
# SUSTAINABILITY-LINKED FINANCING FRAMEWORK

October 2021

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# 1. Introduction

The automotive industry is undergoing a major technology revolution to adapt to the key megatrends of connectivity, autonomous driving, new mobility solutions and electrification.

As a global leader in automotive technology, Faurecia provides innovative solutions to automotive challenges across its businesses. Its activities develop technologies for future mobility and provide cost competitiveness and operational excellence across the value chain to achieve **Total Customer Satisfaction**

Faurecia has a responsibility as a company to make a positive contribution to society and to all its stakeholders. Faurecia's commitment to sustainable development is an integral part of its corporate culture: **Being Faurecia.**

Within its cultural framework the Group has defined **six Convictions and six Values** that guide its actions and behaviors. Together, these Convictions and Values are the backbone of Faurecia's transformation, empowering teams to make the Group more agile and efficient, and allowing it to balance short-term execution and sustainable long-term ambition. These robust principles also guide ethics, management and operational excellence. **Faurecia Sustainability Approach**

**"We have a responsibility as a company to make a positive contribution to society.**
**Sharing Faurecia's 6 Convictions across Faurecia's ecosystem ensures that Faurecia's collective efforts help tackle global warming and meet the challenges of future generations.**
**Faurecia's Convictions and Values describe Faurecia's commitment for sustainability."**

**Patrick Koller**
**Chief Executive Officer**

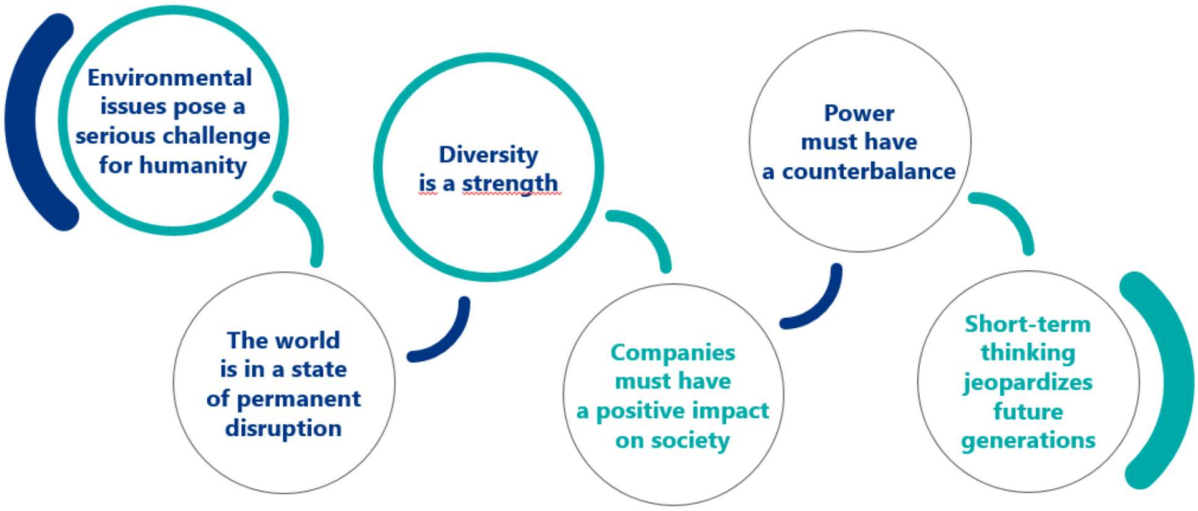
The Group's key initiatives for sustainable development, and in particular its ambition towards $CO_2$ neutrality by 2030, are based on its strong Convictions and Values. **Its transformation is embedded in a robust, ethical and efficient corporate governance structure**

- Faurecia managerial values (Entrepreneurship, Autonomy and Accountability) and behavioral values (Respect, Exemplarity and Energy), form an integral part of the Group's corporate culture. Together, these mobilize employees to achieve ambitious goals, deliver excellence and develop innovative solutions for future mobility.
- The 2019-2025 roadmap for CSR is assessed at the very top levels of the organization. It is reviewed biannually in the Executive Committee and approved by the Board of Directors annually. CSR is also fully integrated into the risk management of the Group and the remuneration of the CEO and the long-term incentives of the top management group are related to the Group's diversity objective.
- Furthermore, in line with its Convictions, Faurecia adheres to international initiatives for sustainable development. The Group is a signatory of **Global Compact** and respects the ambitions of the 17 **Sustainable Development Goals of the United Nations**. Amongst these the Group has identified 11 goals that are particularly relevant to its CSR strategy, and to which it is making a contribution.

- Faurecia is also a signatory of the **French Business Climate pledge** and has committed to following the recommendations of the **Task Force on Climate-Related Financial Disclosures**. Finally, the Group has a partnership with EcoVadis to evaluate the performance of its suppliers.

## 2. Faurecia Sustainability Approach

Faurecia believes that acting responsibly is key to ensuring sustainable development for future generations. The Group has defined six Convictions which describe Faurecia's commitment for sustainability:




These Convictions have been broken down into various action plans, which focus on three areas – Planet, Business, and People – with initial quantifiable results expected in around 2022. Guided by the United Nations Sustainable Development Goals, Faurecia's CSR strategy "**Inspired to Care**" is structured around these three pillars.

### A clear Sustainability roadmap

#### Planet

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

Faurecia actions consist of starting to reduce the carbon footprint of its sites and activities through energy and transport purchases. The Group is also addressing the carbon footprint of its products by using more environmentally-friendly materials and processes.

Faurecia's goal is to become carbon-neutral on its controlled $CO_2$ emissions by 2030, compatible with the 1.5°C Paris agreement.

Based on the most rigorous and conclusive scientific facts, the Group has built a roadmap for $CO_2$ neutrality, which has been approved by the **Science Based Targets initiative** (SBTi) and is consistent with the reduction required to keep global warming to 1.5°C, the goal of the Paris Agreement and the most ambitious designation available through the SBTi process

- Faurecia roadmap will be deployed in stages:
  - By 2025, ambition is to **be $CO_2$ neutral for the Group scopes 1 and 2 emissions**. To do so, it intends to act on two levers: reducing the consumption of energy used for production via an energy efficiency program and sourcing low-$CO_2$ energy.
  - By 2030, ambition is to **reduce by 50% the $CO_2$ absolute footprint for the Group controlled emissions** (purchases, freight, travel, waste and recycling)
  - By 2050, ambition is to **be $CO_2$ neutral for the Group total emissions**, including $CO_2$ emissions from the cars equipped with Faurecia's products – which they do not control

| COMMITMENTS | KPI | 2019 | 2025 | 2030 |
|---|---|---|---|---|
| **Environment-friendly in operations** | **$CO_2$ emissions scopes 1&2:** *Mt $CO_2$eq* | 0.92 | ~0 | |
| | **Energy intensity:** *MWh/€ million of sales* | 117 | -20% | |
| | **Waste intensity:** *Tons/€ million of sales* | 15 | >-10% | |
| **Eco-design for products** | **$CO_2$ emissions** controlled Scope 3: *Mt $CO_2$ equivalent* | 8.6 | | -46% |
| | **Recycled content in new products:** *in %* | 30% | 40% | |
| | **Simplified Life Cycle Assessments** (% of innovation projects) | ~5% | 100% | |
| **Investment for sustainable technologies** | **Cumulated investment** 2021-2025 | | €1.1bn | |

## Business

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

The Group believes in open, responsible and balanced dialogue, based on mutual recognition and an acceptance of the legitimacy of each viewpoint. Faurecia's relationship with its suppliers is guided by the principles of respect and partnership to create long term value for both parties.

Faurecia has developed a strong innovation ecosystem to accelerate the integration of new competences and time to market.

Faurecia's actions consist of innovating and developing solutions for increasingly clean mobility. The Group deems it owes these solutions to its customers whose total satisfaction drives everyday work as well as to its suppliers who are considered as long-term partners

- This innovative and collaborative ecosystem incorporates non-rival alliances with global industry leaders, investment in startups, collaboration with academic institutions and active participation in associations with the mission to drive sustainable mobility.
- This ecosystem covers different types of collaboration:
  - Strategic and technology partnerships with key players in different industrial and technology sectors
  - Investment in start-ups and technology platforms to collaborate with local start-up ecosystems
  - Academic partnerships with universities and scientific institutes
  - Active participation in key associations/think tanks for sustainable mobility

## People

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

Faurecia's actions consist in introducing uncompromising workplace safety and risk prevention policies. To prepare the teams for future changes, the Group provides many different types of training to as many employees as possible. To attract and develop talent, Faurecia favors a more inclusive culture. Each year, Faurecia examines market practices with firms specialized in compensation.

And, in addition, Faurecia's policy of meeting and negotiating with employee representative bodies is part of the development of economic and social dialog described in the Group's Code of Ethics and cultural transformation program **Being Faurecia**.

The Faurecia Foundation enables to act in a way that benefits local communities. As a global company, Faurecia's goal is to increase its role towards society by contributing to solving social issues.

### 2.1. Faurecia Hydrogen Strategy

In mobility, hydrogen is perfectly suited to commercial, heavy-duty on- and off-road vehicles, as well as high-horsepower engines, giving it the potential to transform transportation and logistics. Beyond the benefits in terms of refueling time and autonomy, the total cost of ownership of fuel cell electric vehicles is set to overtake that of equivalent battery electric vehicles between 2023 and 2030. By 2030, it is estimated that three to five million vehicles equipped with fuel cell technology will be on the roads.

Faurecia supports automakers with complete Hydrogen Storage System (HSS) integration for different vehicle architectures that match the industry requirements with just-in-time delivery of end-of-Line tested turnkey systems.

In 2018 Faurecia's goal was to halve the cost of its fuel cell systems. This has already been achieved ahead of schedule and Faurecia's revised objective is now to divide the cost of hydrogen storage systems by four, and of stacks and other components by more than six by 2030.

With cost-competitiveness and weight in mind, Faurecia is developing the next generations of hydrogen storage systems for commercial and light vehicles, heavy-duty trucks and industrial applications. The Group currently has the ability to produce several thousands of hydrogen storage systems per year and aims to ramp up its production capacity.

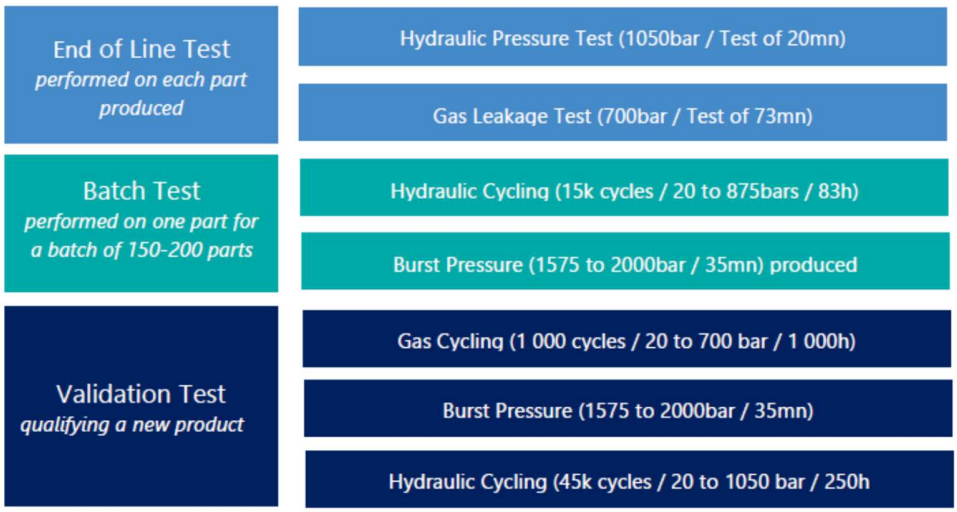
Faurecia is aiming to expand its production capacity exponentially between now and 2025 to 100,000 tanks per year across three sites: a high-capacity site in France, another site also in France dedicated to low-volume programs, and a plant in Asia in order to better serve this key market for hydrogen mobility.

In line with this ambition, Faurecia inaugurated in 2020 its global center of expertise, which aims to develop lightweight and cost-competitive hydrogen storage systems. Located in Bavans, France, the center is dedicated to the design and tests of these systems. Faurecia's homologated tanks (350 / 700 bar) will also be produced at the new center of expertise. With this global center, Faurecia also aims to develop new industrial processes to accelerate production. As well as to work on innovative materials and smart tanks to both reduce the cost of the systems and increase their safety, durability and recyclability.

### 2.1.1. Faurecia's massive investments for $H_2$ tanks productions and test

#### $H_2$ Test Center for Hydrogen Storage Systems

With Investments starting in 2018, Faurecia has built a full Test Center for Hydrogen Storage Systems to perform the following tests:




Not limited to the test stage, Faurecia's investments were also dedicated to equipment for production of $H_2$ tanks.

## Pilot Lines for $H_2$ tanks

Since 2018 Faurecia has invested massively in equipment to build its first **Pilot Line for $H_2$ tanks** production. This includes:

- Equipment for liner preparation (surface treatment of Liners bought to external suppliers)
- Filament winding (wet winding of carbon fiber)
- Curing / Polymerization

This first Pilot Line had **5 objectives**:


## First industrial production capacity at Ullit

Following the strategic purchase of Ullit, which is specialized in tanks production for compressed natural gas or hydrogen application, Faurecia has planned massive investments to increase production capabilities.

Faurecia aims to get production capabilities up to **6 000 tanks / year** for light vehicle application or **5 000 tanks** for commercial vehicles application.

Full line of production will include:

- Line for boss[1] preparation
- Liners production through rotational molding technology
- Winding & curing production line with wet winding
- End of Line test with both hydraulic and gas test equipment
- Hydrogen system assembly line

## Investment in mass production factory

To reach **mass production capabilities**, next production lines will have to increase production capacity by integrating several innovations, such as: increased speed of winding and new production system for liners.

In order to reach a production capacity of **60 000 tanks** and to assemble **30 000 hydrogen systems a year**, Faurecia would need to invest massively in equipment, such as:

- Equipment for the boss & liners preparation
- Equipment for carbon preparation and winding/curing
- End of Line test with both hydraulic and gas test equipment

[1] boss: half-spherical end fitting of a pressure vessel, which holds the connector and valve

- Batch test equipment
- System assembly equipment

### 2.1.2. R&D investment for $H_2$ tanks development

Faurecia has invested in R&D, manufacturing, strategic partnerships and acquisitions. As such, the Group is well-positioned on the two key elements of fuel cell systems which represent 75% of the value chain.

***Fuel cell vehicle***


These two key elements are **hydrogen storage systems**, which the Group develops on its own, and **fuel cell stacks** produced by Symbio, the joint venture created with Michelin.

Symbio designs, produces and markets hydrogen systems for light and commercial vehicles, buses and trucks, as well as for other electric vehicles.

Since 2017 **Faurecia has been investing massively in R&D** to develop and homologate $H_2$ tanks through various development stages.

In parallel of product development activities, Faurecia leads strong **industrial activities** related to innovation, such as:

- Launch the $H_2$ Test Center and first tanks Pilot Line
- Design and development of optimize End of Line equipment
- New equipment to support Faurecia's costs reduction as part of the development of Faurecia's new generation of tanks

## First development of $H_2$ tanks – Gen1

The first development of $H_2$ tanks – **called Gen1** – has been done following the acquisition of a License from STELIA Aerospace. Faurecia has acquired an exclusive access to the intellectual property and process know-how of composite hydrogen tanks from the company. This technology was chosen for its competitive advance related to the tank weight efficiency.

The Gen1 technology is based on a rotational molded liner and produce through wet winding technology. It has allowed to define a generic product and process, and to increase robustness of the simulation tool.

Following the validation of Gen1 tank, Faurecia has extended portfolio of tanks by applying the technology to several size of tanks to address different customers and markets' needs including light vehicles, light commercial vehicles, commercial vehicles.

Several customer's applications are ongoing with Faurecia's current Gen1 tanks to integrate Faurecia's tanks into customers' vehicles. System development is also part of the customer's applications as it depends of the vehicle architecture.

### Development of a new generation of tanks – Gen2

In parallel, Faurecia is leading R&D activities to develop **a new generation of tank called – Gen2 –** to decrease the costs of production of the tanks from a product and process perspective. These activities are related to:

- Development of new generation of liner
- New generation of winding
- Smart tank development
- Develop a new generation of auxiliaries

### "Tank of the future" – Gen3

Innovative activities are also ongoing to create **the "tank of the future" – Gen 3 –** to further decrease the costs of production of the $H_2$ tanks.

#### 2.1.3. Distinction for leading the way to hydrogen

Co-development on going with PSA since 2018 to supply a full HSS system for a first fleet of $H_2$ vehicle of 100 vehicles. Contract on going to supply an extended fleet of 2 000 vehicles.

Award with Hyundai Kia Motor Corporation (HKMC) to supply full $H_2$ system for 1 600 HKMC trucks (>11 000 tanks)

- Partnership contract with Gaussin[2] to supply $H_2$ systems for their first fleet of $H_2$ vehicles
- Faurecia will be the preferred partner for the high volume production of $H_2$ vehicles by Gaussin.

The decade of hydrogen has begun. The commitment various governments, regional organizations, and industrial actors have made to invest in the hydrogen supply chain will prove invaluable to unlocking its potential and achieving objectives to control climate change. By continuing to invest in its fuel cell ecosystem and developing partnerships across the supply chain, Faurecia ambition is to become a world leader in a field that will revolutionize mobility.

## 3. Sustainability-Linked Financing Framework

Faurecia has already published in March 2021 a Green Bond Framework. In order to complete the inclusion of sustainability features into financing, Faurecia goes a step further by publishing a Sustainability-Linked Financing framework.

[2] Gaussin is a handling / transportation equipment and systems manufacturer

With this Sustainability-Linked Financing Framework ("Framework"), Faurecia aims at further aligning its business and financing with its commitments and values, by creating a direct link between its sustainability strategy and the funding strategy.

This Framework is designed as an umbrella platform allowing Faurecia to issue sustainability-linked financing instruments, wether through Sustainability-Linked Bonds, or any other capital market instruments whose characteristics are linked with sustainability performance targets (the "sustainability-linked instruments").

This Framework is aligned with the five core components of the ICMA Sustainability-Linked Bond Principles 2020 ("SLBP")[3] and LMA Sustainability-linked Loan Principles 2021 ("SLLP")[4]:

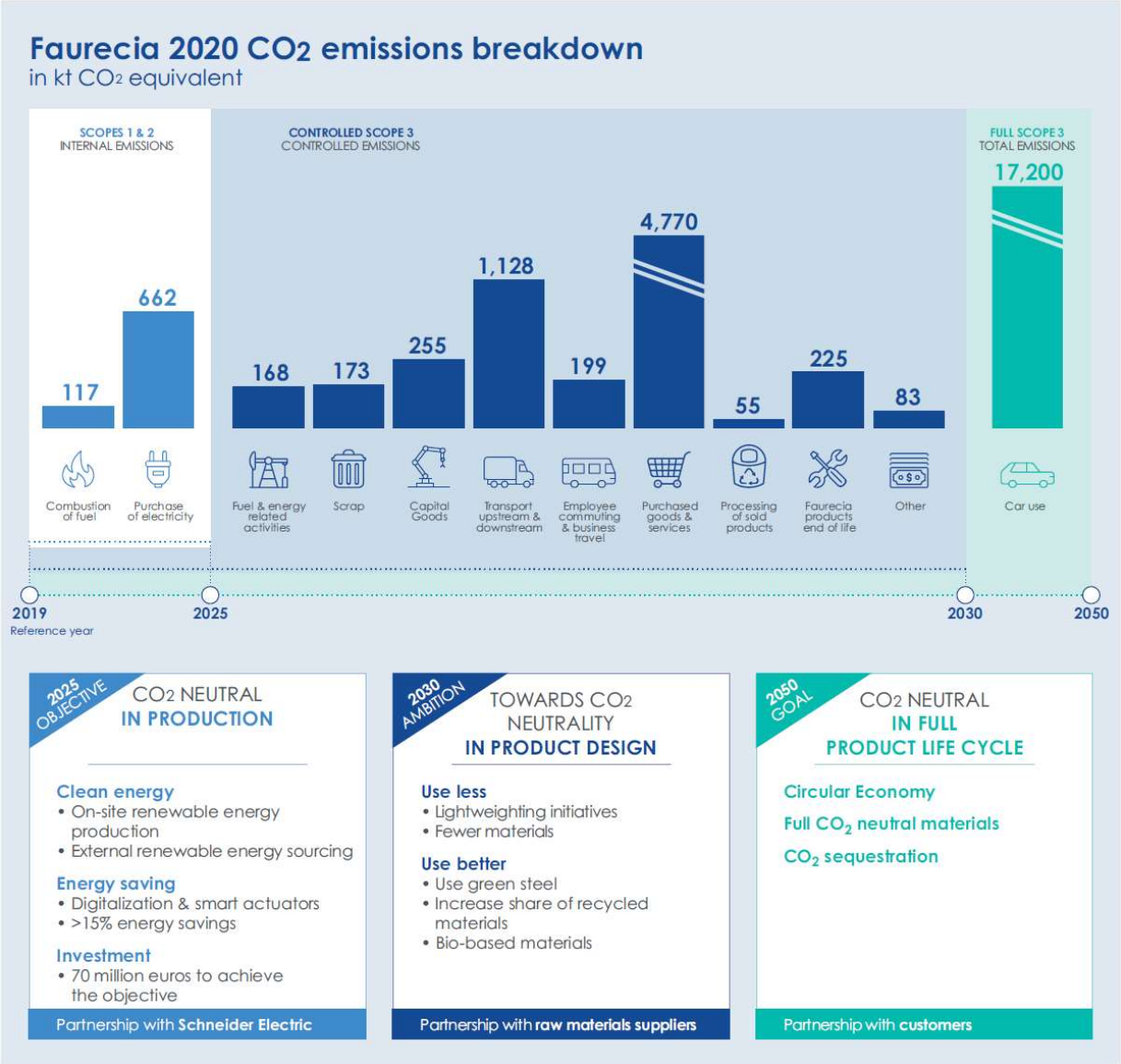
- ➔ Selection of Key Performance Indicators ("KPIs")
- ➔ Calibration of Sustainability Performance Targets ("SPTs")
- ➔ Financing instrument characteristics
- ➔ Reporting
- ➔ Verification

## 3.1. Selection of Key Performance Indicators ("KPIs")

As part of its Group approach to sustainable development, Faurecia has set itself the goal of achieving $CO_2$ neutrality at its sites (scopes 1 and 2) in 2025. For controlled scope 3 (including a majority of purchasing, freight, travel, waste products, buildings, and product recycling operations…), the Group has also validated with SBTi its trajectory of convergence towards neutrality by 2030. By this date, Faurecia will have reduced its scope 3 emissions around 50%, with a final objective of achieving $CO_2$ neutrality, all scopes combined, in 2050.

[3] ICMA SLBP 2020: https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June2020/Sustainability-Linked-Bond-Principles-June-2020-171120.pdf

[4] LMA SLLP 2021: https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/




| **KPI 1** | **Reduction of GHG Emissions (Scope 1 and 2) (in %)** |
|---|---|
| **Definition** | Scope 1: Direct emissions corresponding to consumption of the primary energy source (natural gas, domestic heating oil, etc.).<br>Scope 2: Indirect emissions corresponding to energy consumption (electricity, heat) that the Company uses but does not produce.<br><br>GHG emissions (scope 1 and 2) intensity is calculated as the ratio between absolute scope 1 and scope 2 (in $tCO_2e$) emissions and the annual sales (in € million). Intensity is hence presented in tCO2e/€ million of sales)<br><br>Calculation method: GHG Protocol Corporate Accounting and Reporting Standard (the "GHG Protocol")[5]. |

[5] https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf

<table>
<tr><td>Perimeter</td><td>Environmental reporting (incl. GHG reporting) scope is harmonized with the financial reporting scope, hence all activities / products whose turnover is recognized under IFRS15 are considered in greenhouse gas emissions estimates.<br><br>The scope of this indicator covers all production plants (technological plants), assembly sites (called “Just in Time” sites) and R&D sites, i.e. a total of more than 250 sites.<br>In case of Significant Change in the size of Faurecia Group and in line with section 5 of the GHG Protocol, the KPI, baseline and related SPT may be recalculated. Such recalculation is expected to take place following the effective acquisition of Hella.</td></tr>
<tr><td>Rationale</td><td>Since commitment of governments during COP21 in Paris in 2015, Climate change is an unavoidable issue for all companies. It is one of the key environmental priority issues in all materiality analysis, including Faurecia one performed in 2018.<br><br>A significant part of greenhouse gas emissions in Faurecia’s operations are direct emissions from controlled facilities and indirect emissions from energy procured (scopes 1 and 2 respectively).</td></tr>
<tr><td>Baseline</td><td>2019</td></tr>
<tr><td>Reporting periodicity and review</td><td>Annual reporting, reviewed by the external auditors</td></tr>
<tr><td>Historical data</td><td>Since 2012, Faurecia has estimated its direct (scope 1) and indirect (scope 2) emissions and since 2016, includes its emissions related to the Group’s entire value chain, i.e. including upstream and downstream from its business activity (scope 3).<br><br>
<table>
<tr><th></th><th>Scope 1 ($tCO_2e$)</th><th>Scope 2 ($tCO_2e$)</th><th>Total ($tCO_2e$)</th><th>GHG Intensity (tCO2e/€ million of sales)</th></tr>
<tr><td>2016*</td><td>114 000</td><td>551 000</td><td>665 029</td><td>42</td></tr>
<tr><td>2017*</td><td>117 000</td><td>568 000</td><td>684 580</td><td>39</td></tr>
<tr><td>2018*</td><td>127 000</td><td>596 000</td><td>723 121</td><td>41</td></tr>
<tr><td>2019 emissions without FCE and SAS*</td><td>130 000</td><td>614 000</td><td>744 000</td><td>42</td></tr>
<tr><td>2019 with FCE and SAS**</td><td>146 000</td><td>766 000</td><td>912 000</td><td>49</td></tr>
<tr><td>2020**</td><td>117 000</td><td>662 000</td><td>779 000</td><td>53</td></tr>
</table>
* pre-2020 methodology (location-based emission factors for electricity, GWP based on CITA and 1995 IPCC report)<br>** 2020 updated methodology (market-based emission factors for electricity, GWP based on IPCC Data AR4, AR5 values)</td></tr>
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| | |
|---|---|
| **Contribution to SDG** | *SDG 13: Climate Change* |
| **Contribution to EU's environmental objectives** | *Climate Change Mitigation* |

| **KPI 2** | **Reduction of GHG Emissions (Scope 3 – controlled emissions) (in %)** |
|---|---|
| **Definition** | Scope 3: All indirect emissions (not included in scope 2) that occur in the value chain of Faurecia, including:<br>- **upstream activities:**<br>  o purchased goods and services<br>  o Capital goods<br>  o Fuel and energy related activities<br>  o transportation and distribution<br>  o Waste generated in operations<br>  o Business travel<br>  o Employee commuting leased assets<br>- **Downstream activities:**<br>  o Transportation and distribution<br>  o Processing of sold products<br>  o Use of sold products<br>  o End-of-life treatment of sold products<br>  o Leased assets<br>  o Franchises<br>  o investments<br><br>The **Scope 3 – controlled emissions** is excluding the "Use of sold products" categories (i.e. emissions of vehicles equipped with Faurecia parts), which are not under its full control.<br><br>Calculation method: GHG Protocol. |
| **Perimeter** | Environmental reporting (incl. GHG reporting) scope is harmonized with the financial reporting scope, hence all activities / products whose turnover is recognized under IFRS15 are considered in greenhouse gas emissions estimates.<br><br>The scope of this indicator covers the whole upstream and downstream value chain of Faurecia, excluding emissions of vehicles equipped with Faurecia parts, which are not under its full control.<br><br>In case of Significant Change in the size of Faurecia Group and in line with section 5 of the GHG Protocol, the KPI, baseline and related SPT may be recalculated. Such recalculation is expected to take place following the effective acquisition of Hella. |

<table>
<tr><td>Rationale</td><td>Since commitment of governments during COP21 in Paris in 2015, Climate change is an unavoidable issue for all companies. It is one of the key environmental priority issue in all materiality analysis, including Faurecia one performed in 2018.<br><br>Scope 3 controlled emissions accounts for around 30% of total Faurecia's GHG emissions[6].</td></tr>
<tr><td>Baseline</td><td>2019</td></tr>
<tr><td>Reporting periodicity and review</td><td>Annual reporting, reviewed by the external auditors</td></tr>
<tr><td>Historical data</td><td>Since 2012, Faurecia has estimated its direct (scope 1) and indirect (scope 2) emissions and since 2016, includes its emissions related to the Group's entire value chain, i.e. including upstream and downstream from its business activity (scope 3).<br><br>Detailed Scope 3 emissions are communicated by Faurecia since 2019.<br><br>
<table>
<tr><th></th><th>2019 emissions (tCO2e) without FCE et SAS</th><th>2019 emissions (tCO2e) with FCE et SAS</th><th>2020 emissions (tCO2e)</th></tr>
<tr><td>Scope 3 Upstream</td><td></td><td></td><td></td></tr>
<tr><td>Purchased goods and services</td><td>4 780 000</td><td>5 940 000</td><td>4 770 000</td></tr>
<tr><td>Capital Goods</td><td>358 000</td><td>396 000</td><td>255 000</td></tr>
<tr><td>Fuel & energy related activities</td><td>207 000</td><td>205 000</td><td>168 000</td></tr>
<tr><td>Upstream transport and distribution</td><td>418 000</td><td>840 000</td><td>769 000</td></tr>
<tr><td>Wastes generated</td><td>168 000</td><td>222 000</td><td>173 000</td></tr>
<tr><td>Business travel</td><td>44 000</td><td>49 000</td><td>25 000</td></tr>
<tr><td>Employee commuting</td><td>178 000</td><td>187 000</td><td>174 000</td></tr>
<tr><td>Upstream leased assets</td><td>43 000</td><td>52 000</td><td>52 000</td></tr>
<tr><td>Scope 3 Downstream</td><td></td><td></td><td></td></tr>
<tr><td>Downstream transport and distribution</td><td>155 000</td><td>398 000</td><td>359 000</td></tr>
<tr><td>Processing of sold products</td><td>55 000</td><td>84 000</td><td>55 000</td></tr>
<tr><td>Usage of sold products</td><td>16 000 000</td><td>21 900 000</td><td>17 200 000</td></tr>
<tr><td>Products end of life</td><td>275 000</td><td>220 000</td><td>225 000</td></tr>
<tr><td>Downstream leased assets</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Franchises</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Investments</td><td>33 000</td><td>33 000</td><td>31 000</td></tr>
<tr><td>Total Scope 3 – Controlled Emissions</td><td>6 714 000</td><td>8 626 000</td><td>7 056 000</td></tr>
<tr><td>Total Scope 3</td><td>22 714 000</td><td>30 526 000</td><td>24 256 000</td></tr>
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[6] Faurecia Universal Registration Document 2020

| | |
|---|---|
| **Contribution to SDG** | *SDG 7: Affordable and Clean Energy*<br>*SDG 11: Sustainable Cities and Communities*<br>*SDG 12: Responsible Consumption and Production*<br>*SDG 13: Climate Change*<br>*SDG 17: Partnerships for the Goals* |
| **Contribution to EU's environmental objectives** | *Climate Change Mitigation*<br>*Pollution Prevention and Control* |

## 3.2. Calibration of Sustainability Performance Targets ("SPTs")

The Sustainability Performance Targets (SPTs) will be set in line with Faurecia's commitments to $CO_2$ neutrality and its greenhouse gas emission reduction trajectories and targets. These were approved in November 2020 by the Science Based Targets (SBTi) initiative.

The number of SPTs will vary depending on the maturity of the Sustainability-Linked Instrument.

The SPT will be observed in the frame of the annual extra-financial performance reporting that will be made available through the Universal Registration Document published on Faurecia's website.

| | |
|---|---|
| **SPT 1.a** | **Reduce Scope 1 and 2 GHG emissions intensity (in $tCO_2e$/€ million of sales) by 20% by 2023 from a 2019 base year.** |
| **SPT 1.b** | **Reduce Absolute Scope 1 and 2 GHG emissions by 80% by 2025 from a 2019 base year.** |
| **Benchmark** | This target covering GHG emissions from Faurecia's activities on a global scale (scope 1&2) has been validated as compatible with the reduction required to limit global warming to 1.5°C by the Science Based Targets Initiative (SBTi). This threshold corresponds to the objective of the Paris Agreement and is the most ambitious of the thresholds proposed by SBTi.<br><br>Following the effective acquisition of Hella, SPT1.a and SPT1.b will be recalculated to reflect the new perimeter and as the case may be, will be submitted to SBTi for validation as compatible with the reduction required to limit global warming to 1.5°C and will be publicly communicated by Faurecia. |
| **Rationale** | As part of its Group approach to sustainable development, Faurecia has set itself the goal of achieving $CO_2$ neutrality at its sites (scopes 1 and 2) in 2025. |

| | |
|---|---|
| | For SPT1.a, improvement against the baseline at intermediate step (2023) is displayed as an intensity of $tCO_2e$ per revenue (tCO2e/€ million of sales), on order to discount from revenue fluctuations and fully appreciate the convergence efforts towards neutrality while checking the action plans effectiveness.<br><br>For SPT1.b, improvement is given as percentage against absolute $tCO_2$ values, in order to match with the SBTi requirement. Actually, as the final footprint left-over is small in 2025, committing in intensity or absolute terms give fairly the same final output. |
| **Target Observation Date** | *SPT 1.a: 31/12/2023*<br>*SPT 1.b: 31/12/2025* |
| **Trigger event** | *SPT 1.a: publication of the 2023 Universal Registration Document within 6 months following end of 2023 fiscal year*<br>*SPT 1.b: publication of the 2025 Universal Registration Document within 6 months following end of 2025 fiscal year* |
| **Means to achieve SPT** | For emissions reductions on scopes 1 and 2, Faurecia has entered into partnerships with Schneider Electric and Engie to elaborate an action plan for 300 sites, to optimize energy sourcing and to use less and different energy, which will involve the following steps:<br>**Clean energy (over 80% of renewable energy by 2025):**<br>• On-site renewable energy production (solar PV)<br>• External renewable energy sourcing (solar PV and wind)<br>**Energy savings**<br>• Digitalisation & smart actuators<br>• >15% energy savings<br>**Investment**<br>• 70 million euros to achieve the objective |

| **SPT 2** | **Reduce Absolute Scope 3 – controlled emissions by 46% by 2030 from a 2019 base year.** |
|---|---|
| **Benchmark** | Faurecia's scope 3 roadmap by 2030 was also approved by SBTi and deemed ambitious and consistent with current best practices.<br><br>Following the effective acquisition of Hella, SPT2 will be recalculated to reflect the new perimeter and as the case may be, will be submitted to SBTi for validation as compatible with the reduction required to limit global warming to 1.5°C and will be publicly communicated by Faurecia. |
| **Rationale** | As part of its Group approach to sustainable development, Faurecia has set itself the goal of converging towards $CO_2$ neutrality (Scope 3) by reducing by about 50% its controlled emissions by 2030. |
| **Target Observation Date** | *31/12/2030* |

| | |
|---|---|
| **Trigger event** | *Publication of the 2030 Universal Registration Document within 6 months following end of 2030 fiscal year* |
| **Means to achieve SPT** | For emissions reductions on scope 3 – controlled emissions, Faurecia has entered into partnership with suppliers to elaborate an action plan towards $CO_2$ neutrality in product design, which will involve the following steps:<br>**Use less:**<br>• Lean design initiatives<br>• Fewer materials<br>**Use better**<br>• Use green steel<br>• Increase share of recycled materials (40% targeted in new products by 2025)<br>• Bio-based materials.<br>• Decarbonated energy for supplier processes |

## 3.3. Financial Characteristics

The financial and/or structural characteristics of Faurecia's Sustainability-Linked Instruments may vary depending on whether or not the selected KPI reaches the predefined SPT(s). They are to be specified in the final terms of each Sustainability-Linked Instrument issued and may include (but not limited to) coupon step-up(s) or payment to the Faurecia Foundation[7] that aims at supporting innovative and forward-looking initiatives focused on 3 themes: Education, Mobility and the Environment.

## 3.4. KPI Reporting

In line with the annual publication of Faurecia's Universal Registration Document, and until the maturity of the Sustainability-linked Instrument, Faurecia will make readily available in its annual Universal Registration Document on the corporate website information on:

- The performance of the KPIs, as per the relevant reporting period and when applicable, as per the Target Observation Date including the calculation methodology and baselines where relevant
- Impact on the financing instruments' -interest rate or -other (if any);
- Any update in Faurecia's sustainability strategy or any recent announcements, strategic decisions and means mobilized that might impact the achievement of the SPT(s);
- Qualitative and/or quantitative explanations of the contribution of the main factors, including M&A activities, behind the evolution of the performance/KPI;
- When possible, illustration of the positive sustainability impacts of the performance improvement (e.g. translation of the positive climate impact of the KPI on the Group's carbon intensity);
- When relevant, any re-assessments of KPI and/or restatement of the SPT and/or pro-forma adjustments of KPI scope Information on the products range/mix as evolution drivers of the KPIs;

[7] https://www.faurecia.com/en/sustainability/faurecia-foundation

## 3.5. External Review

### 3.6. 3.5.1 Second Party Opinion

A leading Second Party Provider ISS Corporate Solutions, Inc. ("**ICS**") will issue a Second-Party Opinion on the Framework, to confirm the alignment of the Framework to the ICMA's Sustainability-Linked Bond Principles and LMA Sustainability-linked Loan Principles.

The Second Party Opinion document will be made available on Faurecia website[8].

### 3.5.2 Post-issuance external verification

An external verification on the KPI Report will be provided by an independent external auditor, on an annual basis and until the maturity of the Sustainability-linked Instrument.

The external auditor will verify the soundness of the KPI report and the progress on the KPIs adopted by Faurecia.

[8] https://www.faurecia.com/en/investors