Asia	13,366	10,251	11,059	30,183	10,942	860	76,663
Others	382	3,253	1,104	546	773	93	6,152
TOTAL	**28,822**	**41,552**	**30,653**	**50,123**	**37,820**	**7,487**	**196,457**

The total amount for 2017 was up 13% over 2016, factoring in the increase in registered employees.

4.2. Environment

As a major player in pollution control systems and sustainable mobility, Faurecia has long been committed to weighing environmental issues as it engages in activities spanning product design to product end-of-life, management of the environmental impact of its production plants, and collaboration with suppliers. Reducing environmental impact is central to the Group's product approach. It encompasses lowering vehicle emissions of greenhouse gases (GHG) thanks to weight and volume reduction and improvements to energy efficiency (for example, by using energy recovery techniques), such as controlling polluting gas emissions, and the expanded use of biobased natural materials.

4.2.1. Approach

4.2.1.1. Key dates in the Group's commitment to environmental performance

- 2000: 1st group site certified ISO 14001.
- 2004: accession to the UN Global Compact Through this signature, Faurecia committed to respecting and promoting, in its business practices, a set of values and principles derived from international texts or conventions relating to human rights, labor standards and the environment.
- 2005: creation of Faurecia's Code of Ethics, which outlines the principles of conduct that must be applied on a daily basis in both internal and external relations. It contains a paragraph devoted to respect for the environment.
- 2015: completion of the materiality assessment of environmental issues in order to identify Faurecia's material issues with regard to its stakeholders.
- 2016: formation of the Environment committee.
- 2016: strengthening of the materiality assessment by initiating dialog with the Group's external stakeholders.
- 2017: formalization of a Group environmental policy and launch of the "Green Attitude" campaign.
- 2017: formation of the Group Energy committee.
- On December 11, 2017, on the sidelines of the One Planet Summit, Faurecia exhibited its shared ambition to help fight global warming by joining the list of French companies signing the "French business Climate Pledge."

4.2.1.2. Materiality assessment and assessment of group environmental issues

The materiality assessment, which was strengthened in 2016 with the initiation of dialog with stakeholders, identified six relevant and significant environmental issues for the Faurecia group.

The most important issue that emerged from the dialog with stakeholders was the structured and targeted formalization of environmental governance. In devising a Group environmental policy, Faurecia took into account this prominent expectation. Key performance indicators were also identified in order to track each material issue. The table below summarizes the issues and indicators:

#	Environmental issue	Key performance indicators (real scope between 2015 and 2017)	2015	2016	2017
1	**Formalize a structured, targeted environmental governance**	■ Roll-out of the environmental policy in the Group tracked by the indicators described below			
2	**Improve energy efficiency**	■ Energy consumption (MWh)/€m of turnover	**134.8**	**118.1**	**112.5**
3	**Encourage the circular economy (responsible use of resources; waste management and recycling/recovery)**	■ Tons of plastic used/€m of Faurecia Interiors sales	**45.43**	**43.44**	**39.27**
		■ Tons of metal used/€m of Faurecia Seating & Faurecia Clean Mobility sales	**NA**	**107**	**102**
		■ Tons of waste/€m of sales	**15.12**	**13.81**	**13.23**
		■ Waste recycling rate (externally)	**56%**	**58%**	**61%**
4	**Reduce and control carbon emissions and their consequences**	■ Tons of CO_2 equivalent/€m of sales (scope 1 and 2)	**55.75**	**42.12**	**39.25**
5	**Manage sites' environmental impact (water, soil, air pollution, etc.)**	■ Part of ISO 14001-certified production plants	**75.7%**	**76.3%**	**78.1%**
6	**Factor in environmental criteria within the supply chain**	■ Total suppliers whose CSR performance was evaluated	**480**	**1,150**	**1,400**
Turnover from November 1st to October 31st for the reporting year (in millions of euros)			14,279	15,754	17,401

Faurecia's materiality assessment was done through interviews with its internal and external stakeholders, on the basis of the most important environmental issues, taking into account those identified by the SASB [1] for "automotive subcontractors."

In order to manage these indicators and track their performance, Faurecia has opted to update its materiality assessment every three years, unless its business or scope changes significantly. In 2017, the Group's list of material environmental issues did not change.

(1) Sustainability Accounting Standards Board.

4.2.1.3. Reporting process

ENVIRONMENTAL REPORTING FRAMEWORK

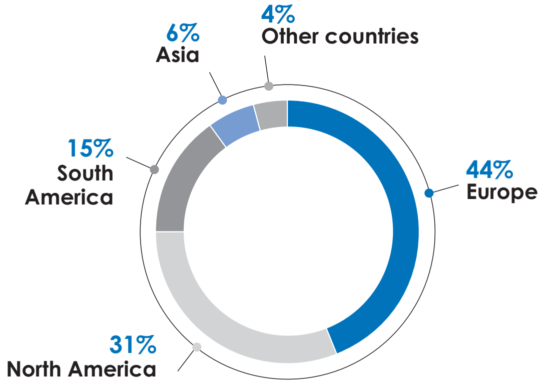
In accordance with French Law No. 2010-788 of July 12, 2010, known as Grenelle 2, and with French implementing measure No. 2016-1138 of August 19, 2016, Faurecia discloses information detailing the consideration of the environmental impacts of its sites and the way in which these sites incorporate this aspect into their operational and organizational procedures.

REPORTING SCOPE

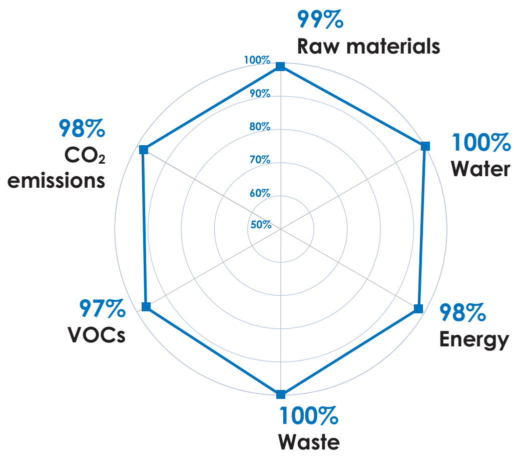
The scope of this reporting covers 160 production plants (technological plants), 59 assembly sites (called "Just in Time" sites) and 18 R&D sites, i.e., a total of 237 sites.

Compared to 2016, 18 new sites [(1)] were included in the reporting and 15 sites [(2)] were removed from the scope.

Distribution of Faurecia's production plants by continent (2017 scope)



Coverage rates [(3)] for environmental indicators from November 1, 2016, to October 31, 2017



(1) *This inclusion corresponds to site openings, the addition of employees at some sites or Faurecia's becoming the majority partner in some joint ventures.*

(2) *This corresponds to site closures, mergers at the same collection site or Faurecia's no longer being the majority partner in some joint ventures.*

(3) *The coverage rate corresponds to the number of sites that have provided numerical data compared to the number of sites affected by the subject.*

4.2.2. Environmental issues

4.2.2.1. Issue #1: Formalize a structured, targeted environmental governance

4.2.2.1.1. GROUP ENVIRONMENTAL POLICY AND GOVERNING BODIES

In 2017, Faurecia formalized an environmental policy under which the Group commits to reducing the environmental impact of its products and processes by developing new solutions that fit with a circular economy approach. This policy draws on the Company's Code of Ethics and its Being Faurecia culture of value creation. The launch of this policy coincided with the "Green Attitude" campaign, which is currently being rolled out at all of Faurecia's sites. This campaign aims to strengthen the environmental culture of the teams and educate them about behaviors in their daily work that can help improve the Group's environmental performance. This step corresponds to the launch of Faurecia's breakthrough environmental plan.

To implement and manage the environmental policy, the Group relies on an Environment committee that includes business experts and is led by the Group's QHSE department and comprised of the HSE departments of the Business Groups and the Purchasing, Strategy & Innovation, Risk Management, Loss Control and Communication departments. It meets monthly.

Since June 2017, an Energy committee has been meeting quarterly to share best practices in reducing energy consumption and encouraging cooperation among the Group's different entities.

4.2.2.1.2. TRAINING EMPLOYEES AND TEMPORARY WORKERS IN CONSIDERING ENVIRONMENTAL RISKS

Upon being on-boarded, new employees, both permanent and temporary, attend an education session on environmental impact management on the certified sites so they can immediately learn about the environmental best practices of the site where they work.

For the most part, environmental training is done internally. The sessions deal with environmental impact and risk management, waste classification and management, chemicals management, implementation of natural disaster emergency response plans and also the environmental monitoring of subcontractors' sites.

Training focusing on the environmental impact of the product is also planned for the employees of the Faurecia Clean Mobility Business Group.

The training provided by external organizations consists mainly in acquiring in-house expertise, such as mastering the ISO 14001 certification process.

In 2017, more than 37,918 training hours were dedicated to the environment (calculation at constant scope [1]: +13% from 2016).

Faurecia concurrently bolstered its educational actions on environmental protection by introducing in September 2017 a global communication campaign, "Green Attitude," which focuses on four topics: the protection of the soil and subsoil, energy management, the quality of discharge into the atmosphere, and waste management.

This campaign takes the form of posters that illustrate 10 good environmental behaviors people should adopt, and it is supplemented by an online training that raises awareness about these topics.

4.2.2.1.3. INVESTMENTS IN ENVIRONMENTAL PROTECTION

The main investments in environmental protection pertain to three environmental commitments: waste management, pollution control with the improvement of treatment systems for pollutants discharged into the atmosphere and water, and energy efficiency of the sites. In 2017, investments in environmental protection amounted to €5,971,459, of which €2,425,713 went to energy efficiency.

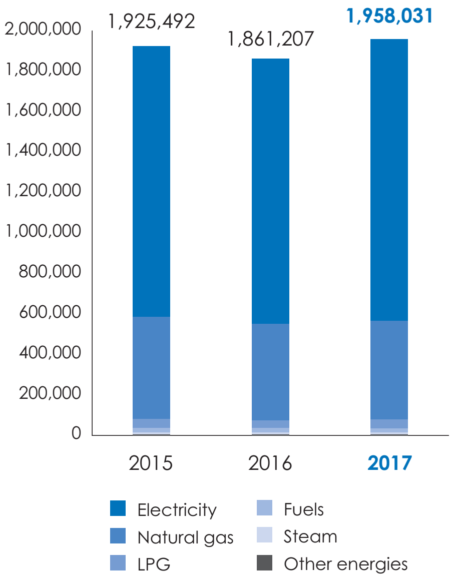
(1) The calculation at constant scope is used to compare changes between 2 years in %. Constant scope corresponds to sites present over both the current year and the previous year.

		Amounts of investments in environmental protection (real scope)		
		2015 *(€)*	**2016** *(€)*	**2017 (€)**
Amount for environmental protection, by BG (excluding investments in energy efficiency)	Seating	514,376	602,211	586,084
	Clean Mobility	1,230,075	1,148,548	1,199,470
	Interiors	1,446,411	685,153	1,760,193
TOTAL AMOUNT		**3,190,862**	**2,435,911**	**3,545,746**
Amounts earmarked for energy efficiency, by BG	Seating	-	1,047,697	780,585
	Clean Mobility	-	1,599,091	316,189
	Interiors	-	1,767,555	1,328,939
TOTAL AMOUNT		**-**	**4,414,343**	**2,425,713**
TOTAL AMOUNT OF INVESTMENTS		**3,190,862**	**6,850,254**	**5,971,459**

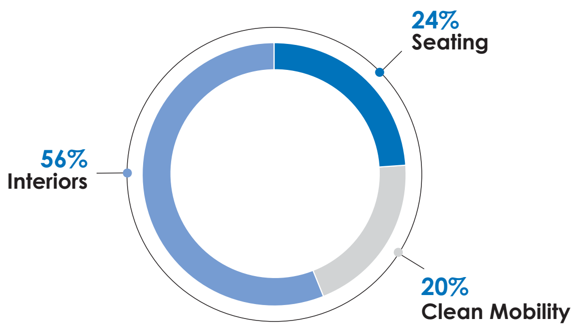
4.2.2.2. Issue #2: Improve energy efficiency

In 2017, energy consumption was 1,958,031 MWh (calculation at constant scope: +5% compared to 2016). Electricity accounts for 71% of the total energy consumed by the Faurecia sites. The Interiors Business Group consumes 56% of the Group's total energy.

Energy consumption, overall and by source, in MWh (98% of 2017 real scope)



Breakdown of total energy consumption by *Business Group* (98% of 2017 real scope)



ENCOURAGE ENERGY SAVINGS AT SITE LEVEL

11 energy audits were done in 2017 during the reporting period, supplementing the 54 audits done in 2016.

With a view to capitalizing on the results of these audits and mainstreaming best practices, the Group has, on the basis of the action plans issued to each site, drawn up a document listing all the recommendations relating to a site's energy management. Among the document's recommendations are installing a variable-frequency drive with an electric motor that can produce energy savings of 10% to 60%, and adjusting water temperature based on the outside temperature, an action that can also save energy (10% on average). The rational use of the energy resource can also involve the recovery of condensation heat from a boiler room or an air compressor, previously equipped with a heat transformer, to produce domestic hot water.

In 2017, 100 sites (of which 74 were production plants), or 42% of the sites included in the reporting scope, implemented initiatives to increase energy efficiency in their buildings and production tools. In total, more than €2.4 million were invested.

The actions most commonly mentioned by the sites to maximize energy efficiency were the installation of intelligent lighting and heating systems, the use of LEDs, putting machines and equipment in sleep mode and buying or refurbishing production machines that consume less energy. For example, the Braganca (Portugal) site invested in a system that recovers heat from compressors and a lighting system for its parking garages that is powered by solar panels.

In connection with the Company's digital strategy, the Business Groups have started to roll out a method to measure and monitor sites' energy consumption. This approach aims to use innovative tools to better control and manage this energy consumption.

An entire section of the "Green Attitude" campaign is devoted to energy savings in order to bolster these actions at the sites.

ENCOURAGE THE REUSE OF ENERGY SOURCES AND ENHANCE RENEWABLE ENERGY CONSUMPTION

The best practices implemented by sites include the installation of solar panels, the use of cogeneration boilers, the recovery of heat energy from the welding process, and the use of heat released by compressors to heat production areas. These are initiatives that are expected to expand in the coming years with the roll-out of the Group's low-carbon approach.

4.2.2.3. Issue #3: Encourage the circular economy

4.2.2.3.1. SUSTAINABLY USING RESOURCES BY OPTIMIZING SUPPLY SOURCES AND PRODUCTION PROCESSES

Life cycle analysis

The supply of natural resources and raw materials varies at different stages of a product's life cycle. To guide its choices and strategy and those of automakers, Faurecia is more frequently using life cycle assessments (LCA) at different levels: its products, the complete vehicle, materials extraction through delivery to the automaker, and throughout the car's life cycle (including consumer use and recycling).

Framed by international standards ISO 14040 and ISO 14044, this methodology consists of assessing the environmental impact of products designed and manufactured by Faurecia for use in automobiles. It involves the fullest possible impact assessment, including climate change (including CO_2), the consumption of non-renewable resources (oil and coal) and eutrophication.

LCA allows both Faurecia and automakers to:

- make the right design choices for current vehicles (with gasoline or Diesel internal combustion engines) and for those of the future using alternative fuels and with more environmentally-friendly emission control systems;
- assess and avoid impact transfer by focusing on alternative solutions (e.g., by developing a lighter but non recyclable product).

This is an especially useful innovation tool for evaluating benefits as well as any impact transfers as far upstream as possible through a comprehensive overview of the environmental impacts that paves the way for future innovations. For instance, the measurement of the environmental impact generated by new products or materials is always supplemented by a detailed LCA, investigating issues of particular relevance (in line with objectives such as weight reduction or lower energy consumption).

This tool also enhances understanding of the impacts of the entire automotive industry on the environment. Faurecia is therefore heavily committed to developing and using LCA in liaison with automakers and auto sector partners as the means of gaining a shared understanding of environmental challenges.

As environmental regulations tighten, especially for the automotive industry, the Life Cycle Assessment working group led by the collective industry organization *Plateforme de la Filière Automobile* (PFA) endeavors to share assumptions on the methodology of life cycle assessment in the automotive industry and engage in dialog on the main assessment results that are available. Through its involvement in this group, which will continue its work in 2018, Faurecia has gained a holistic approach in partnership with its customers and in anticipation of possible future regulatory requirements.

Under the auspices of the Verband der Automobilindustrie (VDA), Faurecia participates in the Ecodesign working group, which aims to stimulate dialog and deepen knowledge on this topic for the automotive industry. The subjects addressed include the different LCA methodologies, the business impact of environmental issues, and the exchange of information on ecodesign.

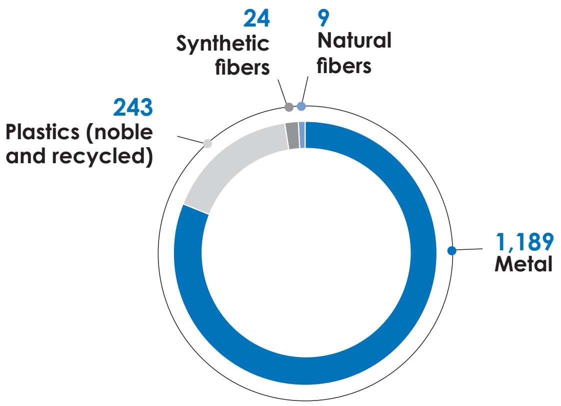
For each innovation and development project, the different components of eco-design – the presence of substances of concern, recyclability, the environmental impact and interior air quality – are systematically checked by the designer using an eco-design checklist. If necessary, an in-depth study may be carried out (life cycle analysis for an innovation that aims to reduce weight, VOC and odor tests, etc.).

Raw material consumption by Faurecia sites

To produce automotive equipment, Faurecia's three Business Groups use a variety of raw materials that come from nonrenewable resources: metal, plastic, fibers and synthetic fabrics. To enact its desire to limit its impact on natural resources, Faurecia's strategy revolves around:

- managing consumption of materials;
- including recycled materials;
- developing biobased materials.

Distribution of consumption of raw materials purchased in 2017 by type of material, in Ktons (99% of the real 2017 scope):



Managing consumption of materials

A major aspect of reducing environmental impact is managing consumption of materials. This translates, for operations under Faurecia's operational control, into the optimization of the product design, the optimization of the material during the part manufacturing process, and the management of manufacturing processes. The use of product simulation has enabled considerable reductions in the number of prototypes used for destructive testing over the last few years. On the manufacturing side, the simulation of parts transformation processes and the digitalization of production resources to manage variability thus avoiding high scrap levels and breakdowns are tangible examples.

Inclusion of recycled materials

Faurecia offers an increasing number of recycled plastic parts.

Within Faurecia Seating, depending on the type and category of vehicle, various components are now partly made of recycled polypropylene. Taking all these components together, recycled plastics can now account for 15-20% of the materials comprising the seats manufactured by Faurecia.

Within Faurecia Interiors, the incorporation of recycled material is taken into account and validated in new product development, with the same constraints and specifications as virgin materials.

In addition, Faurecia maximizes the incorporation of recycled natural fibers (mainly cotton) in its vehicle soundproofing systems.

Within the Faurecia Composite Technologies division, innovation projects aim to use a maximum of carbon fibers from fabric scraps, continuous fibers from current technologies (RTM Preforming) both from the automotive and aerospace industry. These fibers are integrated into SMC (Sheet Molding Compound) or BMC (Bulk Molding compound) type compounds. These materials are then compression formed to obtain structural parts that meet the mechanical specifications required by automakers.

Life cycle analysis studies show that the use of recycled materials can reduce the environmental impact of manufactured products. Faurecia, like its automaker customers, has considerably extended its panel of suppliers of recycled materials. This allows us today to offer increasingly technical applications with increasingly wide material grades.

In 2017, 6.5% of all plastics purchased by the Group were recycled plastics. Taking into account the increase in business activity, this is equivalent to the 2016 proportion.

Part of Faurecia's industrial sites recycles internally on a daily basis; whenever the production waste can be recycled, it is directly reintegrated into the production process. Plastics and fibers can be subject to this.

In 2017, an average of 8% of fibers were reused internally as raw materials, i.e., up 2.5 points from 2016. As a result, the Marckolsheim site in France increased its use of reused fibers internally on the felt process from 544 to 734 tons. A tearing machine is used for this process, making it possible to recycle 100% of the site's felt fibers. Felt borders, rejects and scraps return through ducts to the preparation room and are torn and made into bales of waste that are then fed back into the loaders as recycled material.

Developing biobased materials

Striving to take up positions that span the entire product life cycle, Faurecia develops and incorporates biobased materials and prioritizes natural fibers. Lignolight technology, using compressed fibers for between 50% and 90% of the resin, applied to door panels, improves density by 40% compared with traditional components. NAFILean technology (NAtural Fiber Injection), which combines natural hemp fibers with polypropylene resin, reduces weight by 25% compared with talc-loaded polypropylene. This technology is now in production on the door panels for the new Peugeot 308 and the new Alfa Romeo Giulia for the instrument panel structures. NAFILITE, a second generation of this product, is currently being manufactured. This technology can further reduce weight by 10%. Faurecia's portfolio includes natural fibers combined with polypropylene fibers.

Natural fibers currently account for 27.9% of the total amount of fibers used by the Group. This is globally the same as the 2016 proportion.

To the extent possible and in accordance with its environmental policy, Faurecia endeavors to foster the circular economy. For example, the Vigo site in Spain, which makes wood interior parts, uses as raw materials the waste generated by the furniture and pallet industry.

"Paperless" approach

Environmental awareness is an integral part of the corporate culture and it is incorporated at every level of the organization. In conjunction with the Digital Enterprise strategy, creative solutions to digitalize payslips and supplier invoicing are in the process of being introduced in the Group. 85% of employees in the Clean Mobility France business and nearly all employees based in the United States receive digital payslips. The entire North America invoicing system will be completely paperless in the near future, and 800 digital supplier accounts have already been created.

4.2.2.3.2. OPTIMIZE THE USE OF WASTE TREATMENT PROCESSES

Production waste

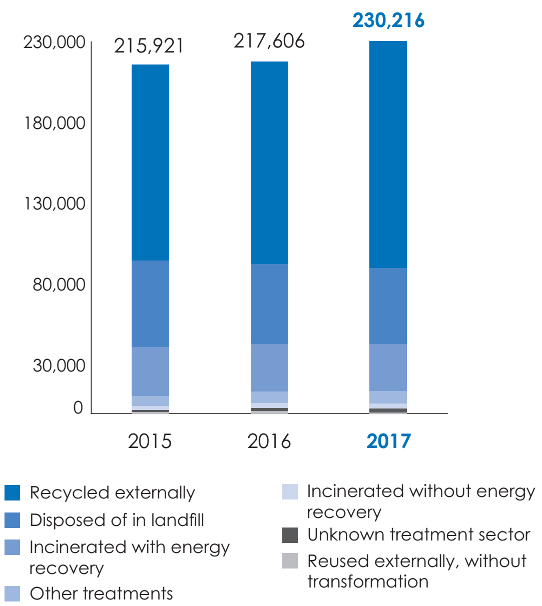
In order to best preserve the resources needed for their production process (energy and raw materials), Faurecia's industrial sites try to recycle and recover a maximum amount of the waste generated throughout the production chain.

In 2017, Faurecia sites record the following waste reprocessing rates:

- 61% of waste was recycled [1] externally (calculation at constant scope +2% from 2016);
- 13% of waste was reclaimed through energy recovery [2] (calculation at constant scope -3% compared to 2016);
- 1% of waste was reused externally, without transformation, i.e., a stable percentage compared to 2016.

In total, 75% of waste from Faurecia sites was recycled, recovered or reused externally in 2017.

Breakdown of total amount of waste generated, in tons, by treatment sector (100% of 2017 real scope)



Distribution in % of generated waste by treatment sector and by continent where faurecia sites are located

	Europe	North America	South America	Asia	Other countries
Recycled externally	56.1%	73.6%	73.4%	63.4%	45.6%
Incinerated with energy recovery	18.2%	2.3%	0.1	1.0%	11.6%
Re-used externally, without transformation	0.9%	0.5%	2.5%	3.9%	0%
SUBTOTAL OF RECYCLED AND RECOVERED WASTE	**75.1%**	**76.4%**	**76%**	**68.3%**	**57.2%**
Disposed of in landfill	19.3%	22.8%	18.7%	16.7%	39.9%
Incinerated without energy recovery	0.9%	0%	2.1%	12.3%	0%
Eliminated by other treatments	4.4%	0.7%	3.0%	2.0%	0.7%
Unknown treatment sector	0.3%	0%	0.3%	0.7%	2.2%
SUBTOTAL OF NONRECOVERED WASTE	**24.9%**	**23.6%**	**24%**	**31.7%**	**42.8%**

(1) Waste recycled off-site must be retreated/retransformed by an outside company.

(2) Energy recovery involves using the waste's calorific value by burning it and recovering this energy in the form of heat or electricity.

In 2017, the sites generated 230,216 tons of waste (calculation at constant scope: +5.5% compared to 2016). This increase resulted from heightened business activity. Non-hazardous waste constitutes 93% of the waste generated by the Group.

Since June 2015, the Faurecia Seating Business Group has been having sites commit to stopping their waste from going to landfill. 10% of its hazardous waste currently goes to landfill (+3.5% at constant scope compared to 2016). The Business Group started off by taking stock of the available disposal lines in the countries in question and identifying technical and economical alternatives to landfill.

Faurecia Seating drew on this analysis to set targets for reducing landfill waste, with a first step in 2019 (reference year 2017):

- 80% reduction of hazardous waste going to landfill;
- 60% reduction of nonhazardous waste going to landfill.

The launch of the "Advanced Manufacturing and Supply Chain" approach enabled Faurecia to review the recycling practices for metallic waste to ensure that this waste is sent to a recycling line and that it is bought back at the current price existing in the country where it is located. This approach has allowed the Group to manage the practices of each site and improve their efficiency. The metal recycling rate is 99.9%. Scrap is sent to the foundry before being resold on the market, contributing to the circular economy system.

Product recyclability

Faurecia incorporates recyclability in its ecodesign approach by anticipating the end-of-life phase and optimization of production waste recovery.

European Directive 2000/53/EC of September 18, 2000 on end-of-life vehicles stipulates inter alia that vehicles will have to be 95% recoverable by weight, of which 85% will have to be actually reusable or recyclable, by January 1, 2015.

Given such onerous regulatory requirements, automakers are placing ever-greater demands on their suppliers in terms of end-of-life product recyclability.

All of Faurecia's Business Groups are affected by these obligations and, depending on the characteristics of the component in question, have implemented plans and solutions to ensure that end-of-life products are processed as efficiently as possible in the future.

As regards current solutions, an innovative product must be measurable both in terms of improved technical and economic performance and its environmental impact. Faurecia is committed to a process of forecasting and recovering future end-of-life products. Selective trials overseen by Faurecia comprise the first phase of a comprehensive approach by the automotive sector in partnership with industrial firms, academia and auto "clusters", to forecasting volumes of materials available for recycling in the future.

Faurecia Interiors, after performing tests on the recycling and recovery of complex products via disassembly, has begun similar operations after shredding vehicles. Industrial-scale recyclability studies and tests have been undertaken with certain car-shredding plants, both on existing products and materials being developed, including agro-composites. For example, the NAFCORECY (NAtural Fiber COmposites RECYcling) project was able to demonstrate, with the help of European companies specialized in recycling, that parts made of NAFILean (polypropylene with natural fibers) can be processed with post-shredding technologies for end-of-life vehicles or recycling technologies used for industrial waste.

Faurecia Clean Mobility refurbishes Diesel particulate filters at the Messei site in France; this removes accumulated ash in order to reuse the filters instead of installing new filters. Research work within the Faurecia Composite Technologies division on using composite materials has focused on developing new materials/procedure couples from polyamid or polypropylene thermoplastic resins. These resins substitute for thermosetting polyester or epoxy resins to enable a shredding recycling circuit to be implemented with the reuse of the shredded materials according to a defined introduction rate to make new reinforced thermoplastic injection parts.

All possibilities for recycling end-of-life products are studied with a view to integrating the best solutions, ensuring reduced environmental impact and taking into account all utilization cycles at the design stage.

Faurecia also uses life cycle analysis to "eco-design" its products, integrating all of the above criteria as early as possible into the innovation and development processes.

4.2.2.4. Issue #4: Reduce and control carbon emissions and their consequences

Reducing carbon emissions, a major component in fighting climate change and supported by the 2015 Paris Agreement, was subject to French Law No. 2015-992 of August 17, 2015, on energy transition for green growth. In this context, Faurecia, which is also a signatory to the French Business Climate Pledge of the One Planet Summit of December 2017, has launched a low-carbon approach.

In 2017, the CDP (Carbon Disclosure Project) issued a score of B (management), up from the 2016 score of C (awareness), thus recognizing the Group's positive environmental strategy for reducing its environmental impact and its CO_2 emission levels.

This strategy is in keeping with Faurecia's past actions: the Group has been estimating its direct and indirect emissions (scopes 1 and 2) since 2012, and since 2016 it has been estimating its emissions from the Company's entire value chain, including upstream and downstream of its activity (scope 3).

Three major emission sources for the Group emerged from the estimates done since 2016 based on the GHG protocol:

- use of products sold [1];
- purchased products and services;
- scope 2.

All the other sources are considered immaterial because each one accounts for less than 2% of emissions.

Emission sources	CO_2 Emissions	Degree of uncertainty	Responsibility
Use of products sold	+++++	Medium	Limited responsibility
Purchased products and services	++++	Low	Limited responsibility
Scope 2 (real scope)	++	Low	Direct responsibility
Scope 1 (real scope)	+	Low	Direct responsibility

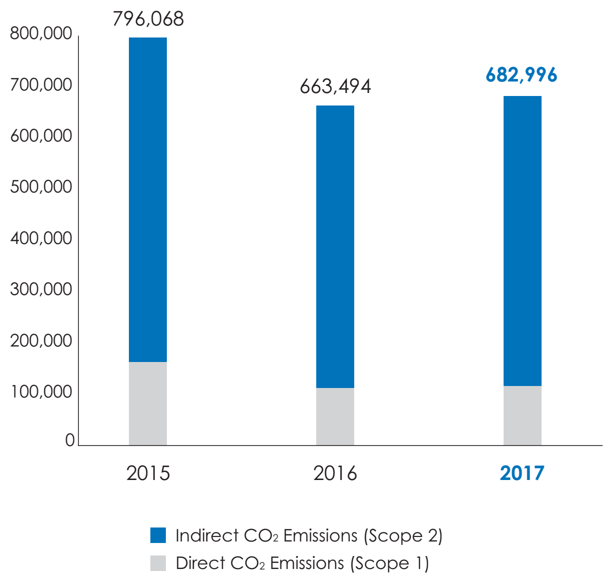
Following this greenhouse gas diagnosis, Faurecia is currently working with an external provider to fix long term objectives of reduction of GHG emissions based on the "Science Based Target" initiative. This approach allows aligning the objectives of the Group with a worldwide trajectory limiting the global warming to 2° C.

The low-carbon roadmap and corresponding key performance indicators will be rolled out in 2018.

However, the Group has already begun to take action on its main emission sources:

- use of products sold: in order to lower the carbon impact of its products, Faurecia is taking steps to reduce the weight and volume of components and subassemblies, improve energy efficiency (e.g., by using energy recovery technologies) and expand the use of biobased or recycled natural materials;
- purchased products and services: to the extent possible, Faurecia aims to prioritize recycled products in order to lessen the environmental impact of its purchases;
- scope 1 and 2: Faurecia is actively reducing its energy consumption (see subsection 4.2.2.3).

Graphic summary of GHG emissions in tons CO_2 equivalent – Scope 1 and scope 2 (98% of 2017 real scope)



(1) *Emissions to be allocated to Faurecia products out of the total emissions of the equipped vehicles.*

Carbon emissions calculation methodologies

Scopes 1 and 2:

Direct greenhouse gas emissions are calculated in CO_2 equivalent. Emissions from fuel consumption are calculated using the international emission factors recommended by the French Administration (Decree of October 31, 2012 and European Decision No. 2012/601 for CO_2 and Circular of April 15, 2002 for other gases).

Fugitive emissions are calculated using emission factors from the 5th report of the Intergovernmental Panel on Climate Change (IPCC).

Indirect electricity-related emissions are calculated from emission factors published by the IEA (International Energy Agency® version 2014).

Scope 3:

For each scope 3 emission source, in line with the recommendations of the GHG Protocol, Faurecia favored a so-called conservative approach. The assumptions and values used, especially in the case of data uncertainty, tend to overestimate emissions.

Emission factors come mainly from ADEME.

4.2.2.5. Issue #5: Manage the sites' environmental impact

4.2.2.5.1. IMPROVING THE SITES' ENVIRONMENTAL PERFORMANCE THROUGH ISO 14001 CERTIFICATION

As part of the implementation of Faurecia environmental policy, some of the Business Groups have included in the review of their HSE policy, the objective of an ISO 14001 certification for all of their production sites. Through this certification, Faurecia commits to responding to its customers' requirements and thereby to demonstrating its environmental performance.

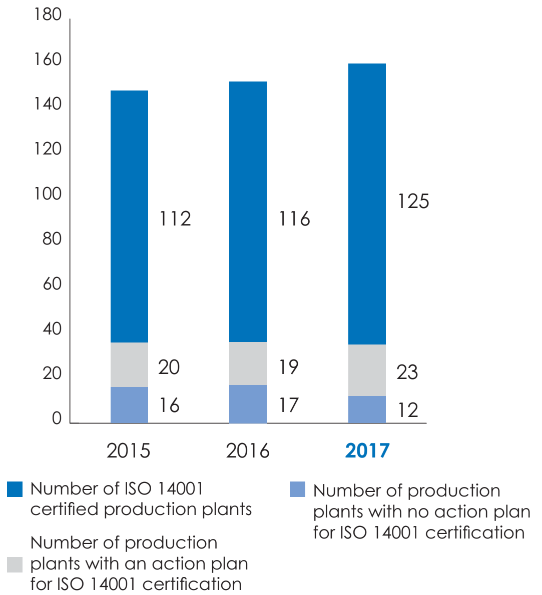
In 2017, Faurecia continued to show progress in its environmental management of the production plants: 78.1% of sites had an ISO 14001 certification, up from 76.3% in 2016. Nine new plants were certified during the reporting year.

In 2017, 50 production plants were ISO 14001 2015 certified, distributed across the Business Groups as follows: 15 Faurecia Seating sites, 19 Faurecia Clean Mobility sites and 16 Faurecia Interiors sites.

In addition, in 2017, 39 assembly sites (known as Just in Time sites) and R&D sites were ISO 14001 certified.

The percentage of sites with ISO 14001 certification is tracked every six months by the Risk Committee.

Number of production plants certified ISO 14001 or having an action plan for ISO 14001 certification (100% of the real scope)



4.2.2.5.2. LIMITING VOLATILE ORGANIC COMPOUND (VOC) EMISSIONS

Process emissions

Faurecia is committed to limiting airborne emissions of regulated Volatile Organic Compounds (VOCs) which are subject to specific rules as they contribute to the formation and accumulation of harmful compounds such as ozone in the environment. In 2017, VOC emissions amounted to 1,933 tons (i.e., +13% from 2016 at constant scope). This VOC increase can be explained by the creation of a new shaping activity at one site, an input error last year at one site and a technical incident on an incinerator at one site.

The sites from the Business Group Faurecia Interiors are the Group's main source of VOC emissions (71%), due to activities requiring significant use of glues and paints. Four production plants (5% of Faurecia Interiors sites) account for nearly 50% of VOC emissions. To reduce its emissions in the air, this Business Group is working on the development of new generation of painting lines that produces less volatile organic compound emissions.

Calculation methodology

The annual reference emissions on Volatile Organic Compounds (VOCs) is calculated using the Solvent Management Plan (SMP) required by the European Council Directive 1999/13/EC of March 11, 1999 on the reduction of volatile organic compounds emissions caused by the use of organic solvents in certain activities and facilities. The SMP is a mass balance for quantifying the inputs and outputs of solvents in an installation.

Product emissions

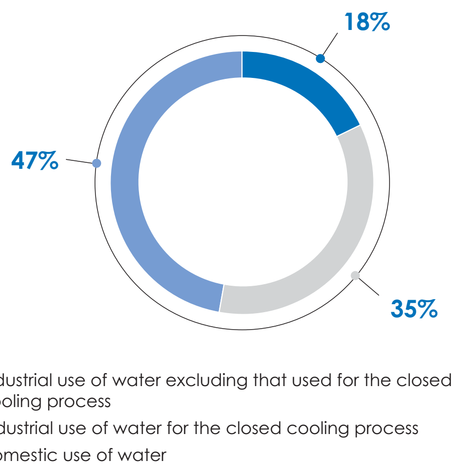
For several years Faurecia has been studying VOC (Volatile Organic Compound) emissions that impact vehicle interior air quality (VIAQ). As part of its commitment to reducing these emissions, the Group is developing or designing low-emission materials or products for Faurecia Interiors and Faurecia Seating. In collaboration with its suppliers, the Faurecia Composite Technologies division, within Faurecia Clean Mobility, is developing new polyester resin or styrene-free vinyl ester based materials with the aim of reducing VOC associated emissions both in its plants during part manufacturing and in vehicle interiors.

In this context, Faurecia also takes part in working groups on VIAQ (Vehicle Interior Air Quality) at the United Nations level, in collaboration with manufacturer representatives; these groups aim to monitor the health of people on-Board and continuously improve Faurecia's and the automotive industry's knowledge in measurement methodologies and the impact of group products present inside vehicles.

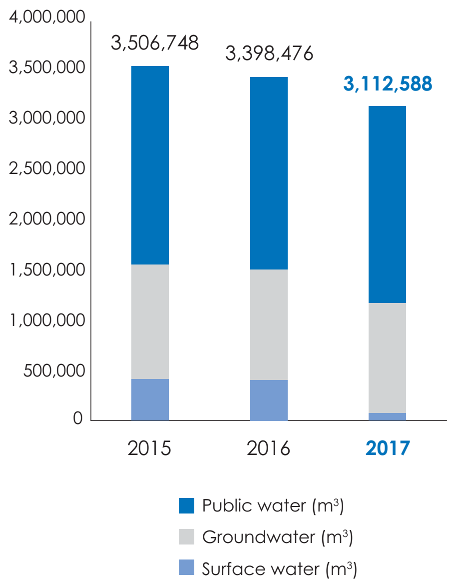
4.2.2.5.3. LIMITING WATER CONSUMPTION

Faurecia has processes that consume water efficiently: the water consumed by the sites is mainly for domestic use (see graph breaking down consumption by use). Faurecia's total water consumption in 2017 was 3,112,588 m³ (calculation at constant scope, i.e., -10% from 2016). Improving water consumption hinges on local actions and on investments in water savings. For example, the Kennelbach, Austria, site invested in a new-generation water treatment system, which helped cut the site's consumption of process water by 26%.

Distribution of water consumption, by use (98% of the real 2017 scope)



Water consumption by source of supply in m³ (100% of the real 2017 scope)



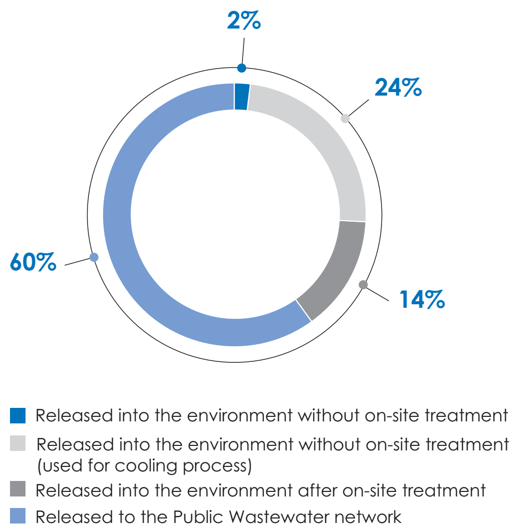
Identification of sites located in high water stress areas

As its processes do not consume large quantities of water, Faurecia does not consider the risk of water stress to be material for its business. Nonetheless, the Group has endeavored to map its sites based on the world map of water stress published by the World Resources Institute (WRI). 20 sites in the reporting scope are located in high water stress areas. Of these 20 sites, 3 experienced water shortages in 2017. The sites classified in high water stress areas are working on establishing action plans for conserving water. To this end, 2 sites in India purchased rainwater recovery systems. This investment helped the Bangalore site cut its consumption of groundwater by 9% per year.

4.2.2.5.4. LIMITING ACCIDENTAL DISCHARGE INTO THE WATER AND SOIL

This risk, inherent in the industrial activity of a site, is well understood by the Faurecia sites and their operators, who are trained to react in the event of accidental spillage. In addition, all the ISO 14001–certified sites include prevention of this risk in their management system.

Destination of released water, in % (2017 real scope)



Since 2012, Faurecia has been assessing the environmental risks of its industrial projects, by systematically conducting environmental audits and subsoil investigations research when appropriate. Furthermore, in the context of industrial restructuring resulting in plant closures, the Faurecia group systematically assesses the environmental impact and carries out a soil and subsoil investigation.

Pursuant to French Decree No. 2012-633 of May 3, 2012, Faurecia has identified two French sites subject to the obligation to provide financial guarantees for their safety. At July 1, 2017, the established amount of guarantees was €295,768 for the sites in question.

4.2.2.5.5. LIMITING USE OF CHEMICALS AND HAZARDOUS PRODUCTS

The three Business Groups have a formalized policy for managing chemicals and hazardous products.

Controlling the use of chemicals: the REACH regulation

Substance management systems are put in place across the entire supply chain, from suppliers to manufacturing customers, for all products delivered by Faurecia. Among other benefits, this approach gives the Group access to complete information on the substances entering into its products, in order to ensure that all actors in the supply chain comply with regulatory frameworks on chemicals and their safe use, such as the European Union's REACH (Registration, Evaluation and Authorization of Chemicals) regulation. Thanks to this approach, Faurecia also keeps a close watch on new developments in its supply chain in order to investigate substitutes for certain substances when necessary.

Among its initiatives in this area, Faurecia has developed an anticipatory approach to the identification and sharing of information within the supply chain on chemicals or constituents of concern, based on a list of chemicals or constituents considered as potentially of concern for its products and their use. In some cases, such as catalyst protectors in exhaust systems (ceramic fibers), Faurecia has defined an internal procedure that is more stringent than REACH.

Faurecia also takes part in work carried out alongside automakers and various industry federations or associations in order to anticipate possible restrictions on the use of substances in the coming years and coordinate efforts to propose alternatives where necessary. The federations and associations involved include the French Vehicle Equipment Industries Alliance (FIEV), the French Automotive Industry Cluster (PFA), the German Automotive Industry Association (VDA), and the European Association of Automotive Suppliers (CLEPA). Faurecia leads the task force on REACH as well as the one formed to address issues raised by the Global Automotive Declarable Substance List (GADSL).

4.2.2.5.6. REDUCING THE SITES' IMPACT ON THE LOCAL ENVIRONMENT AND PRESERVING BIODIVERSITY

Reduce the impact of sites close to a protected area

23 sites, comprising 15 production plants, 7 assembly sites and 1 research and development site, are located less than 3 kilometers from a protected area. These protected areas close to the Faurecia sites are Natural Areas of Ecological Fauna and Flora Interest type 1 or 2, areas that protect species becoming or already endangered (leopards, ground squirrels, terrestrial squirrels…), and natural water area (rivers and streams) protection zones. 78% of these sites are located in Europe, 17% in Latin America and 4% in South Africa.

Some sites have taken voluntary steps to protect biodiversity. Several sites, in India, China and Brazil, take action on a yearly basis, planting trees and holding an environmental action day to raise awareness among employees and their families.

Limit noise and olfactory nuisance

In 2017, two sites were the subject of official complaints lodged by local residents about noise made by handling gear in use, dumping into metal buckets, and employee activity, mainly at night and on weekends. Corrective action was taken immediately.

4.2.2.5.7. PROVISIONS

In 2017, provisions for environmental risks were set up for an amount of K€5,981. Provisions are mainly related to site remediation costs.

4.2.2.6. Issue #6: Factor in environmental criteria within the supply chain

Preserving the environment is one of the founding principles of the sustainable procurement procedures introduced by Faurecia, called "Buy Beyond". These procedures are based on the Group's Code of Conduct, which sets out the environmental requirements to be met by Faurecia's suppliers and service providers.

More information on Faurecia's environmental specifications with regard to its suppliers, as well as their assessments, is provided in Section 4.3 below.

4.3. Societal actions

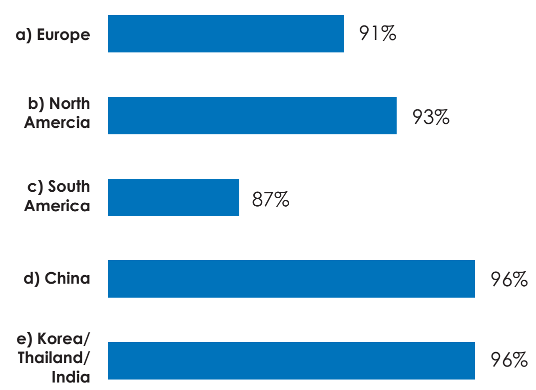
4.3.1. Territorial, economic and social impact of Faurecia's business

4.3.1.1. On employment and regional development

Faurecia has grown substantially in recent years, and now has headcounts of just over 109,000 people, more than 18,000 of whom were engineers and managers as of the end of 2017.

Over the last four years, the volume of external hires has stabilized, at slightly over 2,300 engineers and managers. In 2017, hires were mainly carried out in Asia (1,001), Europe (784), and North America (537); the countries that recruited the most in these regions were China (583), the United States (348), India (329) and Mexico (183). At the same time, the number of hires remained somewhat stable in France (354) and declined in Germany (120 compared to 142 in 2016).

Developing and promoting international exposure is also essential for a group that employs 66% of its engineers and managers outside Western Europe and carries out 78% of its recruitments outside this region. Within this framework, Faurecia can offer its people many international assignments as well as the opportunity to take part in international projects.



4.3.1.2. On neighboring or local populations

Faurecia's ambition is to purchase materials as close as possible to its sites in order to help develop local industry, and minimize the associated impacts (logistical, environmental, etc.). For purchases of mass-produced parts, the percentage of purchases made within a given area is between 87% and 96% depending on the location of Faurecia's production plants.

In 2017, 100% of indirect purchases were made locally.

Furthermore, the current Code of Ethics stipulates that in the name of continual improvement, the Group must always be assessing the impact of its products and the activity of its plants on the environment and the communities with which it interacts.

Finally, Faurecia is involved through local actions, which are discussed in Section 4.3.2.

4.3.2. Stakeholder relations

4.3.2.1. Conditions for dialog

Faurecia has developed and maintains the conditions and tools for dialog with a number of interested parties or stakeholders in its business.

FAURECIA AND ITS SUPPLIERS

Faurecia bases its growth on socially responsible actions and behavior across all its businesses and all the countries in which the Group has its plants, suppliers and sub-contractors. In view of this, Faurecia builds close, long-term relationships with its suppliers, based on mutual growth and benefit. Faurecia believes that the principles of social, environmental and economic responsibility are critical criteria for the award of contracts to its suppliers.

Great importance is placed on communication and transparency to ensure strategic alignment with partners. Conventions are regularly held, with the official presentation of performance awards in different areas (Quality, Innovation, CSR – Corporate Social Responsibility, etc.). Faurecia has close relationships with its suppliers and organizes Strategic Supplier meetings, in which attendees share and discuss strategies to be pursued to strengthen mutual development, and Innovation days aimed at exploring, identifying, promoting and developing new innovation ideas.

Faurecia guarantees its suppliers' reliability not only in terms of the quality of their products, but also in terms of their adherence to CSR criteria (see Section 4.3.3).

Faurecia thus communicates with its suppliers and subcontractors to raise their awareness of sustainability issues. As such, the Suppliers section of the Faurecia website has a page devoted exclusively to information and requirements in terms of compliance by its current and potential partners with the Group's CSR criteria.

FAURECIA AND ITS CUSTOMERS

Faurecia has very close relationships with virtually all major global automakers. It also works closely with its customers to develop the design and functionality of the product range on offer.

The research and innovation unit thus covers upstream activities prior to program acquisitions. This Unit is critical to enabling the Group to provide an appealing and competitive offering to its customers, which it achieves by designing new products and technologies, as well as researching and developing generic products and processes.

The program engineering unit covers vehicle applications. This downstream unit is responsible for ensuring that programs are completed within the required time-frames, cost and quality levels.

Vehicle application programs follow a unique process, bringing together all the participants needed to develop and launch a new, mass-produced product. The Program Management System (PMS) process, describes all the requirements at each phase of the program. Every program is given periodic interim reviews, first by specialists and then at the close of each phase by management, so that its progress can be seen.

The PMS consists of five phases:

- obtain and validate customer needs;
- develop the product;
- test the product and develop the manufacturing process;
- plan and validate production machinery;
- ramp up line speeds and launch mass production.

To track performance throughout the development process and steer it towards excellence, Faurecia has introduced the idea of program management excellence. This new approach involves the foregoing elements plus:

- system audits of the program requirements to ensure disciplined implementation;
- performance indicators, reviewed monthly, to signal future risks.

These various tools have made it possible to significantly improve such programs' performance financially and in terms of quality, lead times and launches of mass production.

In addition, Faurecia's production plants regularly receive awards from their customers.

FAURECIA AND ITS RESEARCH PARTNERS

To support technological development and innovation, Faurecia carries out an open policy toward academia, research laboratories and start-ups.

Faurecia relies on industrial chairs at universities in France and Germany, and in France it plays a key role at the Jules Verne (Nantes) and M2P (Metz) Technological Research Institutes (IRT).

Specific cooperative actions are also implemented on a case-by-case basis for innovation projects that require technologies related to Faurecia's core business lines. As such, initiatives are under way in the United States, through a first partnership with the DMDII (Digital Manufacturing and Design Innovation Institute) for topics related to the industry of the future, in China, and in India with a recent contract signed with the IISC (Indian Institute of Science) of Bangalore to develop innovative Human Machine Interfaces and different types of sensors.

In 2016, Faurecia also developed a business of research and start-up evaluation at the global level to discover technological innovations and invest whenever needed through a dedicated company known as Faurecia Ventures.

Faurecia has developed innovation partnerships with most major global automakers. These partnerships indicate the Group's intention to build long-term close relationships with automakers by offering them the latest innovations, providing potential exclusive arrangements, and better meeting their demands. From the start, these innovations have been associated with target vehicle programs. These partnerships can be applied with suppliers when cooperation is needed.

FAURECIA AND ITS INDUSTRIAL OR COMMERCIAL PARTNERS

Faurecia is always looking to develop new partnerships and strengthen existing ones.

For example,

On February 21, 2017, Faurecia announced that it had entered into a partnership agreement with TactoTek, a company providing solutions for Injection Molded Structural Electronics: integrating printed circuitry and electronic components into 3D injection molded plastics.

On March 27, 2017, Faurecia announced that it finalized and signed its strategic partnership with Parrot Automotive an automotive connectivity and infotainment specialist.

On May 4, 2017, Faurecia and ZF announced a strategic partnership to work on developing disruptive and differentiating interior and safety technologies for autonomous cars.

On May 15, 2017, Faurecia announced the acquisition of exclusive access to the intellectual property and manufacturing know-how of STELIA Aerospace Composites in composite hydrogen tanks.

On July 3, 2017, Faurecia announced its new joint venture with Liuzhou Wuling Industry Co. Ltd., which will develop, manufacture and deliver complete seats, structures and other seat parts for the affiliated brands of SGMW (Saic-GM-Wuling Automobile) and for other customers.

On July 4, 2017, Faurecia announced the signature of a joint venture agreement with Dongfeng Motor Parts & Components Group Co., Ltd., focusing on Faurecia's Clean Mobility business. The new joint venture will provide clean mobility solutions for the passenger and commercial vehicles of Dongfeng's affiliated brands.

On July 19, 2017, Faurecia announced that it had taken a majority interest in Jiangxi Coagent Electronics, a private Chinese company that specializes in infotainment and electronic cockpit solutions, especially the incorporation of digital displays and HMI technologies.

On October 10, 2017, Faurecia and MAHLE, an automotive supplier, announced a partnership that will focus on the development of innovative interior heat management technologies for the mobility solutions of the future.

On October 31, 2017, Faurecia announced a new joint venture with BYD, a pioneering maker of electric vehicles in China.

On November 6, 2017, Faurecia announced that it had taken a majority interest in Jiangxi Coagent Electronics Co., Ltd., to develop integrated, innovative infotainment solutions on Board vehicles.

On December 11, 2017, Faurecia announced its investment in Alsentis, an American start-up, in order to enhance its technological expertise in intelligent surfaces.

On December 22, 2017, Faurecia announced the establishment of an agreement to acquire 100% of the Swiss company Hug Engineering, which is held by the German group ElringKlinger, a leader on the European market in complete exhaust gas purification systems for engines greater than 750 HP and one of the main global players in its segment.

The corresponding press releases and other information on the industrial and commercial partnerships are posted on the website www.faurecia.com of the Group.

FAURECIA AND THE FINANCIAL COMMUNITY

The Faurecia group places special value on all the stakeholders in the financial markets. Management's priorities are to establish relationships based on trust and to encourage interaction and the sharing of information. The Group therefore promotes constructive dialog on its financial results, strategy and news stories.

Faurecia is diligent about providing accurate, complete, regular and transparent information that complies with current regulations and best practices in financial communication.

The approach

The Faurecia group provides investors with a large number of documents that cover the business, strategy and all the financial information it is required to publish in accordance with market regulations. The documents available are the Registration Documents, interim financial reports, the Company's bylaws, the internal rules of the Board of Directors, and the documents that disclose regulated information. All these documents can be found on the Group's website, www.faurecia.com, in French and English. The financial information is regularly supplemented by the publication of press releases announcing important events related to the Group's business activity. All these press releases are posted in the "Newsroom" section of the website.

At the end of every quarter, the Group puts out a special release geared toward financial analysts and institutional investors:

- every April and October, the Group publishes the change in its sales by business and by region. This release is the subject of a conference call to which analysts and investors are invited;
- in February and July, the Group publishes all its annual and interim results of operations. An in-person or videoconference meeting is then scheduled; analysts and investors are invited.

Throughout the year, Faurecia encourages face-to-face dialog between the Executive Management and players on the financial market, during conferences and events in France and abroad, in the form of individual or group meetings.

In order to deepen its relationship with individual shareholders, Faurecia set up a telephone line (0805 651 206). This number is toll free and allows individual shareholders to get information and answers to questions they might have about the Group's business activity; it also allows individuals to become shareholders. They can also contact Faurecia by e-mail, at actionnaires@faurecia.com.

items measured

In 2017, outside of meetings to present the annual and interim results and conference calls when the 1st and 3rd quarter sales were reported, Faurecia met almost 500 investors and financial analysts at conferences, meetings and individual meetings.

In addition, on June 27, 2017, Faurecia held an Investor Day in order to discuss the strong potential for profitable growth of its Clean Mobility business and the medium-term outlook of its market.

In 2018, Faurecia plans to hold another Investor Day on the Cockpit of the Future. Faurecia strives to be a major player in the creation of products and services for the connected and autonomous vehicles of the future. During this event, the Group will unveil its vision of the market and discuss how it intends to respond to the market's new developments.

FAURECIA AND CERTIFICATION BODIES

The Group's environmental policy requires its three Business Groups to improve the environmental performance of their sites with the implementation of an ISO 14001 – certified environmental management system for the production plants.

Detailed information can be found in Section 4.2.2.5 of this Registration Document.

FAURECIA AND THE EDUCATION SECTOR

In the many countries in which the Group operates, Faurecia has established privileged partnerships with schools, universities and other higher education establishments, whose geographical locations and training offer best meet its requirements. Ambassador networks made up of alumni of these institutions who now work at Faurecia play a central role in telling students about internship and job opportunities, and in explaining to future employees the career paths and jobs at the Company.

Faurecia also participates annually in many student-oriented events all over the world, such as student rallies, job fairs, various types of workshops and case studies: for example, in France, "Hackathons" or "technical challenges" with groups of students, leading themed classes, or sponsoring promotions; in China, the strategic partnership with the Sino-European School of Technology of Shanghai University (UTSEUS) includes themed courses, workshops, scientific collaboration projects and participation in industrial projects for students.

The Group also organizes a number of visits to its sites each year to introduce its business activities to students. In China, an open house gives students a chance to see how the site operates and to learn about jobs and the Faurecia culture.

Finally, some countries have created programs to facilitate the integration of recent graduates whose first job is in the Group. There is the rotation program in the United States, which lets graduates go through a circuit that includes assignments in several company departments and get individual support from a mentor in upper management. China has the "Innovation Challenge" for all recent graduates who have joined the Company during the year, in order to speed up their integration and create a sense of community. Finally, there is the VIE international corporate volunteer program open to recent graduates or young workers from France and other EU countries.

4.3.2.2. Partnerships or sponsorship

Around the world, Faurecia's sites and employees frequently take part in many local community-based initiatives under a shared banner: FUELS ("Faurecia Unites its Employees around Local Solidarity actions").

The FUELS program was created in North America in 2010, where it first took the form of an annual food collection. Rolled out at Group level in 2014, the program was also expanded to include more local economic, social and cultural issues.

In 2017, 20 FUELS campaigns were carried out in 12 countries worldwide, and in total, Faurecia's sites launched over 25 other corporate initiatives. The main causes defended are as follows:

- fight against hunger: this is the cornerstone of the FUELS programs and one of the causes that mobilizes the most people, with the targets exceeded each year. Faurecia employees lend a hand at local food banks, collecting and distributing meals. The participating countries are France, Mexico, Portugal, Spain, the United States, Canada, India and, since 2017, Italy;
- aid to children: many collection efforts are organized: toys, clothing, school supplies, etc.

In addition, more and more volunteer programs are being instituted, such as road safety awareness days (Mexico), lifesaving (Poland) and recycling and the environment (China).

Faurecia also signed in 2017 a sponsorship agreement with the Collège de France to anticipate major technological developments in chemistry and artificial intelligence.

4.3.3. Subcontractors and suppliers

4.3.3.1. The inclusion of social and environmental issues in the purchasing policy

Faurecia's Code of Ethics outlines the principles of ethical conduct that apply on a daily basis to all of Faurecia's employees in their internal and external relationships, and to Faurecia's partners, and it explains how the Group practices the values of respect for customers, shareholders, people and the environment.

The roll-out of the sustainable purchasing policy, "Buy Beyond", launched by Faurecia Interiors in 2013, continued in 2017 within the Group's Purchasing teams. The policy displays Faurecia's commitment to basing its growth on socially responsible actions and behaviors in all its activities and in all the countries where the Group has domestic and international business. In view of this, Faurecia is committed to building close, long-term relationships with its suppliers, based on mutual growth and benefit.

Faurecia believes that the principles of social, environmental and economic responsibility are major criteria for the award of contracts to its suppliers. It is essential for Faurecia that its suppliers meet standards of behavior that are consistent with and reflect its own commitments.

It requires its suppliers to abide by the Buy Beyond purchasing policy by enforcing, within their own organization and their own global supply chain, the Code of Conduct for Suppliers and Subcontractors, which was implemented by Faurecia in 2013 and which is always included in the mandatory bidding documents sent to suppliers.

Supplier quality audits, which are a prerequisite to joining Faurecia's panel of suppliers, also include CSR issues.

Against this backdrop, each purchasing team is assisted by an external CSR partner in order to better understand, verify and optimize the practices of its suppliers in terms of social, environmental and economic responsibility. This external assessment of CSR compliance by the Group's suppliers, and the related documentary audit, are in keeping with the organization and requirements laid down in the Code of Conduct and ascertain compliance with REACH and conflict minerals regulations.

The Group relies on this assessment and the related documentary audit to enact French Law No. 2017-399 of March 27, 2017, on the duty of care by parent companies and ordering companies.

For example, at the end of 2017, Faurecia Interiors evaluated the CSR performance of around 900 suppliers, representing 90% of its direct purchases, and around 500 additional suppliers were assessed by the other Business Groups.

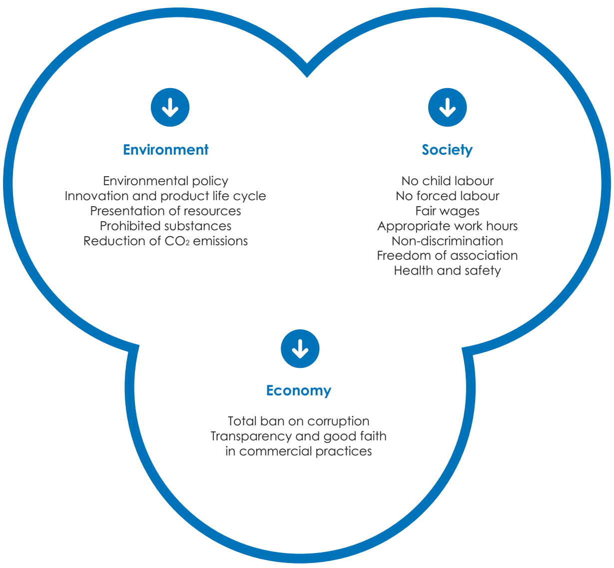
This assessment is incorporated into the purchasing process, is routinely taken into account in the award of contracts and is also included in the criteria for performance evaluation of suppliers.

Faurecia is also training its Purchasing and Supplier Quality teams, who are tasked with the implementation of the Buy Beyond policy, which involves both training efforts focusing on internal purchasing teams as well as monitoring progress made on CSR issues by suppliers. Faurecia Interiors has implemented ambitious improvement targets in CSR maturity for its partners and supports them in drafting and monitoring their action plans whilst providing support to achieve them.

Furthermore, with respect to diversity, in North America (USA and Canada), Faurecia has integrated diversity management within its purchasing policy, thus responding to the growing demand from its customers to expand job opportunities to company-creating women and minorities. In return, this policy helps Faurecia meet its customers' expectations in terms of diversity as diversity is one of the assessment criteria used by its customers. In recognition of these efforts, in May 2017 General Motors honored Faurecia with a Supplier IMPACT Silver Award for "excellence in diversifying their company's supply chain with Tier 2 suppliers."

4.3.3.2. The extent of subcontracting and the inclusion in dealings with suppliers and subcontractors of their social and environmental responsibility

The fundamental commitments demanded of Faurecia's suppliers relate to compliance with laws and responsible supply chain management, as illustrated in the diagram below:



Along with the measures implemented as part of the Buy Beyond purchasing policy described above, Faurecia has established substance management systems throughout the supply chain, from suppliers to the customer, for all products delivered by Faurecia. Among other benefits, this approach gives the Group access to complete information on the substances entering into its products, in order to ensure that all actors in the supply chain comply with regulatory frameworks on chemicals and their safe use, such as the European Union's REACH (Registration, Evaluation and Authorization of Chemicals) regulation and that relating to conflict minerals. The Group constantly monitors regulatory developments relating to substances and works to prepare compliance with regulations due to enter into effect that will have an impact on its business activities around the world, sharing this information and related recommendations with all its entities.

For instance, Faurecia Interiors is currently pursuing an anticipatory approach to the identification and sharing of information within the supply chain on chemicals or constituents that may be impacted, based on a list of chemicals or constituents considered as potentially of concern for its products and their use. Apart from REACH, this approach is also applied in connection with Faurecia's responses to the annual questionnaires received from its customers relating to the producers and countries of origin of minerals covered by Section 1502 of the Dodd-Frank law on conflict minerals.

Change in subcontracting is quantified by indicators provided in Section 4.1.6 of this Registration Document.

4.3.4. Fair practices

4.3.4.1. Action to prevent corruption

RESOURCES THAT SUPPORT THE PREVENTION OF CORRUPTION

Code of Ethics

Faurecia is a signatory of the United Nations Global Compact. This means that the Group has committed to aligning its operations and strategy with 10 universally accepted principles, including anticorruption efforts.

This commitment is reaffirmed in Faurecia's Code of Ethics. This Code, created in 2005 and revised in 2007, was updated in 2014 as part of the Being Faurecia program intended to reinforce the Group's culture, thus contributing to the creation of long-term value. The Management Code, which was established at that time to guide the day-to-day management of teams, customers, suppliers, etc., translated many of the principles set out in the Code of Ethics into operations.

The Code of Ethics is structured around four topics, including ethics and rules of conduct. It also includes a whistle-blowing procedure if the Code of Ethics is breached.

The ethical principles and rules of conduct apply to:

- Use of funds, services or Group assets

Any funding of political activity is forbidden, as are any unlawful payments to public authorities or officials. Assets, liabilities, expenses and other transactions made by Group entities must be recorded in the books and financial statements of these entities, and should be kept truthfully and accurately, in accordance with the applicable principles, rules and laws.

- Relationships with customers, providers or suppliers

Acceptance of gifts and entertainment from customers and/or suppliers is subject to limits. As such, it is prohibited to accept any gift or gratuity from customers or contractors worth over €100 per year and per business partner, regardless of type.

Furthermore, the payment of any amount in cash, in kind or otherwise to any customer or supplier representative in order to obtain either a contract or a business or financial advantage is prohibited.

The selection of suppliers must be based on quality, need, performance and cost. As stated in the current Purchasing procedures, agreements between the Group and its authorized representatives, agents and consultants or any other contractor must clearly state the actual products/services to be supplied, the basis for compensation or price and all other terms and conditions. This rule also prohibits any investment in suppliers and any purchase of property or service from providers or customers for personal use.

- Conflicts of interest

Employees shall not draw any personal advantage from a transaction carried out on behalf of a group company, notably with customers and suppliers.

An employee must also not attempt to select or organize the selection of a company, in particular as a supplier, in which either the employee, an associate or a family member has, directly or indirectly, a financial interest.

Whistle-blowing procedure

The Code of Ethics provides a mechanism for the purpose of managing violations.

Any employee who becomes aware of a breach of the rules set out in the Code may use an internal alert procedure; they may refer to their line manager or HR director verbally or in writing.

Depending on the nature and importance of the events reported, additional investigations may be launched, an inquiry may be set up or an Internal Audit decided upon.

The Code of Ethics also states that employees may use an external whistle-blowing procedure.

The scope of the external whistle-blowing procedure is limited to acts that relate to serious risks for the Group in terms of accounting, financial audit and anticorruption. Given their importance, serious acts that compromise the bodily security or moral integrity of employees may also be taken into consideration as part of this external whistle-blowing procedure.

Therefore, any Group employees who are aware of a violation of rules on one of these items may report it through the external whistle-blowing procedure.

This external whistle-blowing procedure may be initiated only for situations that are likely to seriously affect the Group's business or seriously incur its liability.

The external whistle-blowing procedure prompts employees to contact through postal mail or e-mail an outside organization to which Faurecia has delegated the tasks of collecting information and conducting an initial processing of this whistle-blowing procedure.

This organization has taken steps to ensure compliance with the principles and rules on data protection that are applicable in France and the European Union.

If the acts cited do not fall within the scope of the external whistle-blowing procedure, the alert will be destroyed immediately. On the other hand, if the acts cited do apply to the areas identified for this alert and if their importance justifies it, the outside organization will submit the case to the Faurecia group through its CEO.

The CEO may ask a member of his team to launch an investigation in order to assess the truthfulness and extent of the acts cited. The Internal Audit may be commissioned to complete the necessary investigations.

Compliance department

The Compliance department, the organization of which is described in subsection 2.1, is responsible for improving understanding of the Group's Code of Ethics and Management Code.

ACTIONS THAT SUPPORT THE PREVENTION OF CORRUPTION

In 2016, the Compliance department unveiled an online MOOC training, "Ethics", which is aimed at the community of 17,000 group Managers & Professionals.

In 2017, how-to guides on reporting and managing conflicts of interest and on the internal whistle-blowing procedure on allegations of noncompliance with the Code of Ethics were issued.

In addition, training sessions were organized at the industrial sites and at the level of Business Group divisions in connection with the verification assignments carried out by the Internal Audit team.

Along with these actions, and in accordance with French Law No. 2016-1691 of December 9, 2016, on transparency, fighting corruption and modernizing economic life, a mapping of noncompliance risks and especially the risk of corruption was completed and is incorporated into Faurecia's overall risk mapping process. In 2018, it is subject to a strengthening of the monitoring of the anti-corruption risk on the basis of questionnaires sent to the populations that are exposed to risk.

The actions taken by the Group to prevent corruption and the areas to improve are regularly presented to and discussed by the Group's Risk Committee, which is chaired by the Group Chief Financial Officer.

These actions include in particular the sending, by Faurecia to its subsidiaries, of a self-assessment questionnaire in which subsidiaries indicate whether they are in compliance with the Group's principles and processes.

4.3.4.2. Measures taken benefiting the health and safety of consumers

The main trends that impact automobiles are the urbanization of populations, the reduction in the consumption and the diversification of energy resources, changes in mobility, connectivity, consumer protection and health and the increased role of women in society. Faurecia takes these "mega" trends into account; most of the time they are translated into the automobile industry through the reduction in consumption and emissions, including electrification, connectivity and autonomous vehicles.

Faurecia also takes part in working groups on VIAQ (Vehicle Interior Air Quality) at the United Nations level, in collaboration with manufacturer representatives; these groups aim to monitor the health of people on-Board and continuously improve Faurecia's and the automotive industry's knowledge in measurement methodologies and the impact of Group products present inside vehicles.

Faurecia is a supplier of components that play an important role in passive safety and thus help save lives or limit injuries to drivers or passengers. Seats help provide about 80% of rear impact protection, about 30 to 40% for frontal impacts and, depending on the automaker, and between 30% to 80% for side impacts. The instrument panel incorporates all the issues relating to the deployment of airbags.

Over the years, Faurecia has taken position as a key partner for automakers in this area, initially by emphasizing the importance of safety and then by developing products and expertise that allow the Group to devote research efforts, in a measured and confident manner, to all anticipated changes. Each link in the safety chain is associated with design rules that guarantee the system's performance and its longevity.

The advent of the automated vehicle and the Cockpit of the Future approach reinforce the need to treat vehicle interior safety as a new system that Faurecia needs to help master.

The new combinations of interior design, safety and comfort are key elements of the new interiors. Faurecia masters some of them, but is also creating an ecosystem enabling it to advance in these areas. In 2017, Faurecia signed a partnership with ZF to work on integrating interior safety in vehicles and on developing the technological building blocks needed for new use scenarios.

The product design initiatives that have been taken are described in greater detail in subsection 4.2 of this Registration Document.

4.3.5. Other actions taken in support of human rights

The Code of Ethics contains a number of rules on fundamental rights.

These rules are described in subsection 4.1.3.3 of this Registration Document.

5. Combined General Meeting of May 29, 2018

5.1. Agenda

Ordinary resolutions

Resolution one - Approval of the financial statements for the fiscal year ending December 31, 2017 – Approval of non-tax-deductible expenses and costs,

Resolution two - Approval of the consolidated financial statements for the fiscal year ending December 31, 2017,

Resolution three - Appropriation of income for the fiscal year, dividend,

Resolution four - Statutory Auditors' special report on related-party agreements and undertakings - Statement of absence of new agreement,

Resolution five - Ratification of the temporary appointment of Valérie LANDON as Board member,

Resolution six - Amount of attendance fees allocated to the members of the Board of Directors,

Resolution seven - Approval of the principles and criteria used to determine, allocate and award the compensation of the Chairman of the Board of Directors,

Resolution eight - Approval of the principles and criteria used to determine, allocate and award the compensation of the Chief Executive Officer,

Resolution nine - Approval of the fixed, variable and exceptional elements comprising the total compensation and all benefits paid or granted for past fiscal year to Yann DELABRIERE, Chairman of the Board of Directors until May 30, 2017,

Resolution ten - Approval of the fixed, variable and exceptional elements comprising the total compensation and all benefits paid or granted for past fiscal year to Michel de ROSEN, Chairman of the Board of Directors since May 30, 2017,

Resolution eleven - Approval of the fixed, variable and exceptional elements comprising the total compensation and all benefits paid or granted for past fiscal year to Patrick KOLLER, Chief Executive Officer,

Resolution twelve - Authorization to the Board of Directors aiming to allow the Company to buy back its own shares pursuant to Article L. 225-209 of the French Code of commerce, duration of authorization, purposes, terms and conditions, ceiling, suspension during public offerings,

Extraordinary resolutions

Resolution thirteen - Authorization to the Board of Directors in order to cancel the shares bought back by the Company pursuant to Article L. 225-209 of the French Code of commerce, duration of authorization, ceiling,

Resolution fourteen - Authorization to the Board of Directors in order to grant for free existing and/or future shares to employees and/or certain corporate officers of the Company or affiliated companies, waiver by the shareholders of their preferential subscription right, duration of the authorization, ceiling, duration of the vesting period, particularly in the event of disability,

Resolution fifteen - Extension of the duration of the Company and modification of the bylaws accordingly,

Resolution sixteen - Approval of the conversion of the Company into a European company with a Board of Directors,

Resolution seventeen - Adoption of the Company's bylaws in its new legal form of European company,

Resolution eighteen - Powers for formalities.

5.2. Explanatory notes to the resolutions

5.2.1. 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.

5.2.1.1 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:

	Income eligible for reduction		Income not eligible for reduction
For the fiscal year	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.*

5.2.1.2 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.

5.2.1.3. 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.

5.2.1.4. 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.

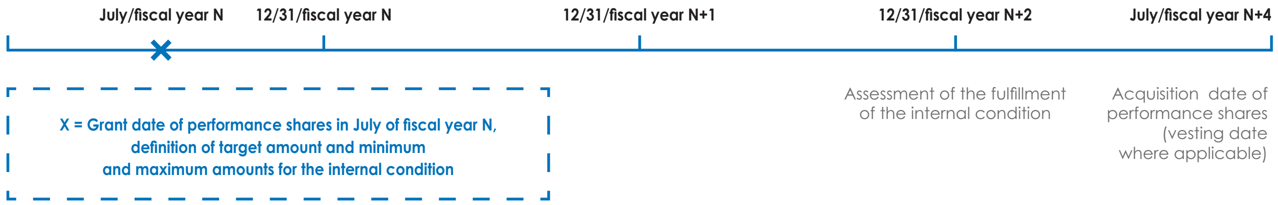
The reference group is made up of the following European and North American automotive suppliers:

- 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)

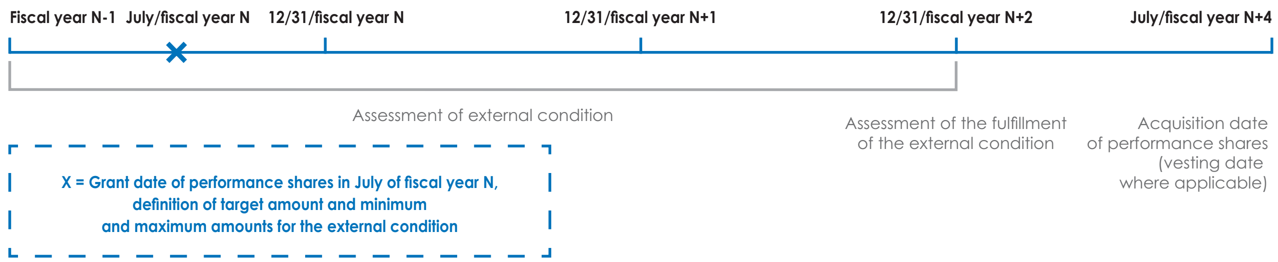
This group is identical to last year's and is intended to be stable, even if it may be altered in the event of a major change affecting one of the players.

The plans are constructed as follows:

Internal condition (net income)



External condition (net earnings per share)



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:

$$\sum Xi * R$$

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.

5.2.1.5. 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:

- ninth resolution: 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;
- tenth resolution: 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;
- eleventh resolution; 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.
		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.

Elements of compensation paid or granted for the fiscal year ended December 31, 2017	Amounts	Presentation
		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); ■ 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, 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.

Elements of compensation paid or granted for the fiscal year ended December 31, 2017	Amounts	Presentation
		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 × 100% × 150% × 1.15, for a total of €1,293,750 corresponding to 173% of his fixed compensation collected for 2017 as Chief Executive Officer.
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 garnted; 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. 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

Elements of compensation paid or granted for the fiscal year ended December 31, 2017	Amounts	Presentation
Supplementary defined contribution pension scheme (Article 83 of the French General Tax Code) and supplementary defined benefits pension scheme (Article 39 of the French General Tax Code)	No payment made during the fiscal year	On July 25, 2016, the Board of Directors confirmed that although 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. Defined contribution pension scheme: ■ 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. Defined benefits pension scheme: ■ 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: ■ 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).

5.2.1.6. 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.

5.2.2. 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.

5.2.2.1. 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.

5.2.2.2. 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.

5.2.2.3. 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.

5.2.2.4. 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 B.V. (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.

5.2.2.5. 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 RCS Nanterre

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 July 1, 1929. It became a public limited liability company (S.A.) by decision of the extraordinary shareholders' meeting dated March 30, 1954 and has been named "FAURECIA" since a decision of the extraordinary shareholders' meeting dated June 1, 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 May 29, 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.

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.

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 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.

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, the Board member appointed by the European council for the representation of employees 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.

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

Decisions are made at a simple majority of the members present or represented; 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.

ARTICLE 23 RELATED PARTIES AGREEMENT

<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 European companies.

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.

5.3. Resolutions

Ordinary resolutions

Resolution one

APPROVAL OF THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2017 – APPROVAL OF NON-TAX-DEDUCTIBLE EXPENSES AND COSTS,

The General meeting, after having read the reports by the Board of Directors and by the Statutory Auditors on the parent company financial statements as at December 31, 2017, approves these financial statements, as presented which show a profit of €94,364,262.41.

The General meeting particularly approves the total amount of €136,282.35 for expenses and costs listed in 4 of Article 39 of the French General Tax Code, which corresponds to the non-deductible portion of the leases of passenger vehicles, and the corresponding tax which amounted to €46,922.01

Resolution two

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2017

The General meeting, after having read the reports by the Board of Directors and by the Statutory Auditors on the consolidated financial statements as at December 31, 2017, approves these financial statements, as presented, with a net profit (Group share) of €610.2 million.

Resolution three

APPROPRIATION OF INCOME FOR THE FISCAL YEAR, DIVIDEND

The General meeting, on proposal of the Board of Directors, decides to appropriate the income for the fiscal year ending December 31, 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 General meeting acknowledges that the total gross dividend per share is set as €1.10

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%.

If the number of shares giving rights to dividend varies from the 138,035,801 shares representing the capital stock on December 31, 2017, the total amount of the dividend will be adjusted accordingly and the amount of the retained earnings account will be set on the basis of the dividend actually payable.

The dividend will be paid out on June 5, 2018.

The ex-coupon date will be June 1, 2018.

In accordance with the provisions of Article 243 bis of the French General Tax Code, the General meeting acknowledges that it was reminded that over the last three fiscal years, dividends and income were distributed as follows:

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.*

Resolution four

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND UNDERTAKINGS - STATEMENT OF ABSENCE OF NEW AGREEMENT

The General meeting, after having read the Statutory Auditors' special report stating that there was no new agreement like those referred to in Articles L. 225-38 et seq. of the French Code of commerce, unconditionally acknowledges this point.

Resolution five

RATIFICATION OF THE TEMPORARY APPOINTMENT OF VALÉRIE LANDON AS BOARD MEMBER

The General meeting ratifies the appointment, which was made on a temporary basis by the Board of Directors at its meeting of October 12, 2017, of Valérie LANDON as Board member to replace Amparo MORALEDA, who resigned.

Consequently, Valérie LANDON shall exercise her duties for the remainder of the term of Amparo MORALEDA's corporate office, i.e., until the end of the meeting convened in 2021 to approve the financial statements for the past fiscal year.

Resolution six

AMOUNT OF ATTENDANCE FEES ALLOCATED TO THE MEMBERS OF THE BOARD OF DIRECTORS

The General meeting decides to increase the annual total attendance fees allocated to the Board of Directors from €600,000 to €700,000.

This decision, which applies to the fiscal year in progress, shall be maintained until a new decision is made.

Resolution seven

APPROVAL OF THE PRINCIPLES AND CRITERIA USED TO DETERMINE, ALLOCATE AND AWARD THE COMPENSATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The General meeting, which was consulted in accordance with Article L. 225-37-2 of the French Code of commerce, approves the principles and criteria used to determine, allocate and award the elements of the total compensation and benefits that may be awarded to the Chairman of the Board of Directors on account of his corporate office, as detailed in the report stipulated in the last paragraph of Article L. 225-37 of the French Code of commerce, presented in the explanatory Notes to the resolutions.

Resolution eight

APPROVAL OF THE PRINCIPLES AND CRITERIA USED TO DETERMINE, ALLOCATE AND AWARD THE COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

The General meeting, consulted in accordance with Article L. 225-37-2 of the French Code of commerce, approves the principles and criteria used to determine, allocate and award the elements of the total compensation and benefits that may be awarded to the Chief Executive Officer on account of his corporate office, as detailed in the report stipulated in the last paragraph of Article L. 225-37 of the French Code of commerce, presented in the explanatory Notes to the resolutions.

Resolution nine

APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS COMPRISING THE TOTAL COMPENSATION AND ALL BENEFITS PAID OR GRANTED FOR PAST FISCAL YEAR TO YANN DELABRIÈRE, CHAIRMAN OF THE BOARD OF DIRECTORS UNTIL MAY 30, 2017

The General meeting, acting in accordance with Article L. 225-100, paragraph II of the French Code of commerce, approves the fixed, variable and exceptional elements comprising the total compensation and all benefits paid or granted for the past fiscal year on account of his corporate office to Yann DELABRIÈRE, Chairman of the Board of Directors until May 30, 2017, as presented in the explanatory Notes to the resolutions.

Resolution ten

APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS COMPRISING THE TOTAL COMPENSATION AND ALL BENEFITS PAID OR GRANTED FOR PAST FISCAL YEAR TO MICHEL DE ROSEN, CHAIRMAN OF THE BOARD OF DIRECTORS SINCE MAY 30, 2017

The General meeting, acting in accordance with Article L. 225-100, paragraph II of the French Code of commerce, approves the fixed, variable and exceptional elements comprising the total compensation and all benefits paid or granted for the past fiscal year on account of his corporate office to Michel de ROSEN, Chairman of the Board of Directors since May 30, 2017, as presented in the explanatory Notes to the resolutions.

Resolution eleven

APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS COMPRISING THE TOTAL COMPENSATION AND ALL BENEFITS PAID OR GRANTED FOR PAST FISCAL YEAR TO PATRICK KOLLER, CHIEF EXECUTIVE OFFICER

The General meeting, acting in accordance with Article L. 225-100, paragraph II of the French Code of commerce, approves the fixed, variable and exceptional elements comprising the total compensation and all benefits paid or granted for the past fiscal year on account of his corporate office to Patrick KOLLER, Chief Executive Officer, as presented in the explanatory Notes to the resolutions.

Resolution twelve

AUTHORIZATION TO THE BOARD OF DIRECTORS AIMING TO ALLOW THE COMPANY TO BUY BACK ITS OWN SHARES PURSUANT TO ARTICLE L. 225-209 OF THE FRENCH CODE OF COMMERCE, DURATION OF AUTHORIZATION, PURPOSES, TERMS AND CONDITIONS, CEILING, SUSPENSION DURING PUBLIC OFFERINGS

The General meeting, after having read the report by the Board of Directors, authorizes the latter, for a period of eighteen months, in accordance with Articles L. 225-209 et seq. of the French Code of commerce, to purchase company shares, in one or several installments, at such times that it deems appropriate, capped at 10% of the total number of shares in the Company's capital stock, adjusted to take into account any possible increase or decrease in the share capital that may occur during the program.

This authorization terminates the authorization granted to the Board of Directors by the General meeting of May 30, 2017 (ordinary resolution eighteen).

Acquisitions are authorized in order to:

- support the secondary market or the liquidity of Faurecia shares, through an investment service provider under a liquidity contract, in accordance with the AMAFI (French association of stock markets) Code of Ethics, as allowed by regulations, with the stipulation that in this context, the number of shares used to calculate the aforementioned cap corresponds to the number of shares purchased, less the number of shares resold;
- retain the shares purchased and use these shares for exchange or payment at a later stage, as part of any possible external growth transactions;
- hedge stock option plans and/or free grant of shares plans (or similar plans) to the benefit of employees and/or Group corporate officers, as well as all allocations of shares as part of a group or Company savings plan (or similar plan), under a profit-sharing plan and or any other form of allocation of shares to the benefit of the Group employees and/or corporate officers;
- hedge securities giving access to the allocation of Company shares subject to the regulations in force;
- cancel the shares acquired, if applicable, in accordance with the current or future authorization of an Extraordinary General Meeting.

Such shares may be purchased by any means, including by acquiring blocks of shares, and at such times deemed appropriate by the Board of Directors.

The Board of Directors may not, without the prior authorization of the General meeting, use this authorization during a public offering launched by a third party, involving company shares, until the end of the offering.

The Company reserves the right to use optional mechanisms or derivatives subject to the applicable regulations.

The maximum purchase price per share is set at €110 (one hundred and ten). In the event of transactions affecting the capital stock, in particular a division of shares, a reverse stock split or allocation of free shares, the aforementioned amount will be adjusted in the same proportions (multiplication coefficient equal to the ratio of the number of company shares prior to the transaction to the number of shares after the transaction).

On this basis, and for information only, the maximum amount, which the Company would pay, assuming a maximum purchase price of €110 (one hundred and ten), would amount to €1,428,818,600 on the basis of the capital stock on December 31, 2017 (consisting of 138,035,801 shares), taking into account the 814,320 company treasury shares on this date.

The General meeting grants full powers to the Board of Directors, with a sub-delegation option in accordance with legal provisions, to carry out these transactions, set the conditions and procedures thereof, enter into all agreements and carry out all of the required formalities.

Extraordinary resolutions

Resolution thirteen

AUTHORIZATION TO THE BOARD OF DIRECTORS IN ORDER TO CANCEL THE SHARES BOUGHT BACK BY THE COMPANY PURSUANT TO ARTICLE L. 225-209 OF THE FRENCH CODE OF COMMERCE, DURATION OF AUTHORIZATION, CEILING

After having read the report by the Board of Directors and the Statutory Auditors' report, the General meeting:

1) Authorizes the Board of Directors to cancel, according to its own decisions, in one or more transactions, and capped at 10% of the capital stock calculated on the date of cancellation decision, less any shares canceled during the previous 24 months, shares held by the Company, or which the Company may hold further to buy back transactions carried out pursuant to Article L. 225-209 of the French Code of commerce, and to reduce the capital stock in accordance with the applicable laws and regulations;
2) Sets the validity of this authorization as eighteen months from this General meeting;
3) Grants full powers to the Board of Directors, with a sub-delegation option in accordance with legal provisions, to carry out all transactions required for such cancellation and the corresponding reductions in the share capital, amend the bylaws of the Company accordingly and carry out all of the required formalities.

Resolution fourteen

AUTHORIZATION TO THE BOARD OF DIRECTORS IN ORDER TO GRANT FOR FREE EXISTING AND/OR FUTURE SHARES TO EMPLOYEES AND/OR CERTAIN CORPORATE OFFICERS OF THE COMPANY OR AFFILIATED COMPANIES, WAIVER BY THE SHAREHOLDERS OF THEIR PREFERENTIAL SUBSCRIPTION RIGHT, DURATION OF THE AUTHORIZATION, CEILING, DURATION OF THE VESTING PERIOD, PARTICULARLY IN THE EVENT OF DISABILITY

After having read the report by the Board of Directors and the Statutory Auditors' special report, the General meeting authorizes the Board of Directors to grant, in one or more transactions and pursuant to Articles L. 225-197-1 and L. 225-197-2 of the French Code of commerce, existing or future ordinary company shares to:

- employees of the Company or companies that are directly or indirectly affiliated with it within the meaning of Article L. 225-197-2 of the French Code of commerce;
- and/or corporate officers who meet the criteria set by Article L. 225-197-1 of the French Code of commerce.

The total number of shares granted for free may not exceed 2,000,000 (two millions) shares.

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

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

Notwithstanding, the permanent share grant shall occur before the end of the vesting period in case of disability of the beneficiary corresponding to the classification in the second and third categories stipulated in Article L. 341-4 of the French Social Security Code.

The permanent share grant by virtue of this authorization will necessarily be subject to the fulfillment of one or several performance conditions that the Board of Directors will determine.

All powers are granted to the Board of Directors for the purposes of:

- setting the terms and conditions that apply to the grants, especially the performance conditions, recording their fulfillment;
- determining the identity of the beneficiaries and the number of shares granted to each of them;
- where applicable:
  - recording the existence of sufficient reserves and upon each grant transferring to the unavailable reserve account the sums needed to pay up the new shares that are to be granted,
  - when the time comes, recording the capital increase(s) through capitalization of reserves, premiums or profits resulting from the issue of new shares that are permanently granted, setting the dividend date of the future shares, amending the bylaws accordingly, and, more broadly, carrying out all the required actions and formalities,
  - acquiring the shares needed as part of the share buy-back program and allocating them to the share grant plan applying to existing shares,
  - determining the repercussions for the beneficiaries' rights of transactions changing the capital stock performed during the vesting period and if necessary, adjusting the beneficiaries' rights,
  - deciding whether to set a lock-up obligation at the end of the vesting period and, where applicable, setting its duration and taking all steps needed to ensure that the beneficiaries abide by it,
  - and more broadly, acting within the law to take all actions that the implementation of this authorization requires.

This authorization automatically constitutes a waiver by the shareholders of their preferential subscription right to new shares issued through capitalization of reserves, premiums or profits.

It is granted for a period of twenty-six months as of the date of this Meeting. Where applicable, it automatically invalidates any prior authorization with the same purpose, in the amount of the unused portion.

Resolution fifteen

EXTENSION OF THE DURATION OF THE COMPANY AND MODIFICATION OF THE BYLAWS ACCORDINGLY

The General meeting, after having read the report by the Board of Directors, decides to extend the duration of the Company for a duration of 99 years starting from the present General meeting, until May 28, 2117, except in the event of early dissolution or extension decided by a shareholders' Extraordinary General Meeting and to add accordingly a second paragraph to Article 5 of the bylaws drafted as follows, the rest of the Article remaining unchanged:

"The duration of the Company was extended until May 28, 2117 by the Extraordinary General Meeting dated May 29, 2018."

Resolution sixteen

APPROVAL OF THE CONVERSION OF THE COMPANY INTO A EUROPEAN COMPANY WITH A BOARD OF DIRECTORS

The General meeting, after having read:

- the treaty to convert the Company into a European company drafted by the Board of Directors and dated February 15, 2018, and filed at the Registry of the Nanterre Commercial Court on March 12, 2018;
- the report by the Board of Directors in the form of explanatory Notes to the resolutions explaining and justifying the legal and economic aspects of the conversion and outlining the consequences for the shareholders and employees of the adoption of the form of a European company;
- the report by Ledouble firm, auditor of the conversion, appointed by order of the President of the Nanterre Commercial Court dated March 16, 2018.

After noting that the Company has fulfilled the criteria set forth in the provisions of Council regulation (EC) No. 2157/2001 of October 8, 2001, on the Statute for a European company, and particularly those referred to in Articles 2§4 and 37 of said regulation, and the criteria of Article L. 225-245-1 of the French Code of commerce on the conversion of a public limited company into a European Company.

And after noting and confirming as appropriate:

- that the Company's conversion into a European company shall result in neither the winding up of the Company nor the creation of a new legal entity;
- that the Company name after the conversion shall be followed by the words "Societas Europaea" or the abbreviation "SE";
- that the duration of the Company, its purpose and its registered office shall not change;
- that the Company's capital stock, number of shares comprising it and their par value shall not change; that the Company's shares shall continue to be admitted to trading on the Euronext Paris regulated market;
- that the length of the fiscal year in progress shall not change due to the adoption of the form of European company and that the financial statements of this fiscal year shall be prepared, presented and audited in accordance with the bylaws of the Company in its new form and the provisions of the French Code of commerce on European companies;
- that the terms of office of the Board members, Statutory Auditors and Alternate Statutory Auditors in progress at the time of the Company's conversion into a European company shall continue until they are scheduled to end;
- that all the authorizations and delegations of authority and powers that have been and will be granted to the Board of Directors in its form of *société anonyme* (joint-stock corporation) by all Company General meetings 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 the Company in its form of European company.

After having noted that, pursuant to Article 12§2 of the aforementioned regulation, the Company will not be registered as a European company until the procedure regarding employee involvement, as stipulated in Articles L. 2351-1 et seq. of the French Labor Code, can be completed, and that these negotiations may result in (i) a written agreement setting the terms and conditions of employee involvement in the European company, or (ii) the enforcement of additional provisions on the European company works council stipulated in Articles L. 2353-1 et seq. of the French Labor Code when, at the end of the negotiation period stipulated in Article L. 2352-9 of said code, no agreement has been established,

Approves the conversion of the Company's corporate form into a European company with a Board of Directors, approves the terms and conditions of the Company's conversion plan adopted by the Board of Directors, and notes that this conversion shall take effect upon registration of the Company in its new form in the Nanterre Trade and Companies Register, which shall occur following negotiations on employee involvement in the European company.

The General meeting grants 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 signature of an agreement for that purpose, (ii) consequently note that the prerequisite to registering the Company in its new form that is contingent on the completion of said negotiations has been fulfilled, and (iii) carry out the formalities required for registering the Company in the form of a European company.

Resolution seventeen

ADOPTION OF THE COMPANY'S BYLAWS IN ITS NEW LEGAL FORM OF EUROPEAN COMPANY

After having read the conversion treaty, the report by the Board of Directors in the form of explanatory notes to the resolutions and the draft bylaws of the Company in the form of a European company, the General meeting, subject to the adoption of the previous resolution, adopts Article by Article and then in its entirety the text of the bylaws of the Company in its new form of European company.

These bylaws, a copy of which is appended to the minutes of this Meeting, shall take effect upon the permanent conversion of the Company into a European company, that is, upon Faurecia's registration as a European company in the Nanterre Trade and Companies Register.

Resolution eighteen

POWERS FOR FORMALITIES

The General meeting grants full powers to the holder of an original version, copy or extract of this report in order to carry out all disclosure or submission formalities required by law.

5.4. Profile of the Board member whose cooptation is put to the vote

Valérie Landon

Ms. Valérie Landon is Vice Chairman Investment Banking & Capital Markets at Credit Suisse.

She is an engineering graduate of the *École Centrale de Paris*.

She began her career in 1985 at Air France. In 1990, she joined Credit Suisse as an investment banker. She rose through the ranks, serving as Head of Investment Banking & Capital Markets for France, Belgium and Luxembourg.

Ms. Valérie Landon, of French nationality, will be 55 years old on the date of the General Meeting.

Ms. Valérie Landon's business address is that of the Company.

Main positions currently held:

- Vice Chairman Investment Banking & Capital Markets at Credit Suisse

Other current positions and corporate offices:

- Member of the Board of Directors of Albioma

Positions and corporate offices held within the last 5 years and which have expired:

- Member of the European Advisory Board of Catalyst (from 2010 to 2016)

Ms. Valérie Landon holds 500 Faurecia shares.

5.5. Reports

5.5.1. Statutory auditors' reports

5.5.1.1. Statutory Auditors' special report on related-party agreements and commitments

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Faurecia, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R.225-31 of the French Commercial Code (*Code de commerce*), it the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

We were not informed of any agreements or commitments entered into during the year to be submitted for approval at the Annual General Meeting pursuant to the provisions of Article L.225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

Pursuant to Article R.225-30 of the French Commercial Code, we were informed that the following agreements and commitments, approved by the Annual General Meeting in previous years, remained in force during the year ended December 31, 2017.

1. *Defined contribution pension plans (Article 83 of the French Tax Code (Code général des impôts) and defined benefit pension plans (Article 39 of the French Tax Code) set up for all Group employees in France*

Person concerned

Patrick Koller, Deputy Chief Executive Officer until June 30, 2016 and Chief Executive Officer as from July 1, 2016

Nature and purpose

This plan consists of:

- a defined contribution plan relating to salary brackets A and B with total contributions representing 1% on tranche A and 6% on tranche B of the compensation without any contribution by the beneficiary;
- a defined benefit plan according to the terms of which potential rights increase each year by 1% on salary tranche C.

Both of these plans are open to all Group managers with at least one year's seniority at the time of retirement for the defined contribution plan and at least five years' seniority for the defined benefit plan.

Terms and conditions

At its meeting of July 25, 2016, the Board of Directors confirmed that Patrick Koller, who no longer has an employment contract with the Company, will remain a beneficiary of these two plans after July 1, 2016 in his capacity as Chief Executive Officer.

Furthermore, in accordance with Article L.225-42-1 of the French Commercial Code as amended by the law of August 6, 2015 (the Macron law), the Board of Directors decided to make Patrick Koller's entitlement to the defined benefit plan (Article 39 of the French Tax Code) subject to the following performance condition, linked to his annual variable compensation:

- in the event the variable compensation objectives are achieved at 80% or above, an increase of 1% of the potential entitlement (limited to salary Tranche C) will be acquired for the period in question;
- in the event the variable compensation objectives are achieved below 80%, the increase in entitlement will be reduced in proportion to the level at which the objectives were achieved (e.g., an objective achieved at 30% would lead to an increase of 0.30% of the potential entitlement).

As of December 31, 2017, the estimated amounts of the pension entitlement of Patrick Koller in respect of these two plans were as follows:

- defined contribution plan: €4,218 annually;
- defined benefit plan: €31,431 annually.

No payment was made in 2017 to Patrick Koller in respect of these two plans.

2. *Specific supplementary pension scheme set up for members of the Executive Committee (Article 39 of the French Tax Code)*

Person concerned

Patrick Koller, in his capacity as Chief Executive Officer as from July 1, 2016.

Nature and purpose

Set up following a decision by the Board of Directors at its meeting of February 11, 2015 and modified by an unilateral decision made by the Chief Executive Officer on July 4, 2016, this plan was intended for members of Faurecia's Executive Committee who have an employment contract with the Company, either in progress or suspended, or hold corporate office in France, and have served on the Executive Committee for a minimum of three consecutive calendar years as from the implementation of the plan or the date they joined the Executive Committee.

Terms and conditions

Faurecia guarantees beneficiaries of the plan an annual pension determined according to the Company's operating income and budget approved by the Board of Directors using the formula ∑ (Xi*R), as defined below:

- R is the annual reference compensation;
- Xi is the entitlement for each year of seniority (i) equal to:
  - 3% if the operating income for the year is greater 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 less than 95% of the budgeted operating income.

The operating income for year N is defined based on the income statement as of December 31, year 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.

The estimated amount of the pension as of December 31, 2017 was €332,323.

No payment was made to Patrick Koller in respect of this plan during the financial year ended December 31, 2017.

3. *Termination payment*

Person concerned

Patrick Koller, in his capacity as Chief Executive Officer as from July 1, 2016.

Nature, purpose and terms and conditions

The termination payment is subject to the following conditions:

- a termination payment would be due to Patrick Koller in the event of his being removed from office as Chief Executive Officer at the Company's initiative, except in the event of serious or gross misconduct;
- no termination payment would be due if Patrick Koller resigns or retires;
- the termination payment is subject to the following performance conditions:

a) achieving positive operating income over the three financial years prior to the end of Patrick Koller's term of office as Chief Executive Officer,

b) achieving positive net cash flow over the three financial years prior to the end of Patrick Koller's term of office as Chief Executive Officer;

- the amount of the termination payment would be equal to 24 months of Patrick Koller's reference compensation (fixed compensation and variable compensation) if the two conditions set out above are met over the three financial years in question, which in practical terms amounts to meeting six criteria;
- should one of the six criteria not be met in a given year, the termination payment would be reduced by one sixth and therefore could be equal to zero if none of the six criteria were met;
- should Patrick Koller's term of office as Chief Executive Officer be less than three years, the calculation of the termination payment would be the same, but the number of criteria would be adjusted to take into account the actual duration of his term of office.

4. Agreement between Faurecia Services Groupe and Capgemini Technology Services

Person concerned

Yann Delabrière, in his capacity as a corporate officer of Faurecia (Chairman and Chief Executive Officer until June 30, 2016 and Chairman of the Board of Directors from July 1, 2016 until May 30, 2017), which controls Faurecia Services Groupe, and of Capgemini SA (director), it being specified that Yann Delabrière did not fulfil any duties at either of the contract's signatory companies.

Nature and purpose

On June 30, 2016, Faurecia Services Groupe, a company controlled by Faurecia, and Capgemini Technology Services (a subsidiary of Capgemini) signed a contract for the performance of services by Capgemini in connection with the Digital Enterprise project.

Terms and conditions

An amount of €1.4 million was paid by Faurecia in respect of this contract in 2017.

Neuilly-sur-Seine and Paris La Défense, April 20, 2018

The Statutory Auditors

French original signed by:

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Eric Bertier	Jean-Roch Varon

5.5.1.2. **Statutory Auditors' report on the share capital reduction**

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as your company's Statutory Auditors and in accordance with the provisions of Article L.225-209 of the French Commercial Code (*Code de commerce*), applicable in the event of a share capital reduction by canceling purchased shares, we hereby report to you on our assessment of the reasons for and terms and conditions of the planned share capital reduction.

The Board of Directors proposes that, for a period of eighteen (18) months as from this Meeting, the shareholders delegate to the Board of Directors full powers to cancel treasury shares, pursuant to an authorization granted within the framework of the above-mentioned Article, up to a maximum of ten percent (10%) of the shares comprising the share capital of the Company over a period of twenty-four (24) months.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the reasons for and the terms and conditions of the proposed share capital reduction, which is not of a nature to affect shareholder equality, comply with the applicable legal provisions.

We have no matters to report on the reasons for and terms and conditions of the proposed share capital reduction.

Neuilly-sur-Seine and Paris–La Défense, April 20, 2018

The Statutory Auditors

French original signed by:

PricewaterhouseCoopers Audit
Eric Bertier

ERNST & YOUNG Audit
Jean-Roch Varon

5.5.1.3. Statutory Auditors' report on the authorization to grant existing shares or shares to be issued

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as your Company's Statutory Auditors and in accordance with the provisions of Article L.225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report to you on the authorization sought to grant existing shares or shares to be issued to (i) employees of the Company or of the companies that are directly or indirectly related to it within the meaning of Article L.225-197-2 of the French Commercial Code, and/or (ii) corporate officers meeting the conditions set forth in Article L.225-197-1 of the French Commercial Code, which is submitted to you for approval. The total number of Shares awarded shall not exceed 2.000.000 shares.

Acting on the basis of its report, the Board of Directors proposes that you authorize it, for a period of twenty-six (26) months, to grant existing shares or shares to be issued.

It is the Board of Directors' responsibility to prepare a report on the proposed transaction. It is our responsibility to report to you on the information provided to you on the proposed operation.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the arrangements proposed and the information provided in the Board of Directors' report comply with the applicable legal provisions.

We have no matters to report on the information provided in the Board of Directors' report concerning the proposed authorization to grant shares.

Neuilly-sur-Seine and Paris–La Défense, April 20, 2018

The Statutory Auditors

French original signed by:

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Eric Bertier	Jean-Roch Varon

5.5.2. Independent verifier's report on consolidated social, environmental and societal information presented in the management report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our quality as an independent verifier accredited by the COFRAC [(1)], under the number n° 3-1050, and as a member of the network of one of the Statutory Auditors of the company Faurecia, we present our report on the consolidated social, environmental and societal information established for the year ended on the December 31, 2017, presented in the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the Article R. 225-105 of the French Commercial Code (*Code de commerce*), in accordance with the protocols used by the company (hereafter referred to as the "Criteria"), and of which a summary is included in the management report and available on request at the company's headquarters.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the Article L. 822-11-3 of the French Commercial Code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial Code (*Code de commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria.

Nonetheless, it is not our role to give an opinion on the compliance with other legal dispositions where applicable, in particular those provided for in the Article L. 225-102-4 of the French Commercial Code (vigilance plan) and in the Sapin II law n°2016-1691 of 9 December 2016 (anti-corruption).

Our verification work mobilized the skills of five people between September 2017 and February 2018 for an estimated duration of ten weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000 [(2)].

1. ATTESTATION OF PRESENCE OF CSR INFORMATION

Nature and scope of the work

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial Code (*Code de commerce*).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial Code (*Code de commerce*).

(1) Scope available at www.cofrac.fr

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L. 233-1 and the entities which it controls, as aligned with the meaning of the Article L. 233-3 of the French Commercial Code (*Code de commerce*).

Conclusion

Based on this work, we confirm the presence in the management report of the required CSR Information.

2. LIMITED ASSURANCE ON CSR INFORMATION

Nature and scope of the work

We undertook around ten interviews with the people responsible for the preparation of the CSR Information in the different departments in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important [(1)]:

- at the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report ;
- at the level of the representative selection of entities that we selected [(2)], based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 13% of the total workforce and between 11 and 16% of the quantitative environmental information.

(1) ***Social information:***

- *Indicators (quantitative information): total headcount and breakdown by contract, absenteeism rate, total number of trainings, work accidents frequency rate with days lost, work accidents frequency rate with and without days lost;*
- *Qualitative information: employment (gender and geography, hiring and terminations, women proportion in managers headcount), labour organization, absenteeism, labour relations (social dialogue organization, collective agreements), health and safety, work accidents (frequency and gravity), training policies, diversity and equality of treatment and opportunities (measures undertaken to improve gender equality, anti-discrimination policies and actions), promotion and respect of the ILO core conventions (freedom of association, anti-discrimination policies and actions, elimination of forced labour and child labour).*

Environmental and societal information:

- *Indicators (quantitative information): percentage of production sites ISO 14001 certified, number of sites ISO 14001 certified, raw material consumption and its ratio per turnover unit, energy consumption and its ratio per turnover unit, GHG emissions (scope 1 and 2 and their ratio per turnover unit), emissions of Volatile Organic Compounds, the quantity of waste produced and its ratio per turnover unit, waste distribution per disposal type and the external recycling rate, the percentage of suppliers that have been assessed following CSR criteria.*
- *Qualitative information: general environmental organization, training and information delivered to the employees regarding environmental protection, the resources dedicated to the prevention of environmental risks and pollution, measures undertaken to prevent, reduce or remediate air emissions (emissions of Volatile Organic Compounds), circular economy (waste generation prevention, waste recycling and disposal, total energy consumption, measures undertaken to improve energy efficiency and the use of renewable energy), climate change (the significant emission sources for GHG generated by the activities of the society, especially for the use of services and goods produced by the society, the adaptation to climate change), importance of subcontracting and the consideration of environmental and social issues in the purchasing policies and the relations with suppliers and subcontractors; importance of subcontracting and the consideration of environmental and social issues in the purchasing policies and the relations with suppliers and subcontractors, loyalty of practices (measures to prevent corruption).*

(2) BG Faurecia Clean Mobility: China Division, including Anting and Chongqing sites (China) ; BG Faurecia Interiors: Division North Europe including Legnica AST (Poland) and Mlada Boleslav sites (Czech Republic), and Chongqing CFAP (China) ; BG Faurecia Seating: Talmaciu site (Romania).

For the other consolidated CSR Information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, April 19, 2018

French original signed by:

Independent Verifier

ERNST & YOUNG et Associés

Eric Mugnier
Partner
Sustainability Services

Bruno Perrin
Partner

6. Other information

6.1. Background

1891. The first automobiles, in the modern sense, are made, powered by gasoline engines. The first steel tubes follow, patented by Peugeot. They are produced mainly at Audincourt, in the Doubs region of eastern France.

1914. Bertrand Faure opens his first workshop, making seats for Paris trams and underground trains, at Levallois-Perret.

1929. Bertrand Faure acquires the license for the Epeda process, enabling the Company to improve its seats for the automotive industry and develop a new product, the spring mattress. Both businesses take off significantly after the Second World War. Bertrand Faure clients include Renault, Peugeot, Citroën, Talbot, Panhard-Levassor, Berliet and Simca.

1950. Bernard Deconinck, the son-in-law of Joseph Allibert, who formed the Allibert company in Isère in 1910, decides to invest in an enormous injection press from the United States. He could use this equipment to mold large plastic parts from a single clamping unit. He changes his customer base from refrigerator manufacturers to the automotive industry.

1955. The Frères Peugeot company, with subsidiaries including Peugeot et Cie, starts producing automotive equipment. The companies diversify over the years, making seats, exhaust systems, and steering columns. They extend operations outside France, dropping some products to concentrate on new lines.

1972. François Sommer, grandson of Alfred Sommer, merges his automotive floor coverings company with that of Bernard Deconinck's company, Allibert. They combine their know-how in textiles and plastics to found the Sommer Allibert group.

In the early 1980s, Sommer Allibert invests heavily to meet the needs of the automotive industry and becomes a leading specialist in interior vehicle fittings for all of the major automakers. International expansion follows, with the acquisition of Spain-based Lignotock, and an extended presence in Germany from 1993.

1987. Cycles Peugeot merges with Aciers & Outillages Peugeot to form Ecia (Équipements et Composants pour l'Industrie Automobile), the PSA Peugeot Citroën group's specialist automotive equipment subsidiary. Over the next ten years, Ecia undergoes concentrated industrial and geographical development.

1990. The company Epeda Bertrand Faure, which started out as a manufacturer of seats and benches for transport vehicles, such as automobiles, railroad passenger cars and streetcars, gradually diversifies into other business segments: first bedding with the Epeda and Mérinos brands, then luggage under the Delsey name in 1982, and finally aeronautics with Ratier-Figeac in 1987. Nevertheless, its core business is still manufacturing components for car seats, particularly for the French market.

From 1977, it acquires businesses in Portugal, Spain and Canada and gains a toehold in Germany, but the Company's international expansion enters a new phase in 1990 when it acquires the Rentrop group in Germany. Epeda Bertrand Faure then becomes the European leader in automotive seating. Throughout the 1990s until 1998, the Company concentrates its expertise in automotive equipment, selling off its other businesses in bedding (Epeda and Mérinos), aeronautics (Ratier-Figeac) and luggage (Delsey).

1992. Ecia sells its cycle business, then its tool business the following year and makes significant acquisitions in companies specializing in exhaust, with Tubauto and Eli Échappement in France, Leistritz Abgastechnik in Germany and Silenciadores PCG in Spain. Ecia then becomes the European leader in exhaust systems. At the same time, its Automotive Seating Division joins forces with the Spanish automotive equipment supplier Irausa to form Ardasa. The Company supplies exhaust systems, seats, interior fittings and front ends to Volkswagen, Renault, Daimler Chrysler, Opel, Honda and Mitsubishi.

December 11, 1997. Ecia makes a friendly takeover bid for Bertrand Faure, bringing its direct and indirect stake in the Group to 99%. While Bertrand Faure sells its luggage (Delsey) and aeronautics (Ratier-Figeac) businesses, Ecia sells its motorcycle business (Peugeot Motocycles) to the PSA Peugeot Citroën group in 1998.

June 1, 1999. Ecia and Bertrand Faure merge giving birth to the Faurecia company, resulting in the PSA Peugeot Citroën group holding a 52.6% stake in Faurecia by the end of 1999. Faurecia then reports sales of over €4 billion, with a workforce of 32,000. Apart from boosting its size and its global position in automotive seating, Bertrand Faure also provides Ecia with a broader geographical and commercial presence, especially in Germany, where the Company has strong links with automakers such as Volkswagen and BMW.

Late 1999. The Faurecia group develops its exhaust systems business in North America by acquiring the US company AP Automotive Systems.

October 2000. Faurecia purchases Sommer Allibert. The PSA Peugeot Citroën group finances the transaction, thus increasing its shareholding in Faurecia to 71.5%. Well established in Germany and Spain, the Group commands a significant European market share for vehicle interior fittings, especially door and instrument panels and acoustic modules.

2001. The acquisition of Sommer Allibert is completed with a public offer to buy out Sommer Allibert's minority shareholders. The resulting group has sales of €9.6 billion. Faurecia then buys out the remaining minority shares held by external shareholders in Sommer Allibert's German subsidiary SAI Automotive AG.

2002. The Faurecia group acquires 49% of the South Korean catalytic converter maker Daeki Industrial, number two in its market. The same year, Faurecia forms a joint venture with the Taiwanese automotive equipment company GSK, with a view to making seats at Wuhan, in China.

2003. Faurecia follows up these acquisitions by buying the South Korean exhaust systems company Chang Heung Precision, which has market share of over 20%. This gives Faurecia's exhaust systems business a manufacturing presence in all continents. In Europe, the Group and Siemens-VDO finalize an agreement to strengthen and expand their joint venture (SAS): this company assembles cockpits for BMW, Daimler Chrysler, the Ford group, Renault-Nissan and the Volkswagen group.

2005. The Group strengthens its presence in Korea by increasing its shareholding in Daeki (specializing in exhaust systems for Hyundai) to 100%, and signs a joint-venture agreement with the South Korean company Kwang Jin Sang Gong (specializing in door modules for Hyundai Motors and Kia Motors).

2007. The Group takes over the bumper activity of Cadence Innovation France, thus strengthening its market position in this sector in France.

2009. Faurecia acquires Emcon Technologies (formerly Arvin Industries), and becomes the world leader in exhaust systems. This business combination strengthens Faurecia's position with automakers in Germany (as Arvin Industries acquired Zeuna Stärker in 1998), the USA (particularly Ford), South America, India and Thailand. It gives Faurecia a route into the niche commercial-vehicles market (trucks and off road). With this all-equity acquisition, One Equity Partners (JP Morgan Chase & Co.'s private equity arm), holds a 17.3% stake in Faurecia and PSA Peugeot Citroën's interest is reduced to 57.4%.

Faurecia buys out its joint-venture partner Tata to become the sole owner of Taco Faurecia Design Center. The company is renamed Faurecia Automotive Engineering India and becomes Faurecia's development center in India.

2010. Faurecia becomes the European leader in automotive exterior parts by acquiring the German activities of Plastal, and subsequently Plastal España S.A. With these transactions, the Faurecia Automotive Exteriors Business Group enlarges its customer base, which now includes Ford and Germany's four premium automakers, upgrades its product range, and strengthens both its industrial presence and its R&D capacity. It is able to expand internationally, setting up a joint venture in China with Huaxiang, supplier of exterior parts to FAW-Volkswagen.

After taking an 18.75% stake in Xuyang group, in China, the Group is able to expand the line of products and services offered in the strategic areas of complete seats, interior systems, acoustic modules, and interior covers. A strategic alliance with the Geely and Limin groups marks a significant new development stage for Faurecia Interior Systems and Faurecia Automotive Exteriors in China.

In the fourth quarter of 2010, Faurecia Automotive Seating buys the "seat comfort technology" business of the German company Hoerbiger Automotive Komfortsysteme GmbH, and diversifies its technological offer in complete seats.

Finally, to strengthen the technological prowess of Faurecia Interior Systems, the Group acquires Angell-Demmel Europe GmbH, the world leader in decorative metal parts for automobile interiors.

2011. In January, Faurecia takes a 21.2% stake in the Danish company, Amminex A/S, thus strengthening its technology towards diesel-emission control.

Faurecia also reinforces its presence in China by signing, in January, a new joint venture agreement with Ningbo Huazhong Plastic Products Co. Ltd to make exterior automobile parts; and, in June, by enlarging the scope of its cooperation with the Changchun Xuyang group. This allows it to develop locally, specifically with the FAW group. In July, it signs an agreement with the Economic and Technological Development Zone of Yancheng for an investment project allowing Faurecia to develop its seat-mechanism activity.

In November, Faurecia launches a €350 million bond issue maturing in December 2016. (The issue is supplemented by another €140 million issue in February 2012 with the same maturity date). Another syndicated line of credit is arranged for €1,150 billion, in two tranches: A (€690 million) and B (€460 million), maturing in November 2014 and November 2016 respectively.

2012. On May 3, Faurecia announces its acquisition of the Ford ACH interior components plant in Saline, Michigan (USA). This plant supplies cockpit modules, instrument panels, door panels and center consoles for 12 automotive programs assembled in 8 Ford plants across North America.

In parallel with this acquisition, Faurecia signs a joint venture agreement with Rush group Ltd, a Rush group company. The joint venture, called Detroit Manufacturing Systems (DMS), takes over activities such as the assembly and sequencing of interior parts at a new plant in Detroit.

On February 14, Faurecia announces that in addition to its €350 million bond issue in November 2011, it has placed another issue with a nominal value of €140 million.

On April 27, Faurecia announces that it has placed a new bond issue with a nominal value of €250 million, maturing in June 2019.

On August 30, Faurecia announces that with effect from that date, it has acquired Plastal France (Plastal SAS), a supplier of plastic body parts for Smart branded vehicles (Daimler group). The transaction follows the previous acquisitions of Plastal Allemagne and Plastal Espagne in 2010, and includes the manufacturing and assembly plant and the operational headquarters in Hambach (France).

On September 10, Faurecia issues convertible bonds (OCEANE), maturing on January 1, 2018. After exercising an over-allotment option on September 12, 2012, it raises €249,999,989.00 (12,833,675 bonds).

On November 29, Faurecia launches a level 1 ADR program listed on the "over-the-counter" (OTC) market in the USA. Each Faurecia ordinary share (listed on the NYSE Euronext Paris market) comprises two ADR shares.

2013. On April 10, Faurecia Interior Systems signs a joint venture agreement with the Thai component manufacturer Summit Auto Seats to support Ford in its development in South-East Asia, particularly in Thailand.

On April 22, Faurecia and Chang'an Automobile Group, one of the largest automakers in China, sign a joint venture agreement.

On November 19, Faurecia and Magneti Marelli announce their agreement to cooperate in designing, developing and manufacturing HMI products for vehicle interiors. The agreement will enhance the added value of interior solutions for the vehicles that Faurecia and Magneti Marelli supply to automakers and end customers.

On December 30, Faurecia redeems early the OCEANE bonds maturing on January 1, 2015 (ISIN FR0010827055). Bond-holders opt virtually unanimously to convert their bonds into Faurecia shares: 11,284,793 shares (99.83% of the total outstanding) are converted into 11,736,190 new Faurecia shares.

2014. On January 29, Faurecia announces the establishment, with the Japanese automotive equipment manufacturer Howa, of a joint venture called Faurecia Howa Interiors, for the production in Mexico of interior systems for Renault-Nissan. The agreement signed opens up new commercial prospects for Faurecia: with Nissan in Mexico, Thailand, Spain, Brazil and in South Africa.

On October 3, Faurecia announces the establishment of 50:50 joint venture with Interval, a major French agricultural cooperative.

This agreement results in the establishment of Automotive Performance Materials (APM), which aims to develop and produce biosourced raw materials in order to continue Faurecia's drive to reduce vehicle weight while respecting the environment.

Note that in 2014 Faurecia celebrates 20 years of presence in China. It is also the year in which Faurecia returns to the Paris Motor Show after an absence of 12 years.

2015. On March 27, Faurecia and Dongfeng Hongtai, a subsidiary majority owned by Dongfeng Motor Corporation, one of the largest automotive groups in China, enter into a broad partnership agreement covering all of the Faurecia group's business activities. The first result of this partnership is the formation, in May 2015, of two joint ventures, one with a view to the development, manufacture and delivery of automotive interior components (Dongfeng Faurecia Automotive Interior Co., Ltd.) and the other with a view to the development, manufacture and delivery of automotive exterior components (Dongfeng Faurecia Automotive Exterior Co., Ltd.).

On September 24, Faurecia and Beijing WKW Automotive Parts Co., Ltd., one of China's leading manufacturers of automotive interior and exterior decorative parts, sign a joint venture agreement. Together, the two partners aim to unlock synergies in the area of aluminum interior decorative parts for light vehicles.

On December 7, Faurecia announces the early redemption, effective January 15, 2016, of the OCEANE bonds convertible into or exchangeable for new or existing shares issued in September 2012.

On December 14, Faurecia signs a Memorandum of Understanding (MoU) for the sale of its worldwide Automotive Exteriors business to Compagnie Plastic Omnium. The business that would be sold, which is comprised of bumpers and front end modules, has sales of €2 billion in 2014 and employs 7,700 people in 22 industrial sites. The Automotive Composites business, the Faurecia plant supplying components to Smart in Hambach (France), and two joint ventures in Brazil and China are not included in the deal. The transaction is based on an enterprise value of €665 million. The transaction is expected to close during 2016.

2016. On July 27, Faurecia and Italian company Tabu S.p.A., which specializes in the production of flexible wood trim, sign a partnership agreement which results in the set-up of the joint venture Ligneos, S.r.l. on September 5. With Tabu's unique expertise in the selection, cutting and treatment of wood, the two partners have developed patented technology aimed at extending the use of decorative wood in cars, covering a wider range of surfaces.

On July 29, in keeping with the memorandum of understanding signed on December 14, 2015, Faurecia sells its Automotive Exteriors business to Plastic Omnium. The transaction had been authorized by the European Commission on the condition that Plastic Omnium commit to selling the French sites and one Spanish site focused on the bumper business, along with the front-end module assembly business in Germany.

On October 2, Faurecia and Azin Khodro sign a partnership agreement for the set-up of a joint venture in Iran (Azin Faurecia Interior Systems Company), to develop and produce instrument panels, door panels, center consoles and acoustic modules, with production due to be launched in early 2018.

On November 29, Faurecia and German premium automaker Borgward sign a partnership agreement for the set-up of a joint venture (Borgward Faurecia Auto Systems Co., Ltd) in Tianjin, China, to jointly develop and produce complete automotive seats for the new Borgward vehicles.

On December 2, Faurecia signs with MAAD, an Iranian joint venture consisting of the Crouse and Avrand groups, a partnership agreement to create a joint venture, known as Faurecia Crouse Advanced Exhaust Systems Co., that will develop and produce emissions control systems for the Iranian automotive market, with production slated to start in early 2017.

On December 6, Faurecia announces that it has entered into exclusive talks with Parrot Automotive, one of the leaders in connectivity and infotainment solutions for the automotive industry, in view of developing applications and platforms for connected vehicles. The first step will consist in acquiring a 20% stake in Parrot Automotive. Faurecia could increase its stake to 50.01% as from 2019 and acquire all Parrot Automotive shares by 2022. If the talks are successful, the project will be launched in the first half of 2017.

On December 13, Faurecia, who has been working in close collaboration with Danish company Amminex since mid-2009 and held 42% of its capital stock, announces that it has increased its stake in this company to 91.5%. The remaining shares are held by the Danish foundation Nordea-fonden. Amminex develops an ammonia storage and delivery system (ASDS™) which has shown its efficiency in eliminating nitrogen oxides (NOx) in diesel engines. By increasing its stake in this company, Faurecia intends to step up the development of this technology for utility vehicles, trucks and passenger vehicles. Faurecia is also seriously looking into other applications for ASDS™, such as for agricultural vehicles, earthmoving machinery and the high-power engines used in boats and ships.

2017. On February 21, Faurecia announces that it has entered into a partnership agreement with TactoTek, a Finnish company providing solutions for Injection Molded Structural Electronics (IMSE): integrating printed circuitry and electronic components into 3D injection molded plastics. This investment in TactoTek strengthens Faurecia's capabilities for the development and production of intelligent surfaces which are necessary for the Cockpit of the Future.

On March 27, Faurecia announces that it has finalized and signed its strategic partnership with Parrot Automotive. This partnership will allow Faurecia to accelerate development of electronic solutions for the connected vehicle.

On May 4, Faurecia and ZF announce a strategic partnership to work on developing disruptive and differentiating interior and safety technologies for autonomous cars.

On May 15, Faurecia announces the acquisition of exclusive access to the intellectual property and manufacturing know-how of STELIA Aerospace Composites in composite hydrogen tanks. This acquisition supplements Faurecia's investment in Ad-venta, which invented a valve that makes it easier to power fuel cells.

On October 10, Faurecia and MAHLE, an automotive supplier, announce a partnership that will focus on the development of innovative interior heat management technologies for the mobility solutions of the future.

On November 6, Faurecia acquires a majority stake in Chinese company Jiangxi Coagent Electronics Co., Ltd, which is renamed Faurecia Coagent Electronics S&T Co., Ltd. The new joint venture will develop integrated, innovative infotainment solutions on Board vehicles.

On December 21, Faurecia announces the establishment of an agreement to acquire 100% of the Swiss company Hug Engineering, which is held by the German group ElringKlinger, a leader on the European market in complete exhaust gas purification systems for engines greater than 750 HP and one of the main global players in its segment.

6.2. Legal information

COMPANY NAME AND HEADQUARTERS

Company name: Faurecia

Registered office: 2, rue Hennape, 92000 Nanterre, France

Telephone: +33 (0) 1 72 36 70 00

Fax: +33 (0) 1 72 36 70 07

www.faurecia.com

LEGAL FORM

Faurecia is a *société anonyme* (joint-stock corporation) listed on Euronext Paris governed by the French Code of commerce and the related implementing regulations. It complies with generally accepted corporate governance principles for companies in France, notably the AFEP-MEDEF Corporate Governance Code of listed corporations.

Faurecia abides by the legal and regulatory provisions that apply to the governing bodies of listed companies and reports in this Registration Document on the application of the recommendations made in relation to said Code.

STATUTORY AUDITORS

The Company's financial statements are audited by two Statutory Auditors appointed in accordance with Article L. 225-228 of the French Code of commerce.

DATE OF INCORPORATION AND TERM

Incorporated on July 1st, 1929

Term expires on December 31, 2027

INCORPORATION DETAILS

The Company is registered with the Nanterre Trade and Companies Registry under number 542 005 376.

APE (business Identifier Code) is: 7010Z.

CONSULTATION OF CORPORATE DOCUMENTS

During the period of validity of this Registration Document, the following documents (or copies thereof) can be consulted at the Company's headquarters:

a. the Company's articles of incorporation and bylaws;

b. historical financial information about Faurecia S.A. and its subsidiaries for each of the two fiscal years preceding the publication of the Registration Document.

CONTACT DETAILS

Faurecia

Legal department

2, rue Hennape

92000 Nanterre

The documents may also be viewed on the Company's website at www.faurecia.com.

CORPORATE PURPOSE

The Company's purpose, as set out in Article 3 of the bylaws, is summarized below:

- to establish, acquire, operate directly or indirectly or invest in any and all industrial, trading or service companies in France or abroad;
- to provide administrative, financial and technical assistance to subsidiaries and affiliates;
- to manufacture and sell all products, accessories or equipment for the automotive and other industries, and generally to conduct any and all related commercial, industrial, real estate and other transactions.

ROLE OF THE COMPANY IN RELATION TO ITS SUBSIDIARIES

Faurecia is a holding company, whose assets are primarily made up of equity interests. The Company's industrial assets are held by the operating subsidiaries.

Faurecia provides direct and indirect financial, accounting, management, administrative and other services to Group companies.

The list of consolidated companies at December 31, 2017 is provided in Chapter 1.1. This information is usefully supplemented by a simplified organization chart of the operational companies in the Faurecia group, provided in Section 6.3 of this Registration Document.

FISCAL YEAR

The Company's fiscal year covers the 12-month period from January 1 to December 31.

DISTRIBUTION OF PROFITS

Income available for distribution corresponds to net income for the year, less any losses carried forward from prior years and any amounts appropriated to reserves in compliance with the law or the bylaws, plus any retained earnings.

Out of this income, the General meeting determines the portion attributed to shareholders in the form of dividends and deducts the amounts it considers appropriate to allocate to any reserve funds or to carry forward.

However, except in the case of a capital stock reduction, no distributions may be made to shareholders if the Company's shareholders' equity represents – or would represent after the planned distribution – less than its capital stock plus any reserves which, according to the law or the bylaws, are not available for distribution.

The General meeting may also decide to distribute amounts deducted from optional reserves in order to pay or increase a dividend or pay a special dividend.

The Company's bylaws provide that the Ordinary General Meeting approving the financial statements for the year may also decide to offer each shareholder the option between the payment of the dividend or the interim dividend in cash or in shares.

DIVIDENDS – STATUTE OF LIMITATIONS

Dividends not collected within five years of the payment date will be time-barred and paid over to the French Treasury.

REGISTRAR AND PAYING AGENT

The registrar and paying agent for Faurecia shares is Caceis Corporate Trust, 14, rue Rouget-de-Lisle, 92862 Issy-les-Moulineaux Cedex 9, France.

STOCK MARKET DATA

Faurecia's share (EO.PA) is listed on compartment A of the Euronext Paris market (ISIN code FR 0000121147). It is on the CAC Next20 index (since December 18, 2017) and the MSCI France (since November 30, 2017).

GENERAL MEETINGS OF SHAREHOLDERS

The rules governing the participation of shareholders in General Meetings are described in Article 22 and 23 of the Company's bylaws, and may be consulted at www.faurecia.com.

General Meetings are held at the Company's registered office or at any other venue specified in the notice of meeting.

Holders of registered shares are notified by mail; the other shareholders are notified via the relevant banks and brokers through the financial notices provided for by the applicable regulations.

A continually updated schedule of all of the Group's financial events, including the date of the General meetings, is available on Faurecia's website at www.faurecia.com.

The right to participate in General Meetings shall be substantiated in accordance with the current statutory provisions.

The rights of shareholders, which may only be amended in accordance with the conditions laid down by French law, are not affected by any other provision of the bylaws.

VOTING RIGHTS

The Company's bylaws do not provide for any restrictions on voting rights. Voting rights at Ordinary, Extraordinary and Special General Meetings are exercisable by the beneficial owner of the shares.

The bylaws assign double voting rights to all fully paid-up shares that have been registered in the name of the same holder for at least two (2) years. In the case of a bonus share issue paid up by capitalizing retained earnings, income or additional paid-in capital, the bonus shares allotted in respect of registered shares carrying double voting rights will also carry double voting rights as from the date of issue. This double voting right may be canceled following a decision of the Extraordinary General Meeting and after having informed a special meeting of the beneficiary shareholders.

Shares that are transferred or converted to bearer form are stripped of double voting rights. However, double voting rights are not lost and the above-mentioned two-year period continues to run when shares are transferred following the liquidation of a marital estate, or by way of an inheritance or in the form of an inter vivos gift to a spouse or a relative in the direct line of succession.

There are no special rights of control.

EQUITY THRESHOLDS THAT MUST BE DISCLOSED TO THE COMPANY

Under Article 29 of the bylaws, when any natural person or legal entity, acting alone or with others as defined in Article L. 233-10 of the French Code of commerce, owns or ceases to own a number of shares so that the capital stock or voting rights held cross a threshold of 2% or any multiple of 2% (or when the holding crosses the thresholds defined in the laws and regulations), that person must notify the Company by registered letter with acknowledgement of receipt of the total number of shares and voting rights he or she holds, within four (4) trading days of the threshold being crossed. This applies in addition to the obligations relating to crossing legally-defined thresholds.

In the case of failure to comply, at the request of one or several shareholders present or represented at the meeting with combined holdings representing at least 2% of the capital stock or voting rights, the undisclosed shares will be stripped of voting rights. Said request must be recorded in the minutes of the General meeting.

This provision supplements the statutory requirements concerning disclosure thresholds in Article L. 233-7 of the French Code of commerce.

The rights of shareholders, which may only be amended in accordance with the conditions laid down by French law, are not affected by any other provision of the bylaws.

AGREEMENT THAT, IF IMPLEMENTED, COULD CHANGE THE CONTROL OF THE COMPANY OR THAT COULD DELAY, POSTPONE, DEFER OR PREVENT A CHANGE IN CONTROL

To the best of the Company's knowledge there are no arrangements in place whose operation could result in a change in control of the Company at a future date.

There are currently no deeds, bylaws, charters, regulations or provisions in place that could delay, postpone or prevent such a change in control.

AGREEMENTS ENTERED INTO BY THE COMPANY WHICH ARE AMENDED OR TERMINATED IN THE EVENT OF A CHANGE IN CONTROL OF THE COMPANY

The syndicated loan agreement entered into by the Company on December 15, 2014 includes an acceleration clause under which – subject to certain conditions – each bank may require immediate payment of outstanding sums in the event of a change of ownership of the Company. The bonds issued on April 1, 2016 and on February 21, 2018, provide for early repayment in the event of a change of control.

None of the above transactions include a minimum Peugeot S.A. shareholding clause.

AGREEMENTS STIPULATING PAYMENTS FOR MEMBERS OF THE BOARD OF DIRECTORS OR EMPLOYEES

There are no agreements of the type referred to in Article L. 225-37-5, paragraph 10 of the French Code of commerce in favor of members of the Board of Directors or employees.

MEASURES TAKEN BY THE COMPANY TO ENSURE THAT CONTROL IS NOT EXERCISED IN AN ABUSIVE MANNER

The Company is controlled in the sense of Article L. 233-3 of the French Code of commerce, as shown in the table breaking down ownership in Section 3.2.1.

The measures taken by the Company to avoid abuse of control are described in this Registration Document:

- section 2.1 of this Registration Document: "Participants and systems in risk control";
- section 3.1.1.1.1 of this Registration Document: "Presence of independent members on the Board of Directors and its specialized committees";
- section 3.2.1.2.1 of this Registration Document: "Factors related to conflicts of interest".

MAJOR CONTRACTS

To date, Faurecia has not entered into any major contracts that would entail a significant obligation or commitment for the Group, other than those that fall within the ordinary course of business.

DEPENDENCE

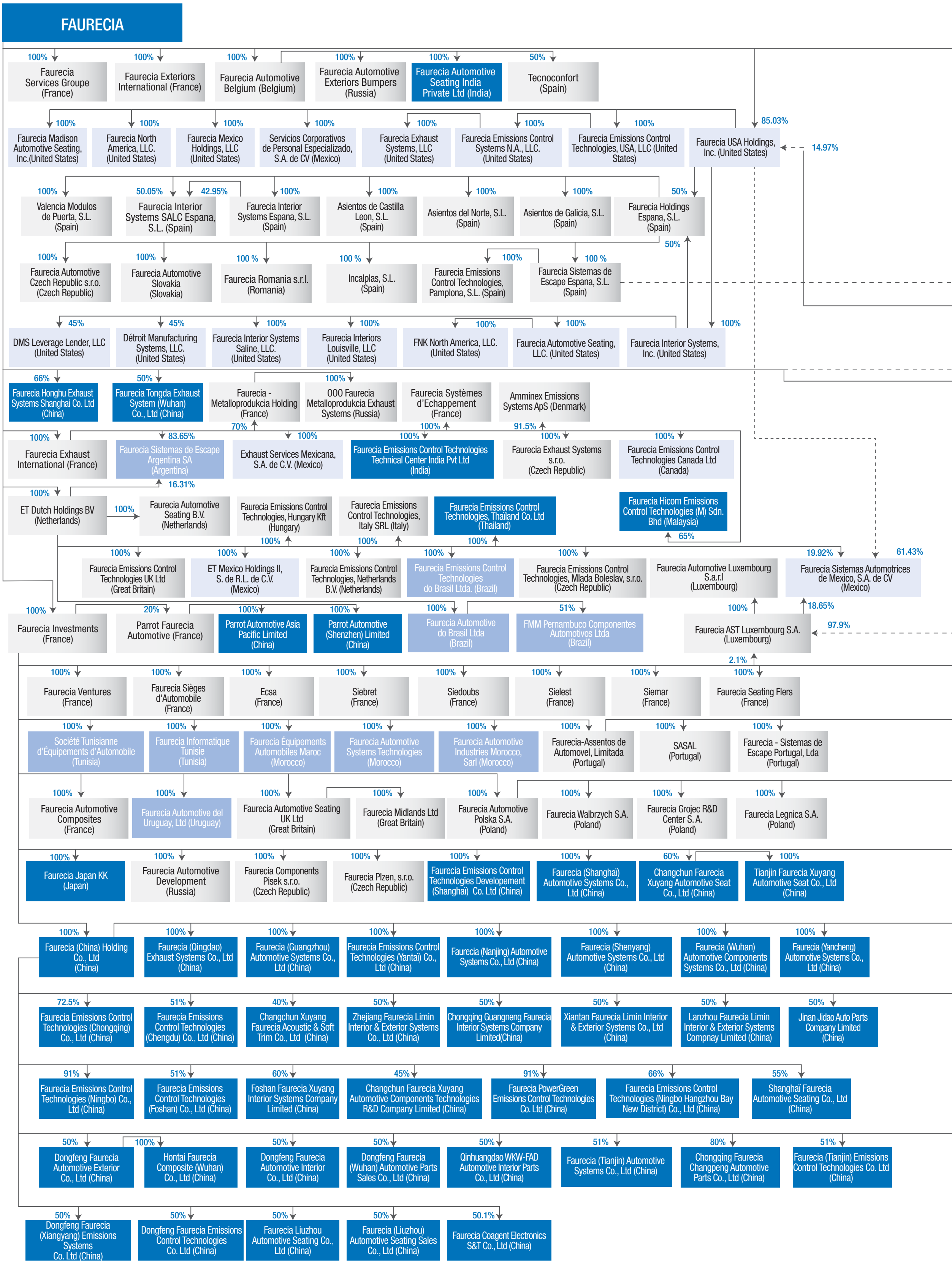
See Section 2, "Risks and risk control", and especially risk associated with the automotive supplier business, supplier risk and intellectual property risk.

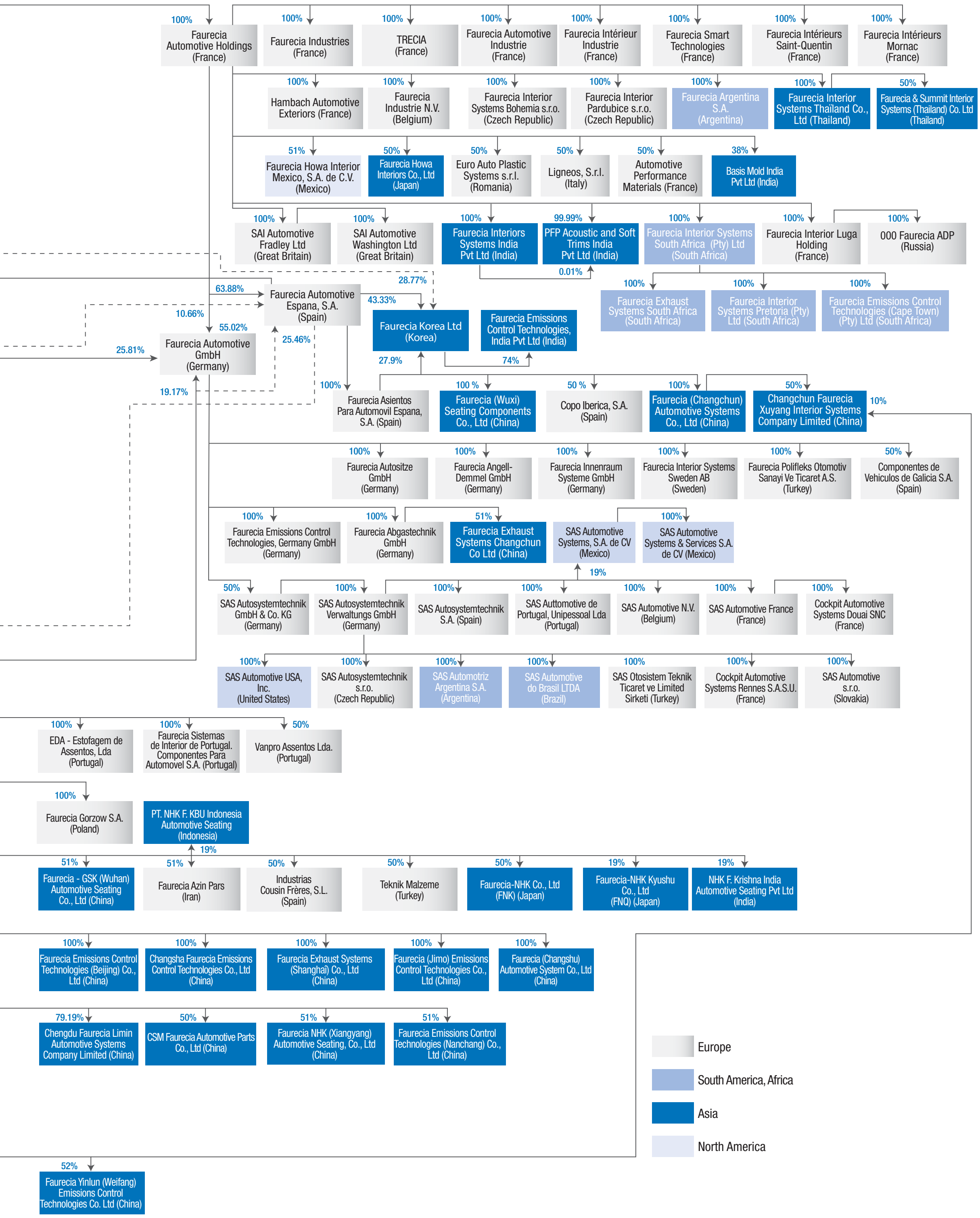
SIGNIFICANT PROPERTY, PLANT AND EQUIPMENT

The Group's 300 manufacturing sites, including 30 research and development centers spanning 34 countries worldwide, enable it to maximize its local presence and implement its just-in-time delivery strategy. None of its manufacturing equipment taken on an individual basis represents a material value in relation to the property, plant and equipment of the Group as a whole. They are mostly dedicated to client programs. As a result, utilization rates are largely dependent on business levels. With very few exceptions, utilization rates for equipment and facilities are not monitored centrally or systematically.

Note 12 to the consolidated financial statements provides further information on the Group's property, plant and equipment.

6.3. Organizational structure as of December 31, 2017




100% Faurecia Automotive Holdings (France)
100% Faurecia Industries (France)
100% TRECIA (France)
100% Faurecia Automotive Industrie (France)
100% Faurecia Intérieur Industrie (France)
100% Faurecia Smart Technologies (France)
100% Faurecia Intérieurs Saint-Quentin (France)
100% Faurecia Intérieurs Mornac (France)
100% Hambach Automotive Exteriors (France)
100% Faurecia Industrie N.V. (Belgium)
100% Faurecia Interior Systems Bohemia s.r.o. (Czech Republic)
100% Faurecia Interior Pardubice s.r.o. (Czech Republic)
100% Faurecia Argentina S.A. (Argentina)
100% Faurecia Interior Systems Thailand Co., Ltd (Thailand)
50% Faurecia & Summit Interior Systems (Thailand) Co. Ltd (Thailand)
51% Faurecia Howa Interior Mexico, S.A. de C.V. (Mexico)
50% Faurecia Howa Interiors Co., Ltd (Japan)
50% Euro Auto Plastic Systems s.r.l. (Romania)
50% Ligneos, S.r.l. (Italy)
50% Automotive Performance Materials (France)
38% Basis Mold India Pvt Ltd (India)
100% SAI Automotive Fradley Ltd (Great Britain)
100% SAI Automotive Washington Ltd (Great Britain)
100% Faurecia Interiors Systems India Pvt Ltd (India)
99.99% PFP Acoustic and Soft Trims India Pvt Ltd (India)
0.01%
100% Faurecia Interior Systems South Africa (Pty) Ltd (South Africa)
100% Faurecia Interior Luga Holding (France)
100% 000 Faurecia ADP (Russia)
100% Faurecia Exhaust Systems South Africa (South Africa)
100% Faurecia Interior Systems Pretoria (Pty) Ltd (South Africa)
100% Faurecia Emissions Control Technologies (Cape Town) (Pty) Ltd (South Africa)
28.77%
63.88%
Faurecia Automotive Espana, S.A. (Spain)
43.33%
10.66%
55.02%
25.46%
25.81%
Faurecia Automotive GmbH (Germany)
19.17%
Faurecia Korea Ltd (Korea)
Faurecia Emissions Control Technologies, India Pvt Ltd (India)
27.9%
74%
100% Faurecia Asientos Para Automovil Espana, S.A. (Spain)
100 % Faurecia (Wuxi) Seating Components Co., Ltd (China)
50 % Copo Iberica, S.A. (Spain)
100% Faurecia (Changchun) Automotive Systems Co., Ltd (China)
50% Changchun Faurecia Xuyang Interior Systems Company Limited (China)
10%
100% Faurecia Autositze GmbH (Germany)
100% Faurecia Angell-Demmel GmbH (Germany)
100% Faurecia Innenraum Systeme GmbH (Germany)
100% Faurecia Interior Systems Sweden AB (Sweden)
100% Faurecia Polifleks Otomotiv Sanayi Ve Ticaret A.S. (Turkey)
50% Componentes de Vehiculos de Galicia S.A. (Spain)
100% Faurecia Emissions Control Technologies, Germany GmbH (Germany)
100% Faurecia Abgastechnik GmbH (Germany)
51% Faurecia Exhaust Systems Changchun Co Ltd (China)
SAS Automotive Systems, S.A. de CV (Mexico)
100% SAS Automotive Systems & Services S.A. de CV (Mexico)
19%
50% SAS Autosystemtechnik GmbH & Co. KG (Germany)
100% SAS Autosystemtechnik Verwaltungs GmbH (Germany)
100% SAS Autosystemtechnik S.A. (Spain)
100% SAS Automotive de Portugal, Unipessoal Lda (Portugal)
100% SAS Automotive N.V. (Belgium)
100% SAS Automotive France (France)
100% Cockpit Automotive Systems Douai SNC (France)
100% SAS Automotive USA, Inc. (United States)
100% SAS Autosystemtechnik s.r.o. (Czech Republic)
100% SAS Automotriz Argentina S.A. (Argentina)
100% SAS Automotive do Brasil LTDA (Brazil)
100% SAS Otosistem Teknik Ticaret ve Limited Sirketi (Turkey)
100% Cockpit Automotive Systems Rennes S.A.S.U. (France)
100% SAS Automotive s.r.o. (Slovakia)
100% EDA - Estofagem de Assentos, Lda (Portugal)
100% Faurecia Sistemas de Interior de Portugal. Componentes Para Automovel S.A. (Portugal)
50% Vanpro Assentos Lda. (Portugal)
100% Faurecia Gorzow S.A. (Poland)
PT. NHK F. KBU Indonesia Automotive Seating (Indonesia)
19%
51% Faurecia - GSK (Wuhan) Automotive Seating Co., Ltd (China)
51% Faurecia Azin Pars (Iran)
50% Industrias Cousin Frères, S.L. (Spain)
50% Teknik Malzeme (Turkey)
50% Faurecia-NHK Co., Ltd (FNK) (Japan)
19% Faurecia-NHK Kyushu Co., Ltd (FNQ) (Japan)
19% NHK F. Krishna India Automotive Seating Pvt Ltd (India)
100% Faurecia Emissions Control Technologies (Beijing) Co., Ltd (China)
100% Changsha Faurecia Emissions Control Technologies Co., Ltd (China)
100% Faurecia Exhaust Systems (Shanghai) Co., Ltd (China)
100% Faurecia (Jimo) Emissions Control Technologies Co., Ltd (China)
100% Faurecia (Changshu) Automotive System Co., Ltd (China)
79.19% Chengdu Faurecia Limin Automotive Systems Company Limited (China)
50% CSM Faurecia Automotive Parts Co., Ltd (China)
51% Faurecia NHK (Xiangyang) Automotive Seating, Co., Ltd (China)
51% Faurecia Emissions Control Technologies (Nanchang) Co., Ltd (China)
52% Faurecia Yinlun (Weifang) Emissions Control Technologies Co. Ltd (China)
Europe
South America, Africa
Asia
North America

6.4. Additional information on audits of financial statements

THE AUDIT OF THE FINANCIAL STATEMENTS

In accordance with French company law, Faurecia's Statutory Auditors certify the parent company and Group financial statements and review the situation of its significant consolidated subsidiaries through members of their networks.

In 2017, ERNST & YOUNG Audit and PricewaterhouseCoopers Audit received €4.1 million and €4.4 million respectively for their audit assignments.

The table in Note 33 to the consolidated financial statements shows the fees that Faurecia and its fully consolidated subsidiaries recorded in their 2017 financial statements for work assigned to the Statutory Auditors.

PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

	Start date of first term of office	Date of expiry of term of office
STATUTORY AUDITORS		
ERNST & YOUNG Audit represented by Mr. Jean-Roch Varon member of the Versailles Regional Association of Statutory Auditors Tour First TSA 14444 92037 Paris-La Défense Cedex France	June 17, 1983	2019 AGM
PricewaterhouseCoopers Audit represented by Mr. Éric Bertier member of the Versailles Regional Association of Statutory Auditors 63, rue de Villiers 92208 Neuilly-sur-Seine France	May 27, 2003	2019 AGM
ALTERNATE STATUTORY AUDITORS		
Auditex	May 27, 2003	2019 AGM
Mr. Étienne Boris	May 23, 2005	2019 AGM

6.5. Declaration by the person responsible for the Registration Document and Information Officer

Person responsible for the Registration Document

Mr. Patrick Koller
Chief Executive Officer

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, the financial position and the results of the Company and the consolidated companies making up the Group, and that the management report, the contents of which are shown on pages 308 and 309, provides a true and fair picture of the business, results and financial position of the Company and its consolidated companies, as well as a description of the main risks and uncertainties they face.

I obtained a statement from the Statutory Auditors at the end of their engagement affirming that they have read the whole of the Registration Document and examined the information about the financial position and the financial statements contained therein.

Patrick Koller

Executed in Nanterre, on 26 April 2018

Information Officer

Mr. Michel Favre
Executive Vice-President, Group Chief Financial Officer

Faurecia
2, rue Hennape
92000 Nanterre
France
Telephone: +33 (1) 72 36 70 00
Fax: +33 (1) 72 36 70 07

6.6. Cross-reference tables

Cross-reference table with Annex I of Commission Regulation (EC) No. 809/2004 of April 29, 2004

In order to make this Registration Document easier to understand, the cross-reference table below makes it possible to identify the key items of information required by Annex I of European Regulation No. 809/2004 of April 29, 2004.

Cross-reference table on information required in the annual financial report

For ease of reading, the cross-reference table below identifies information in this Registration Document that also appears in the annual financial report that listed companies are required to publish under Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulation.

	Pages
STATEMENT BY THE PERSON RESPONSIBLE FOR THE DOCUMENT	303
MANAGEMENT REPORT	
Analysis of the results, financial position and risks of the parent company and the consolidated Group; list of delegated authorities to increase the capital stock	24-33 ; 96-98 ; 127-136 ; 191
Information on factors likely to have an impact on a public takeover bid	309
Information on share buybacks	205-206
FINANCIAL STATEMENTS	
Parent company financial statements	99-117
Statutory Auditors' report on the financial statements	118-120
Consolidated financial statements	34-91
Statutory Auditors' report on the consolidated financial statements	92-95

Cross-reference table on information required in the management report

For ease of reading, the cross-reference table below identifies information in this Registration Document that makes the management report, especially pursuant to Article L. 225.100 of the French Code of commerce.

Information	Pages
Parent company and Group position, business and results by Business Group, foreseeable changes and material post–balance sheet events	6-19 ; 24-36 ; 96-98
Objective and comprehensive analysis of the change in business activity, results and financial position (especially the debt situation) of the parent company and the Group	24-36 ; 96-98
Key financial and, where applicable, non-financial performance indicators of the parent company and the Group	6-19 ; 22 ; 224-245
Main risks and uncertainties of the parent company and the Group and **internal control and risk management procedures**	121-136
Objective and policy of hedging transactions for which the parent company and Group's hedge accounting is used	79-82 ; 132-134
Parent company and Group exposure to **price, credit, liquidity and treasury risks**	132-134
Use of parent company and Group financial instruments	32-33 ; 96-97
Financial risks associated with the effects of **climate change** and presentation of measures taken by the parent company and the Group to reduce them (low-carbon strategy)	131-132 ; 241-242
Research and development activities and existing branches	14-15 ; 48 ; 86-91 ; 116-117
Crossing of thresholds, controlled companies and equity investments	190
Changes to the Company's capital stock	206-208
Report on **employee profit-sharing**	190
Purchases and sales of treasury shares	206-208
Dividends paid out by the Company over the last three fiscal years	210
Nondeductible expenses and costs	278
Terms of payment	97
Amount of business-to-business loans granted by the Company	107
Company duty of care plan	128 ; 249
Stock transactions by persons with managerial responsibilities	176
Board's choices regarding **terms and conditions of retention by corporate officers of shares allocated free of charge and/or shares from exercised stock options**	184
Social, environmental and societal information **stipulated in Article R. 225-105-1** of the French Code of commerce	212-252
Table of five-year **financial summary**	115
Notice of ownership of more than 10% of the capital stock of another joint stock company, **disposal of cross-shareholdings**	NA
Calculation methods and results of **adjustment of accrual bases** of marketable securities and options	NA
Injunctions or financial penalties handed down by the competition authority	NA
Report on payments made **to governments**	NA
Seveso **information**	NA
Corporate governance report	
Information on compensation of corporate officers	
Principles and criteria for **determining, allocating and awarding** the fixed, variable and nonrecurring elements of the total compensation and all benefits that may be awarded to the corporate officers for fulfilling their corporate office	178-257 ; 261

Information	Pages
Total compensation and all benefits paid during the fiscal year to each corporate officer by the parent company, controlled companies, or the Company that controls it	179-187
Commitments associated with the assumption, termination or change of duties.	184-261
Information on other aspects of the Company's Board practices	
Corporate office and duties of the corporate officers	164-173
Regulated agreements	284-286
Summary table of currently valid **delegations of authority**	191
Modalities of the Executive management	141-142
Members, conditions for the preparation and organization **of the work of the Board of Directors**	138-164
Balanced representation of men and women on the Board of Directors	145
Limitations to the powers of the Chief Executive Officer	178
Corporate Governance Code	138
Procedures for **shareholder participation in the General Meeting**	298
Factors likely to have an impact on a public takeover bid	
Capital **structure**	190
Statutory restrictions on the exercise of voting rights and on **share transfers,** or agreement clauses brought to the attention of the Company in accordance with Article L. 233-11 of the French Code of commerce	190
Direct or indirect equity investments in the Company's capital stock	190
Owners of any stock with **special rights of control**	190-299
Control mechanisms stipulated in a potential **employee shareholding system**,	190
Agreements between shareholders that, if the Company becomes aware of them, may give rise to restrictions on share transfer and the exercise of voting rights	190 ; 299
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NOTE ON METHODOLOGY RELATING TO REPORTING ON SOCIAL AND ENVIRONMENTAL INDICATORS

Social and environmental indicators are reported following the guidance in the relevant Faurecia Core Procedure (FCP). The procedures form part of the Faurecia Excellence System (FES), which defines the working methods for Group employees worldwide and underpins the Group's identity.

The aim of the FCP covering environmental reporting is to organize the annual collection, compilation and communication of data in this area via a Group software operated by Tennaxia. The scope of reporting covers Group sites identified by the HSE managers in each Business Group (sites with a low environmental impact are excluded).

The Group software rolled out at the relevant sites describes, among other things, the list of indicators being reported, the checks, in particular consistency, carried out throughout the reporting process as well as the instructions for use.

The data, duly collected, checked and input into the software is approved at division, Business Group and Group level before being consolidated.

The FCPs covering employee-related matters notably define the reporting standards as regards headcount and other key employee data within the Group. All Faurecia group sites are covered. These procedures are based on monthly reporting via the Metis_HR software, which is then used to consolidate the data. Checks are carried out throughout the data reporting process, and at the end of this process the data are analyzed by the Group Human Resources department.

The environmental and social data in this Registration Document are independently audited by Ernst & Young et Associés. The opinion given in Section 5.5.2 summarizes their conclusions from their work.

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Designed & published by LABRADOR +33 (0)1 53 06 30 80