



2018

Registration document

**faurecia**  
inspiring mobility



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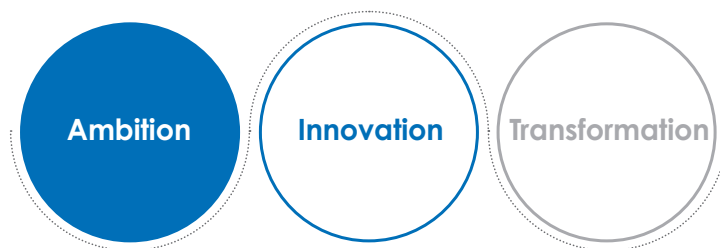
# Registration document

 **2018**

including the annual financial report

## Profil

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



This Registration Document, including the annual financial report, was filed with the Autorité des Marchés Financiers (AMF) on April 26, 2019 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 is in the midst of a major transformation to enable it to seize new opportunities in a rapidly changing automotive industry. The Group has decided to publish this introductory chapter to its Registration Document, to give all its stakeholders, from its employees and partners to its shareholders and investors, a clear understanding of its vision and strategy.

This chapter addresses the way Faurecia responds to the major challenges of the automotive industry, through its commitment to inspiring mobility. The Group is becoming a technology company providing solutions for Sustainable Mobility and the Cockpit of the Future, working within a broader innovation ecosystem.

Faurecia's business model is focused on creating short and long-term value for all stakeholders, in terms of both financial and extra-financial performance. Faurecia's transformation is embedded in a robust, ethical and efficient corporate governance structure.

This chapter was inspired by the framework published by the International Integrated Reporting Council (IIRC).

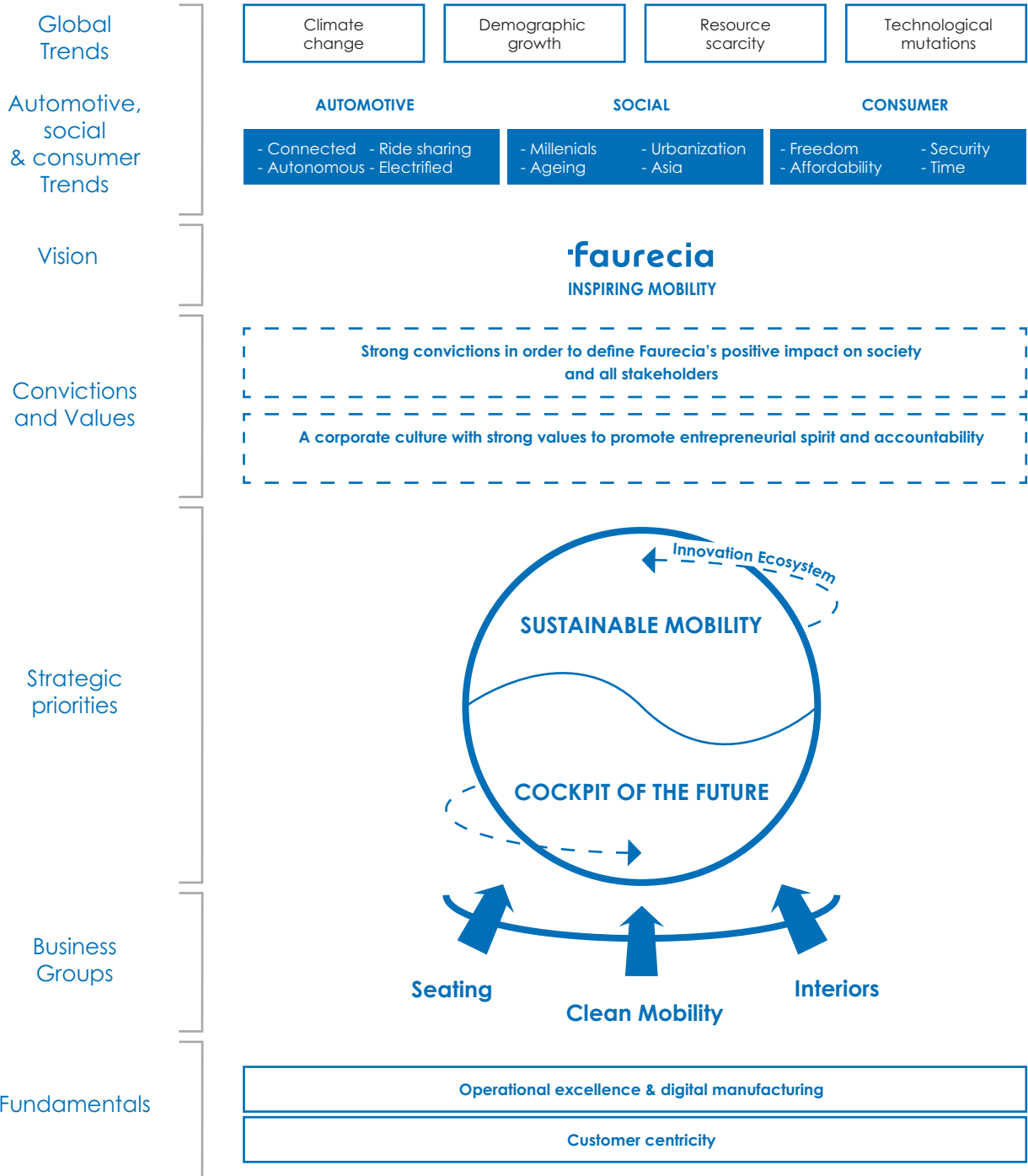




# The **Faurecia** transformation

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# Faurecia in brief



BECOME AN AUTOMOTIVE TECHNOLOGY LEADER  
IN A WORLD UNDERGOING SIGNIFICANT CHANGE

## Message from Patrick Koller

“WE DEMONSTRATED OUR AGILITY TO MANAGE THE SHORT TERM AND DELIVER ON OUR COMMITMENTS, WHILST AT THE SAME TIME INVESTING IN OUR FUTURE.”



Faurecia has focused its strategy on developing solutions for the Cockpit of the Future and Sustainable Mobility. This strategy is fully aligned with the four major trends disrupting the automotive industry: Connectivity, Autonomy, Ride-sharing and Electrification. In 2018 Faurecia made significant progress in the deployment of this strategy whilst at the same time managing some headwinds that disturbed the market in the second half of the year. We demonstrated our agility to manage the short term and deliver on our commitments, whilst at the same time investing in our future.

At the CES show in Las Vegas in January of this year, we highlighted the rapid progress we have made in developing new user experiences for the Cockpit of the Future. Many of these were developed with our innovation ecosystem which was expanded during 2018 to include Hella and five new start-up investments to complement the existing partnerships of Accenture, Mahle and ZF. In addition to completing the acquisition of Parrot Automotive, we announced a major strategic project to acquire Clarion, the Japanese supplier of in-vehicle-infotainment (IVI) and full digital audio systems, HMI and advanced driver assistance systems, connectivity and cloud-based services. With its core competences in electronics and software integration, this acquisition would significantly strengthen Faurecia's offer for cockpit systems integration.

For Sustainable Mobility, we are focused on technologies for hybrid vehicles, which could represent 50% of the market by 2025, as well as for zero emissions vehicles, be they fuel cell

or battery electric vehicles. We are also deploying our emissions reduction solutions into the High horsepower and Commercial Vehicles markets and to this end we completed the acquisition of Hug Engineering and re-negotiated our contract with our partner Cummins.

Even though the growth in the Chinese market slowed down in the second half of the year, it will still be the main driver of long term growth for the global automotive industry and will in particular see a rapid rise in electric vehicles. Faurecia continued its strategy of developing partnerships with Chinese OEMs, and concluded two new Joint Ventures with FAW and Wuling Industry. Our objective is to have 40% of our sales with Chinese OEMs, matching their share of the overall Chinese market.

In order to ensure the sustainable development of the Group we identified six Convictions that will enable us to determine improvement targets and make a contribution to society. Combined with our values, we now have a clear and strong culture, to guide our actions and make us attractive to future employees.

I would like to take this opportunity to thank our shareholders and the Board of Directors for their confidence, and in particular all of the Group's employees for their contribution to our performance in 2018.

**Patrick Koller**

Directeur général



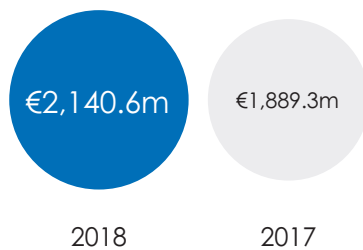
# Key figures 2018

## Sales

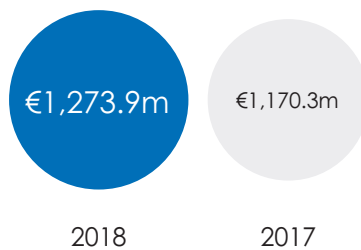
€17,524.7m

vs. €16,962,1m in 2017

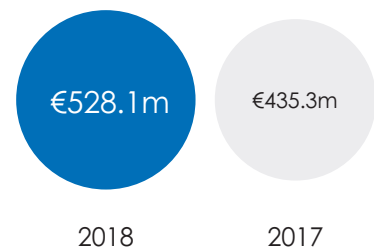
### Operating Income



### Profitability (EBITDA)



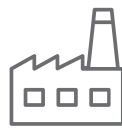
### Net cash flow



### Number of employees

114,693

vs. 109 275 en 2017



### Number of production sites

300

vs. 227 in 2017



### Number of R&D centers

35

vs. 30 in 2017



### Investment in innovation

€188m

vs. €160m in 2017



### GHG emissions (scope 1 & 2)

723,121

tons eq CO<sub>2</sub>

vs. 682,996 in 2017



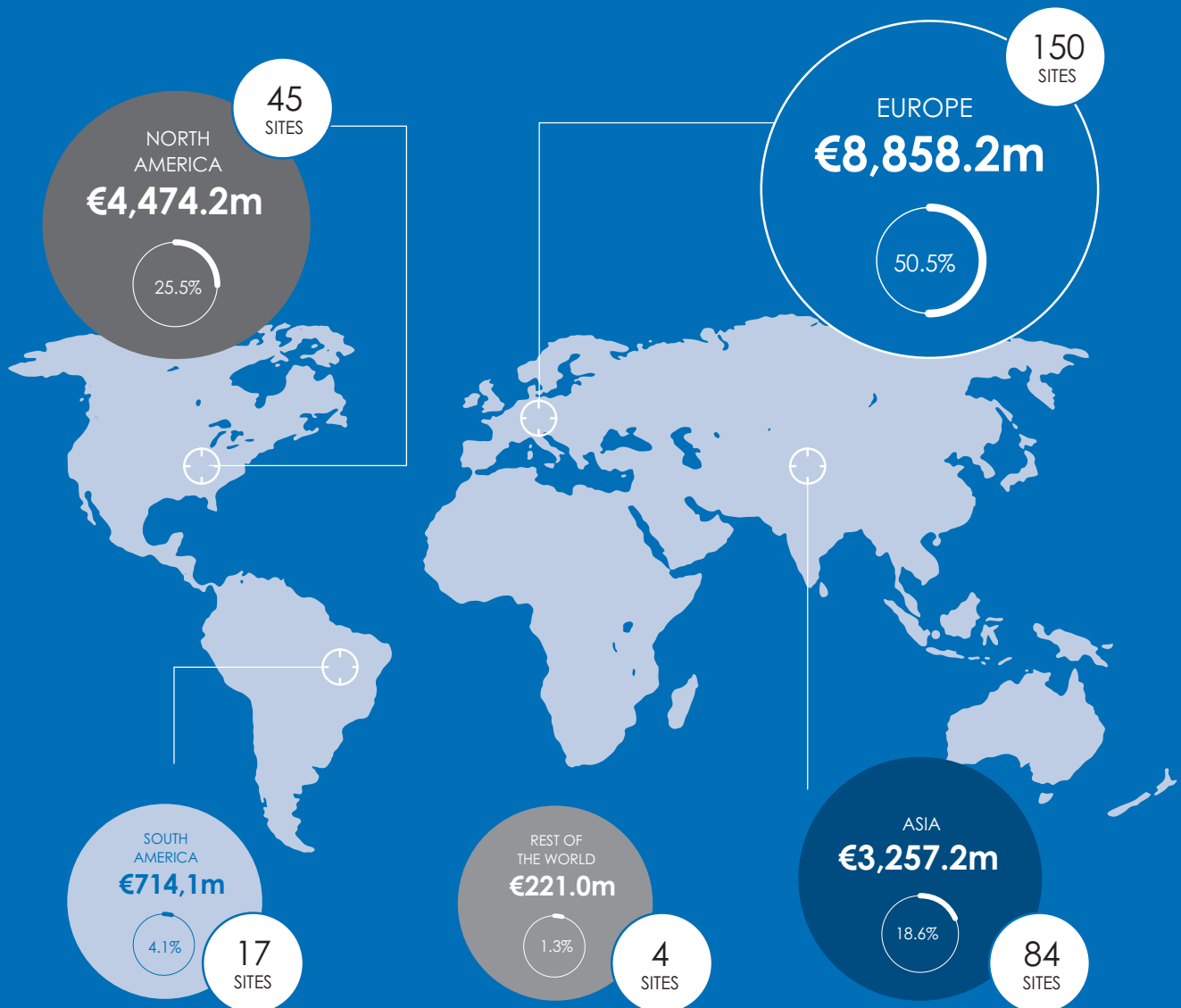
### Accidents with lost time per million hours worked (FROt)

0.95

vs. 1 in 2017

## Faurecia's global presence

Sales breakdown:



## Celebrating 20 years of Faurecia in 2018

In December 1997, PSA Peugeot Citroën subsidiary ECIA completed a friendly takeover bid for automotive seating specialist Bertrand Faure, to create a new automotive equipment supplier: Faurecia. At the time, the Group was the world's 17<sup>th</sup> largest automotive parts manufacturer, with a workforce of 30,000 people at one hundred sites and sales of €3.5 billion.

After two decades of impressive international expansion and a series of strategic acquisitions, Faurecia has tripled its workforce (to reach 115,000 people) and the number of countries in which it operates (300 sites in 37 countries), and has become one of the top 10 automotive technology suppliers worldwide.

# Key challenges

## facing the automotive industry



Today, society and business have entered a new age of unprecedented disruption. Companies must adapt rapidly and anticipate new demands. The megatrends impacting the automotive industry mean that future mobility will be connected, autonomous, shared and electrified.

### Critical challenges have arisen worldwide...

Major megatrends are shaping the world and its future: climate change, resource scarcity, growing and ageing populations, economic power shifting towards Asia, and urbanization are just a few examples. At the same time the technological revolution keeps accelerating, significantly transforming everyday life and generating new business models.

### ...with a major impact on the future of the automotive industry

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

#### Future mobility will be **CONNECTED**

Connected cars are already a reality. The trend for connected cars is driven both by legislation for safety (emergency calls), customer expectations for infotainment and technology developments for autonomous cars. Connectivity will allow continuous monitoring and upgrading of the vehicle and will provide access to a wide range of services for the car occupants. The move to 5G from 2021 will enhance connectivity through better quality, coverage and bandwidth.

**90 %** of cars are expected to be connected by 2025.

#### Future mobility will be **AUTONOMOUS**

Autonomous driving will progressively allow the car driver to be hands-off

the steering wheel, then eyes-off – and ultimately mind-off – the road in more and more situations. As a result, the car occupants will be able to engage in non-driving occupations such as relaxing, working and socializing. This means that the automotive industry will have to extend the value-proposition, delivering new user experiences. In this context the car interior will be completely reinvented and the cockpit of the future will be connected, versatile and predictive.

Between **8 and 12%** of cars are predicted to allow at least hands-off driving by 2025.

#### Future mobility will be **SHARED**

Connectivity is also impacting the way users see mobility, as they begin to use new solutions, particularly in urban settings. Ride-sharing services, such as car-pooling or ride-hailing, are

experiencing significant growth. This trend is the result of the emergence of new peer-to-peer services, made possible by the current digital revolution. Users of shared mobility will demand personalization of their interiors and digital continuity.

#### Future mobility will be **ELECTRIFIED**

The powertrain mix is rapidly evolving towards electrification, due to environmental concerns and pressure from regulators and society. Whilst different regions are moving at different speeds towards zero emissions there will be a rapid rise in hybrid vehicles. Battery Electric Vehicles and Fuel Cell Electric vehicles will co-exist as zero emissions alternatives, depending on use cases.

Nearly **50%** of all new car sales could be electrified by 2030, including hybrid engines.



# Seizing opportunities to emerge as a technology leader

Given this growing complexity and the need for major technology investment, OEMs are increasingly reliant on a strategic and limited network of major technology suppliers with whom they can form close partnerships. As barriers to entry fall with the rise of electric vehicles, new entrants are appearing, creating new opportunities and new business models. The vast majority of these companies have Chinese investment. Supported by the government, the Chinese market is leading the way in electric vehicles and is also investing heavily in autonomous driving.

Faurecia's strategy to provide intelligent solutions for sustainable mobility and the cockpit of the future is based on its leading position in its three activities: Seating, Interiors and Clean Mobility and its strong customer intimacy with all OEMs.



The addressable market for  
**Sustainable Mobility**  
will reach **€81 billion**  
by 2030.

The addressable market  
for **the Cockpit  
of the Future** will reach  
**€51 billion** by 2030.

# "Inspiring Mobility": Faurecia's vision

**With the automotive industry currently facing some of the most disruptive changes in its history, Faurecia is undergoing a major transformation of its business. Strong Convictions and Values underpin the Group's strategy which has the objective of creating value for all stakeholders whilst making a positive and sustainable contribution to society.**

**From energy efficient and zero emissions technologies to connected and predictive cockpits, Faurecia is creating long-term value by providing solutions for Sustainable Mobility and the Cockpit of the Future.**

## Sustainable Mobility

- For Passenger Vehicles: innovative solutions for hybrid vehicles and becoming a leader in zero emissions technologies.
- For Commercial Vehicles and High Horsepower: developing solutions for zero emissions and ultra-clean diesel technologies.

## Cockpit of the Future

- Becoming the leading supplier of systems for new user experiences, including autonomous driving, with the best level of comfort, safety and Human Machine Interface (HMI) solutions integrated through an electronics management system.

## Making a positive contribution to society and all stakeholders

Faurecia has a responsibility as a company to make a positive contribution to society and to all its stakeholders. Faurecia's sustainable development engagement is an integral part of its corporate culture, Being Faurecia. Within this cultural framework the Group has defined six

Convictions and six Values that guide its actions and behaviors. Together, the 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. Defined in 2018, the Convictions will enable the Group in 2019 to build a continuous improvement approach, based on a list of indicators and progress targets.

## A sustainable development approach to value creation

Faurecia's six Convictions describe the Group's commitment for sustainability and long-term value creation in the face of the main global and social challenges:

### Convictions for the Planet:

■ **Environmental issues pose a serious challenge for humanity.** Faurecia wants to help cap the rise in temperature by reducing the carbon footprint of its activities and offering solutions for sustainable mobility. The Group supports national and international organizations in reducing global warming and by respecting their principles. Air quality poses an increasing threat to health in cities. Through its solutions and

partnerships Faurecia works to reduce pollutant emissions and improve air quality.

■ **Companies must have a positive impact on society.** Faurecia is a member of the community in each region where it operates worldwide. The Group contributes to economic development and the creation of social value by hiring locally, providing career training and advancement for employees and through a commitment to ethics and

social responsibility. Above and beyond its legal obligations, Faurecia has a responsibility to maintain a frank and ongoing dialogue with the communities that surround its sites, to ensure that its operations are harmoniously integrated into each region. As appropriate, The Group initiates or contributes to projects and programs that address local needs, by offering its expertise and resources in support.

**Convictions for business:**

- **Short term thinking jeopardizes future generations.** In an ever-changing world, Faurecia must invest in its future and in particular in technology, new business models and learning. The Group must preserve natural resources and meet environmental challenges for the well-being of future generations. At the same time, in order to maintain the confidence of its customers and shareholders, it must deliver short term financial and operational performance. Faurecia must be able to balance both long term and short term and not jeopardize one at the expense of another. Its culture enables it to combine rigor and discipline in short-term execution with a long term vision.
- **Conviction "Faur'Ethic": Power must have a counterbalance.** Faurecia believes in a system of transparency and dialogue. Each employee and stakeholder can voice an opinion, criticism, or alternative suggestion or report a violation without fear of personal consequences and in complete transparency. The Group believes in open, responsible and balanced dialogue, based on mutual recognition and an acceptance of the legitimacy of each viewpoint. Faurecia's relationship with its suppliers is guided by the principles of respect and partnership to create long term value for both parties. The Group views and respects collective representation of employees and social dialogue in the same proactive and constructive spirit.

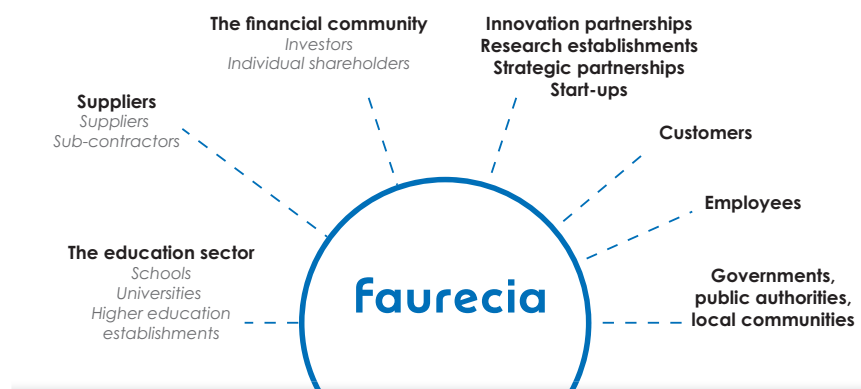
**Convictions for people:**

- **Diversity is a strength.** Diversity in the workforce with regard to gender, place of origin, cultural or educational background, experience or any other difference is a source of strength. Thanks to Faurecia's diversity, the Group has a better understanding of customer expectations and takes better decisions. It encourages the broadest possible diversity through recruitment and career management and by fostering workplace conditions and a flexible organization that are adapted to individual needs.
- **The world is in a state of permanent disruption.** Technology is rapidly changing Faurecia's business models and working methods. The Group must anticipate the next trends, remain agile and invest in innovation and education. It strives to ensure the employability of its employees throughout their working life, through lifelong learning, professional mobility and on the job training. This is the

best guarantee for ensuring that everyone can reap the benefits of technological advances and changing work practices. For younger generations Faurecia has extensive programs of apprenticeships, work/study, volunteers for international experience (VIE) and internships that both provide the Group with a talent pool and enable extensive on the job training and cultural integration.

These sustainable development convictions will enable the Group in 2019 to build a continuous improvement approach, through progress targets and key indicators. Based on the assessment of extra financial risks and opportunities, it will ensure consistency and integration of Corporate Social Responsibility in all existing policies, processes and programs.

Faurecia's sustainable development approach will contribute to the creation of value, both financial and non-financial, for all of Faurecia's stakeholders with whom the Group creates mutually beneficial relationships.



**Strong Values that support Faurecia's performance**

Alongside its sustainable development approach, the Group's strong performance-based culture, Being Faurecia, is grounded in six values which guide day to day behavior. These robust principles also guide ethics, management and operational excellence.

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



# Sustainable Mobility

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

## Innovating for air quality and energy efficiency

Air quality and energy efficiency have been at the heart of Faurecia's innovation for over 15 years. The Group is now accelerating its investment in solutions for powertrain electrification, in particular for hybrid and zero emissions vehicles. It is also deploying its air quality solutions into new markets such as commercial vehicles and high horsepower.

Faurecia has developed a three-pronged strategic roadmap for Sustainable Mobility:

- 1. developing innovative solutions**, for hybrid vehicles that improve fuel economy, such as exhaust heat recovery solutions and lightweighting;
- 2. developing ultra-clean solutions** for Commercial Vehicles and High Horsepower engines;
- 3. developing solutions for zero emissions**, in particular fuel cell technology and battery housing sub-systems and modules.



The Group's strategy, supported by an acceleration of its innovation spending and the development of its ecosystem, will enable Faurecia to achieve profitable growth regardless of the rate of evolution of the powertrain mix.

## Leadership in technologies for hybrid vehicles

The requirement for increasing content in the powertrain to meet emissions control regulations, as well as the need for significant reduction in CO2 emissions, drive the need for several key Faurecia technologies which will increase the overall value of the exhaust line by 30 to 70% in 2025 vs 2017.

The key technologies that are particularly adapted to hybrid vehicles are low pressure EGR, exhaust heat recovery systems (EHRS), electric heated catalyst (EHC) and real-time emissions monitoring as well as acoustic valves and ultra-lightweight exhaust lines.

In the field of lightweighting, Faurecia recently developed the Resonance Free Pipe which reduces weight and packaging complexity by eliminating resonators. This award-winning innovation was launched in 2018 in the United States, in collaboration with General Motors.

## Achieving leadership in commercial vehicles

Faurecia is anticipating the ongoing emissionization of all commercial vehicles, particularly in growth markets like China and India, where regulations are converging towards European and North American standards.

Faurecia will drive profitable growth through:

- accompanying the implementation of new regulations with customer diversification and growth in India and China. Faurecia has developed joint ventures with three partners representing more than 50% of the market in China (Dongfeng, Yinlun and Yuchai), and has a strategic relationship with Tata in India;
- expanding its product offer to include new breakthrough technologies, such as its Ammonia Storage and Delivery System (ASDS) or alternative dosing systems, as well as adapting its zero emissions offer to Commercial vehicles.

In the High Horsepower field, Faurecia finalized in 2018 the acquisition of Hug Engineering, the European leader in complete exhaust gas purification systems for High Horsepower engines. This operation highlights a step forward in the strategy to improve air quality through world class aftertreatment systems for all types of diesel engines. The Group anticipates global market consolidation in this sector, with an increasing share for emissionized engines, enabling a few global players to directly supply engine OEMs.



## Developing new solutions for zero emissions vehicles

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

Faurecia's ambition in Battery Electric Vehicles is to become a leading player in battery housing, including thermal management. Based on its composite experience, the Group has already begun supplying battery pack covers, as a basis for the offer. This will then

be enriched with functional thermal management or crash resistance.

Whilst they have not reached large scale production yet, fuel cell electric vehicles (FCEV) offer some advantages over battery electric vehicles (BEV), in particular for heavy and long range vehicles in terms of autonomy and charging time. Fuel cell and battery electric vehicles will probably coexist for different applications.

Faurecia has identified two areas in which it intends to compete in the long-run: hydrogen storage and management, and bipolar plates and stack systems. Faurecia's strategy to successfully compete in this field is embodied by the ecosystem it has built with Stelia Aerospace Composites and Ad-Venta, for hydrogen storage and management, and with the CEA (French Alternative Energies and Atomic Energies Commission) for bipolar plates and stack systems.

# Cockpit of the Future

Increasingly autonomous and connected vehicles are radically changing today's driving experience. Vehicle interiors are being reshaped to allow both drivers and passengers to work or relax in certain situations. With its comprehensive technological offer, Faurecia is making the Cockpit of the Future a reality today.

## Toward a personalized journey for vehicle occupants

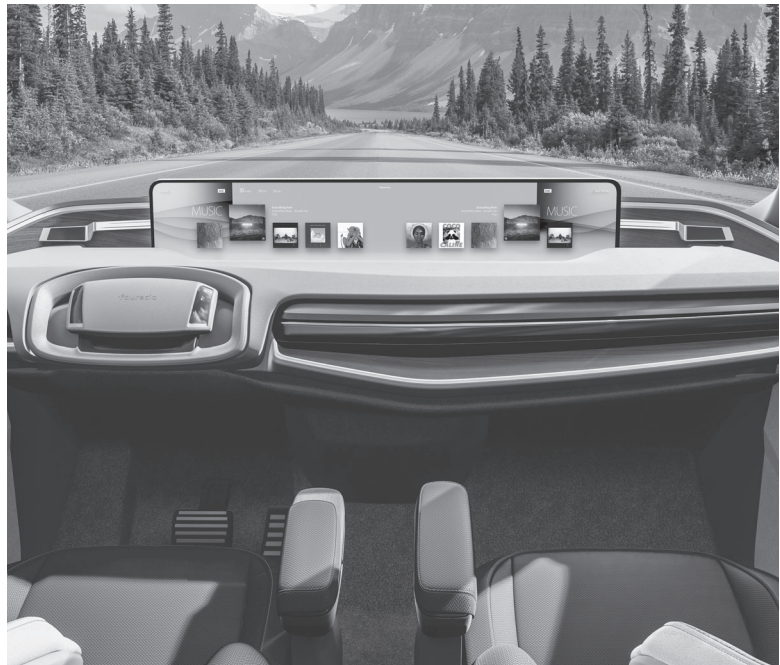
Through its vision for the Cockpit of the Future, Faurecia aims to provide a more versatile, predictive and connected environment to personalize the experience and enable occupants to make the most of their time on board.

Faurecia has moved quickly to seize the Cockpit of the Future opportunity, leveraging its unique competitive advantages based on its seating and interiors expertise. Starting as a multidisciplinary team to identify appropriate user cases, develop partnerships and initiative customer relationships, Faurecia has now put in place an organization focused on three areas: cockpit technologies, advanced safety, comfort and wellness and cockpit systems integration.

1. les technologies dédiées au cockpit ;
2. advanced safety, comfort
3. wellness and cockpit systems integration.

Thanks to its strong ecosystem and the Group's product portfolio and competences, Faurecia is in a unique position to become the leading systems integrator for new user experiences in the Cockpit of the Future, offering triple win solutions:

- an enhanced user experience for consumers;
- reduced cost, weight or packaging for customers;
- increased content per vehicle for Faurecia.



### Cockpit technologies

Consumers expect intuitive and attractive interaction with the car. Faurecia is therefore developing specific cockpit technologies including displays and kinematics, decoration and interior lighting, intuitive Human Machine Interfaces (HMI) or "smart surfaces", and personalized climate comfort and air quality.

Through its ownership of the interior surfaces, its ability to deliver premium quality and its relationships with several key startups and partners, Faurecia is uniquely positioned in these cockpit technologies and is able to integrate them seamlessly into the vehicle with an intuitive interface.

The strategic collaboration signed in 2018 with Hella, the lighting and electronics specialist, will allow Faurecia to develop innovative interior lighting solutions for a more personalized and dynamic experience.

## Advanced safety, comfort and wellness

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

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

**L'Advanced Versatile Structure (AVS)** provides a safety cocoon in all seat positions. Developed since 2017 in partnership with ZF, a global leader in active and passive safety technology, AVS offers intelligently powered kinematics to allow occupants to effortlessly recline, lift, adjust and swivel their seat and then return it smoothly and quickly to the upright driving position. Crucially, the seatbelt and belt retractor are both integrated into the seat, functioning optimally in different seat positions, while the frame features airbags on both the driver and passenger side.

## Cockpit systems integration

The Group's ambition is to become the leading supplier of systems for unique user experiences integrated through an electronics management system.

Faurecia will enable predictive actions that are based on a learned user profile and that are personalized and contextual. It will manage all the interior cabin electronics with a transversal approach, integrating the key functions of the cockpit, such as driver information, infotainment, safety, comfort, thermal management or sound systems to ensure that the cockpit interacts intuitively with occupants. Faurecia is developing its solution with open source technologies, so that new apps from software developers and users can be integrated into the vehicle.

The project to acquire Clarion would give Faurecia critical mass as a leading player in cockpit electronics and software integration, with a strong global presence and a competitive industrial footprint. Clarion is a major Japanese supplier of in-vehicle-infotainment (IVI) and full digital audio systems, HMI and advanced driver assistance systems, connectivity and cloud-based services. With its core competences in electronics and software integration, this acquisition would significantly strengthen Faurecia's offer for cockpit systems integration.

Faurecia intends to create a new Business Group headquartered in Japan, named "Faurecia Clarion Electronics" regrouping Clarion with the recent acquisitions in infotainment and connectivity of Parrot Automotive in France and Coagent Electronics in China. This Business Group would employ almost 9,200 people, more than 1,650 software engineers and have over €2 billion of revenues by 2022.



# An innovation ecosystem to accelerate Faurecia's transformation

**Faurecia has developed an open innovation ecosystem to accelerate the integration of new competences and time to market. This innovative, collaborative ecosystem incorporates non-rival alliances with global leaders as well as investment in startups and collaboration with academic institutions.**

## An ever-stronger innovation ecosystem

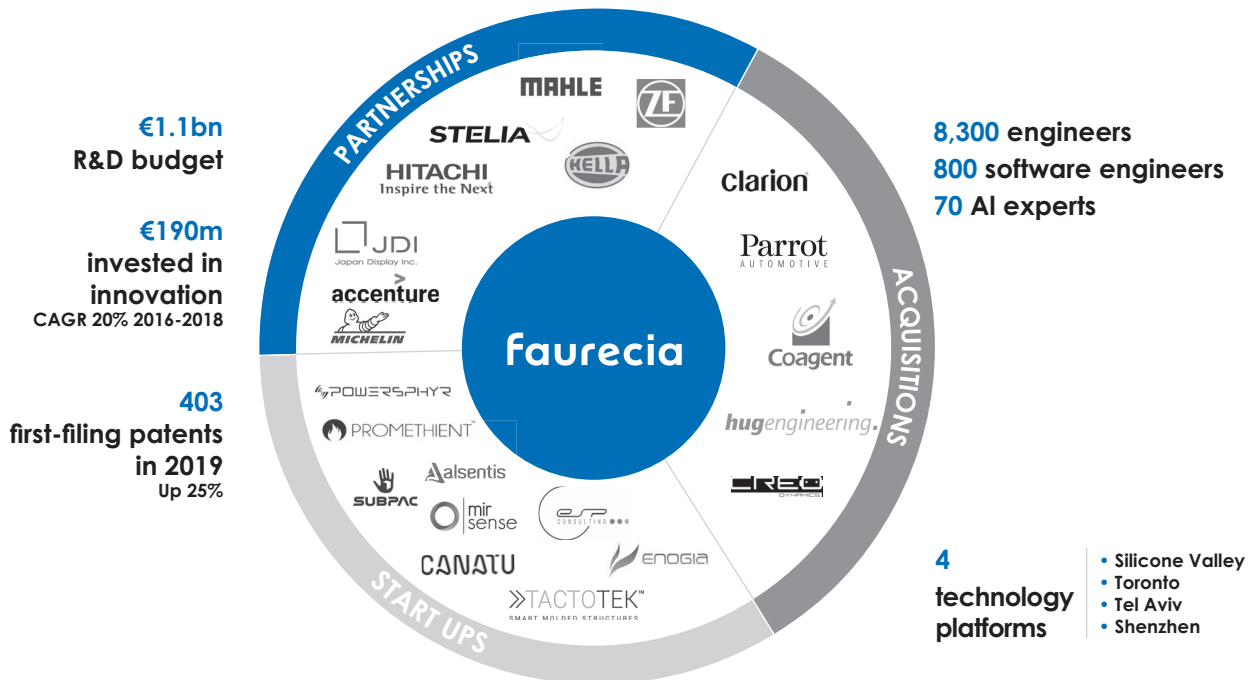
This ecosystem covers four types of collaboration:

1. strategic and technology partnerships with key players in different industrial and technology sectors;
2. academic partnerships with universities and scientific institutes;
3. investment in start-ups through Faurecia Ventures;
4. technology platforms to collaborate with local start-up ecosystems.





Accelerating investment in innovation with broad ecosystem and new competences



**Strategic and technology partnerships**

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

New partnerships were signed in 2018, as Faurecia entered into strategic collaboration with Hella, the lighting and electronics specialist, as well as a business alliance with Hitachi for a combined offer with Clarion for autonomous driving solutions.

**Academic partnerships**

Faurecia works with academics in open innovation networks, to test, assess and prototype with them in order to provide the relevant information they need to orient their research for the

Group. Important partnerships include those with Stanford University in the USA and the Collège de France, French Commission for Atomic Energy and Alternative Energies, collaboration between Dortmund and Supelec.

**Investment in startups**

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

In 2018, Faurecia invested in the American startups Powersphyr (wireless charging technology), Promethient (climate control technology) and SUBPAC (innovative sound solutions) for the Cockpit of the Future. It also invested in the French startup Enogia for energy recovery, and in the innovative French lab ESP Consulting to better assess the human impact of its technologies for predictive and personalized use cases inside the cockpit.

**Technology platforms**

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

**ADVISORY COUNCILS**

In order to keep abreast of the latest technology and market trends, Faurecia has created two Advisory Councils: one in Silicon Valley and one in China. The members of these Councils are experts in different fields, such as start-up incubators, venture capital, artificial intelligence, new mobility solutions or economics. Their role is to bring a new perspective and challenge Faurecia's ideas, as well as to identify relevant technology and strategic topics for discussion.

# Three Business Groups to drive **profitable growth**

**Faurecia's is organized into three Business Groups: Seating, Interiors and Clean Mobility. Faurecia is a global leader in each of these businesses.**

## Clean Mobility

Faurecia Clean Mobility develops and produces innovative solutions to drive mobility and industry toward zero emissions. Its solutions for air quality, energy efficiency, acoustic performance and powertrain electrification address the needs of all types of vehicles manufacturers, industrial and high horsepower engine applications, as well as cities and fleet operators.

**€4.6 billion** sales

**26%** of Group sales

**A global leader** in clean mobility solutions



## Interiors

Faurecia Interiors develops and produces full interior systems including instrument panels, door panels, center consoles and acoustic and soft trim, as well as decoration and smart surfaces, solutions for intuitive Human Machine Interfaces and personalized cabin climate comfort and air quality. Its main focus is on seamlessly integrating smart surfaces and displays with new HMI solutions and versatile architecture for the use cases of today and the Cockpit of the Future.

**€5.5 billion** sales

**31.0%** of Group Sales

**A global leader** in interiors systems

## Seating

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.

**€7.4 billion** sales

**43%** of Group sales

**A global leader** in seating solutions



# Achieving sustainable value creation through customer intimacy and operational excellence

**Faurecia's customer intimacy and operational excellence form the key enablers of the Group's transformation and enable sustainable value creation.**

## Strong customer intimacy

The permanent development of customer intimacy is a priority for all the teams at Faurecia. This is achieved through regular contacts and meetings, at all levels of the Group's organization, from the top management to the site teams, as well as through technology reviews and co-development projects.



## Record order intake

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. By the end of 2018 the Group's three-year rolling order intake represented €63 billion of sales: a new record for the Group.

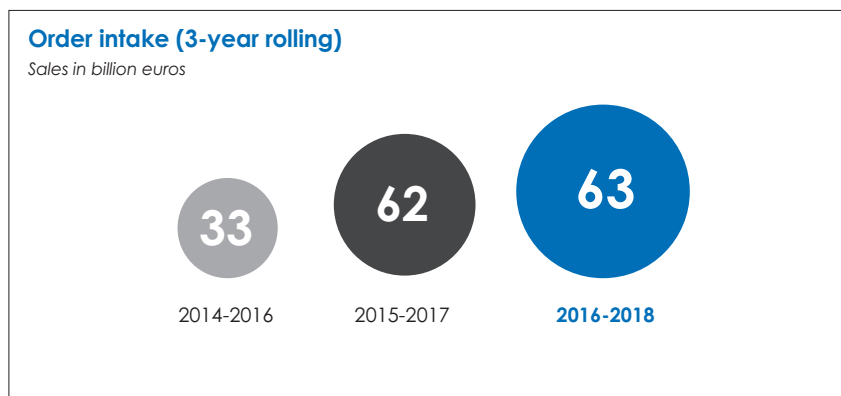
In 2018, New Value Spaces products represented more than 12% of order intake.

Among the business awards won in 2018, three are emblematic of Faurecia's commercial momentum. First, the largest business in volume for seat frames for the Renault Nissan SUV global platform. The second business is an illustration of Faurecia's success in the new entrants market segment with a contract with Chinese EV car maker BYTON, a new customer for the Group, to supply displays, swiveling seats and electronics. Two other noticeable awards are for PSA's Peugeot 308 and DS4 instrument panel and door panels.

Faurecia also performed particularly well in the commercial vehicles segment, as highlighted through a contract to supply emissions control technologies to the new truck maker Traton, which includes MAN and Scania brands. Overall Faurecia won a significant share of all business awarded in the commercial vehicles market which will ensure the increase of its market share in this important market.

## Customer recognition

As a confirmed strategic partner of many of its major customers, Faurecia received over 30 recognition awards in 2018 for global performance, excellence manufacturing, cost saving, and innovation. In particular, the Group was honored with an Innovation award at the 2018 groupe Renault Suppliers event, for its innovative concept for future vehicle interiors. Faurecia also received two German Innovation Awards for its "Morphing Instrument Panel" and "Immersive Sound Experience" for its unique and personalized user experience.



### Program management

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 Core System (PMCS) process describes all the requirements to be fulfilled at each phase of the program. **Each program phase has intermediate reviews to validate progress. The PMCS 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.

### 220 PROGRAMS LAUNCHED IN 2018

Some of the emblematic vehicles launched with Faurecia content:

- Peugeot 508;
- Dodge RAM 1500;
- Nissan Altima;
- Ford Focus.

## Driving operational performance toward excellence

Faurecia aims at being benchmark in each of its activities. In 2018, several transversal initiatives have been launched to keep progressing in all aspects.

### Total Customer Satisfaction

In 2018 Faurecia kicked off its Total Customer Satisfaction program which aims at capturing a holistic picture of customer feedback including both performance and perception across the whole value chain: from program acquisition to launch and delivery. Beyond the quality metrics, customer feedback is now being collected immediately and transparently via a dedicated Customer Satisfaction digital application.

### CELEBRATING WORLD QUALITY DAY

On November 8, all Faurecia sites around the world celebrated World Quality Day to increase awareness of the important contribution of Quality to customer satisfaction. Many actions were organized to allow teams to demonstrate their commitment to quality.

### Faurecia Excellence System

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

In 2018, the decision to redesign Faurecia Excellence System was made in order

to meet four key objectives: clarification of the fundamentals, update of the system content, simplification of the audit questionnaire, and acceleration of digitalization. All of the changes have been designed to make the excellence system pragmatic and comprehensible for all employees. FES was renamed FES X.0 to express both the agility and the continuous improvement dimension of the system. With a deployment planned throughout 2019, FES X.0 will contribute to the success of the Total Customer Satisfaction program and to driving bottom-line performance.





Achieving sustainable value creation through customer intimacy and operational excellence

**Initiative Faurecia Best Plant**

Faurecia launched its plant ranking initiative in early 2018. It consists of a monthly assessment designed to promote comparative analysis between production sites and to foster a spirit of healthy competition. Ultimately, the program will contribute to reduce performance gaps by the sharing of best practices. All Faurecia sites, except those with a workforce less than 100 people, are part of the ranking. Every year, based on their results against defined KPIs, the best plants will be awarded and actions plans will be put in place so the less performing sites rapidly improve.

**11 BEST PLANTS WERE NOMINATED FOR THE FIRST HALF OF 2018,**  
 of which the top in each Business Group were Anting Frames (FAS), Nanjing (FCM) and Ourense (FIS).

**Plant Risk Assessment**

In 2018, Faurecia rolled out its Plant Risk Assessment program across all its 300 production sites worldwide. The purpose of this program is to prevent operational issues thanks to an early detection of potential risks over the 18 following months, considering the impact of new program launches. The assessment covers four domains – plant maturity, people, programs, sales/customers/suppliers through 20 criteria. Each criterion can be assessed either at 0 (very low risk), 1 (potential risk) or 2 (significant challenge requiring a mitigation plan). The assessment is revised quarterly and risk mitigation plans are developed to reduce criticality.

**Digital manufacturing**

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 smart robots (including collaborative robots, visual guided robots etc.) 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. In addition,

the connection of programmable controllers in production machinery to computer databases allows real-time analysis of many parameters, prevents breakdowns and avoids the production of non-compliant parts. The introduction of artificial intelligence for visual inspection of parts improves quality and reduces process variability.

In 2017, the digital transformation entered mass deployment mode. At the end of 2018, more than one thousand cobots and AGVs had been installed at Faurecia production sites. More than a hundred factories have digital production 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. Digitalization of the manufacturing system is moving a step further with the launch of pull system digitalization (automatic production launch signal) that will strengthen monitoring of plant operational performance. 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.

**KEY DIGITALIZATION FIGURES** (at the end of 2018)

**800**  
AGV

**470**  
SMART ROBOTS

**106**  
SITES USING DIGITAL MANAGEMENT CONTROL

**300**  
MACHINES CONNECTED TO THE DATA LAKE



In 2015, Faurecia engaged in the strategic transformation of its operations, using the Industry 4.0 or “Internet of Things” approach.

**FOR MORE INFORMATION** • See Chapter 4 on CSR.

## Faurecia business model of creating and sharing value

### 2 OUR STRATEGIC PRIORITIES FOR VALUE CREATION



#### Sustainable Mobility

Innovating in air quality and energy efficiency:

- Leadership in technologies for hybrid vehicles
- Achieving leadership in commercial vehicles
- Developing new solutions for zero emissions vehicles



#### Cockpit of the Future

Toward more versatile, predictive and connected environment for vehicle occupants:

- Cockpit technologies
- Advanced safety, comfort and wellness
- Cockpit systems integration

### 1 OUR BUSINESS MODEL

**115,000**  
employees

**37**  
countries

**300**  
sites

**403**  
first filling patents



#### Planet care

77.7%

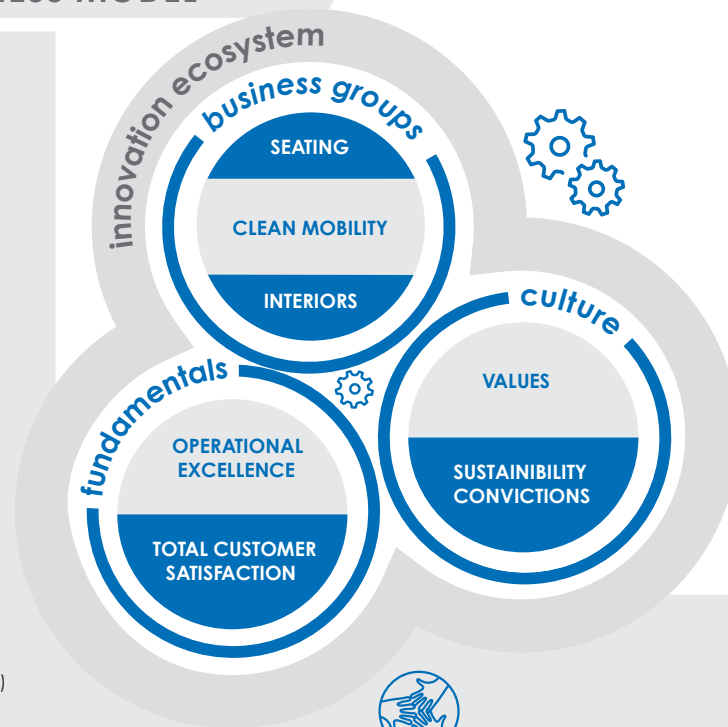
ISO 14001 certified sites

**723,121 tons of CO<sub>2</sub>**

GHG emissions (scopes 1 & 2)

**2.05 million MWh**

Electricity consumption



#### People care

##### Occupational safety (FROt) :

**0.95** accidents leadin to a work stoppage per million hours worked, employees and temporary workers

##### Employee engagement index

**54 pts** of operator engagement in 2018

**61 pts** for managers and professionals in 2017

**21.8 hours** training on average per employee per year

**32.4%** managers and junior professionals recently graduated from the hiring process

**23.8%** of women managers and professionals

**353** establishment or company agreements concluded in 2018 in 18 countries

Achieving sustainable value creation through customer intimacy and operational excellence

3

OUR SHARED VALUE

Faurecia  
total sales  
in 2018  
**17,524.70  
M€**



**Employees**  
salaries and social charges:  
**3,705 M€**  
20.9%



**Suppliers**  
purchase & external costs:  
**12,399 M€**  
69.9%



**States & Communities**  
Taxes: **238 M€**  
1.3%



**Banks**  
finance costs: **108 M€**  
0.6%



**Shareholders**  
company holders and  
minorities: **210 M€**  
1.2%

2. OUR STRATEGIC PRIORITIES

faurecia

1. OUR BUSINESS MODEL

3. OUR SHARED VALUE

Operating  
Financing

Cash flow from  
operating activities  
after dividend

**1,432 M€**

Investment  
capacity

Investments in fixed assets:  
**673 M€ 3.8%**  
Investments in R&D:  
**592 M€ 3.4%**  
Investments in acquisition:  
**174 M€ 1%**



**External financing**  
(net debt variation)  
**26 M€**

# An efficient risk management system

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







## A shared Group-wide approach to risk management

Most Faurecia departments and governance structures are involved in the support of Faurecia's evolving business model through risk management. The Group Risk Committee and the Executive Management of each Business Group work together to avoid and contain all potential threats to Faurecia's success,

from risk mapping to the monitoring of specific operational risks. In this regard, the Group launched the Faurecia Enterprise Risk Management Program (ERM) in 2017, to define and oversee risk management actively and consistently, for all types of risk.

Both the Audit Committee of the Board of Directors and the Executive Committee conduct continuous oversight of the process. The Group's Internal Control and Audit departments, as well as external participants, provide their specific expertise, from operational processes to auditing.

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

CAPITALS	RISKS	CAPITALS	RISKS
<b>Human capital</b> 	Safety at work <b>R</b>	<b>Intellectual capital</b> 	Continuity and security of information systems <b>R</b>
	Talent acquisition and retention <b>R</b>		Intellectual property
	Social dialogue <b>R</b>		Litigation
<b>Financial capital</b> 	External growth	<b>Relational capital</b> 	Regulatory development
	Risk associated with the automotive supplier business		Business ethics <b>R</b>
	Interest rate risk		Duty of care and responsible purchasing <b>R</b>
	Currency risk		<b>Environmental capital</b> 
	Liquidity risk	Natural events	
	Risk related to raw materials		
	Customer credit risk		
<b>Industrial capital</b> 	Product safety and Quality <b>R</b>		
	Supplier failure risk		
	Programme management		
	Fire and explosion		

**R** Extra-financial risk

FOR MORE INFORMATION

• See Risks and CSR chapters.



# Robust performance demonstrating, resilience and profitable growth

Faurecia is committed to profitable growth and long-term value creation for all its stakeholders. This is achieved through the Company's business model for operational excellence and total customer satisfaction, combined with its strategy focused on sustainable mobility and the cockpit of the future supported by its Convictions and Values for sustainable development.

Faurecia's performance, both financially and extra-financially in 2018, despite increasing headwinds in the second half of the year demonstrate the pertinence of its strategy and the resilience of its business model.

## Faurecia's performance in 2018

	2017	2018	Variation
Sales	€16,962.2 m	€17,524.7 m	+7%
Operating income	€1,157.6 m	€1,273.9 m	+10%
Net income Group Share	€599.4 m	€700.8 m	+16.9%
EBITDA	€1,950.9 m	€2,140.6 m	+9.7%
Capital expenditure	€738.6 m	€673.2 m	-8.8%
Net cash flow (% of sales)	2.6%	3.0%	
Net cash flow	€435.3 m	€528.1 m	+21.3%
<b>TOTAL EQUITY</b>	<b>€3,453.9 M</b>	<b>€4,071.3 M</b>	<b>+17.9%</b>
Net debt	€451.5 m	477.7	+5.8%
Operating margin (% of sales)	6.8%	7.3%	



## Faurecia, a European "Top Employer"

In 2018, Faurecia received its first "Top Employer Europe" certification, a label based on certification in five countries: France, Germany, Spain, the Czech Republic and Poland. The Group has been certified alongside 31 companies in Europe this year, for excellence in its work environment and career development.

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

# Two governance bodies

## driving strategy and execution

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

### The Board of Directors

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

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

		Age	Nationality	Committees
<b>Executive Corporate Officer</b>	Patrick KOLLER <i>Chief Executive Officer and board member</i>	59	French-German	-
<b>Independent Board Members</b>	Michel de ROSEN <i>Chairman of the Board of Directors</i>	67	French	Chairman of the Governance Committee
	Éric BOURDAIS DE CHARBONNIÈRE	79	French	Governance Committee
	Odile DESFORGES	68	French	Chairwoman of the Audit Committee
	Hans-Georg HÄRTER	73	German	Management Committee
	Linda HASENFRATZ	52	Canadian	Chairwoman of the Management Committee
	Penelope HERSCHER	58	American	Management Committee
	Valérie LANDON	56	French	Audit Committee
	Bernadette SPINOY	56	Belgian	Governance Committee
<b>Board Members Affiliated With the Shareholder PSA</b>	Olivia LARMARAUD	60	French	Audit Committee
	Grégoire OLIVIER	58	French	-
	Robert PEUGEOT	68	French	Management Committee
	Philippe de ROVIRA	45	French	Governance Committee
<b>Board Members Representing Employees</b>	Daniel BERNARDINO	48	Portuguese	-
	Emmanuel PIOCHE	53	French	-

60 years  
AVERAGE AGE

4 years, 2 months  
AVERAGE SENIORITY

8  
INDEPENDENT  
BOARD MEMBERS <sup>(1)</sup>

2  
BOARD MEMBERS  
REPRESENTING EMPLOYEES

6  
NATIONALITIES

6  
FEMALE BOARD MEMBERS

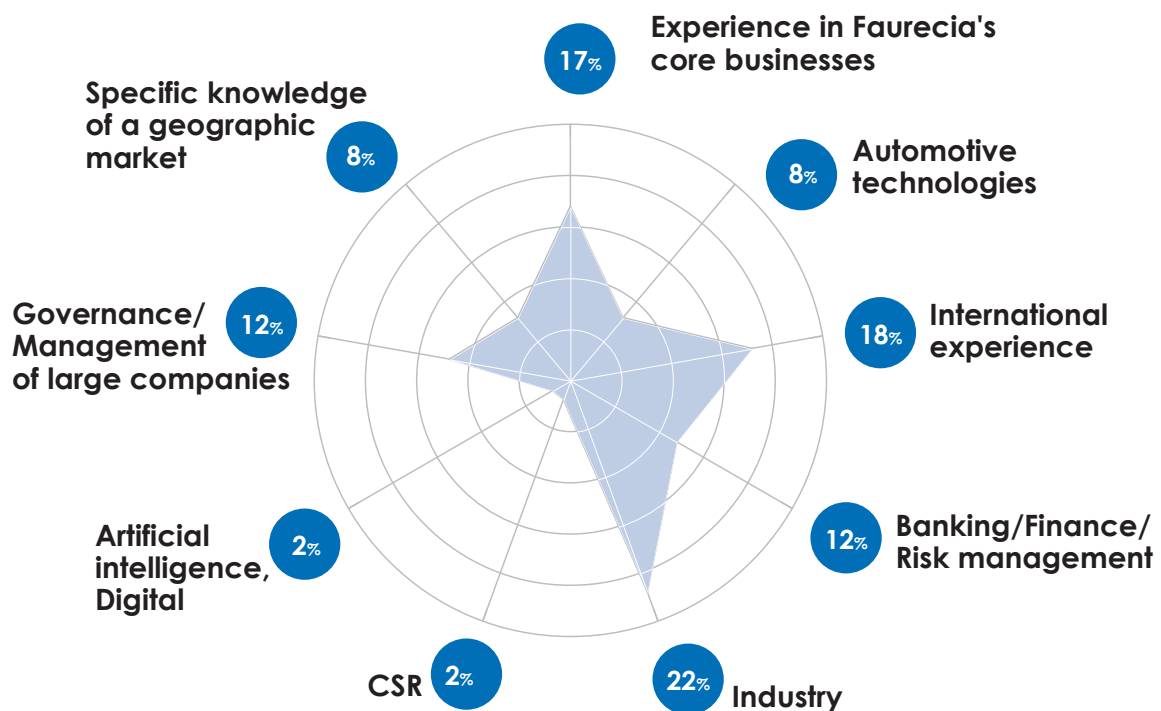
97.83%  
ATTENDANCE RATE  
AT BOARD MEETINGS

100%  
ATTENDANCE RATE AT  
COMMITTEE MEETINGS

(1) Excluding Board members representing employees.

## Expertise at the service of strategy

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



## The Executive Committee

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

Under the responsibility of the Chief Executive Officer, the Faurecia Executive Committee is comprised of the 11 Executive Vice-Presidents of the Group's international Business Groups and support functions.

**Patrick Koller**  
Chief Executive Officer

**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

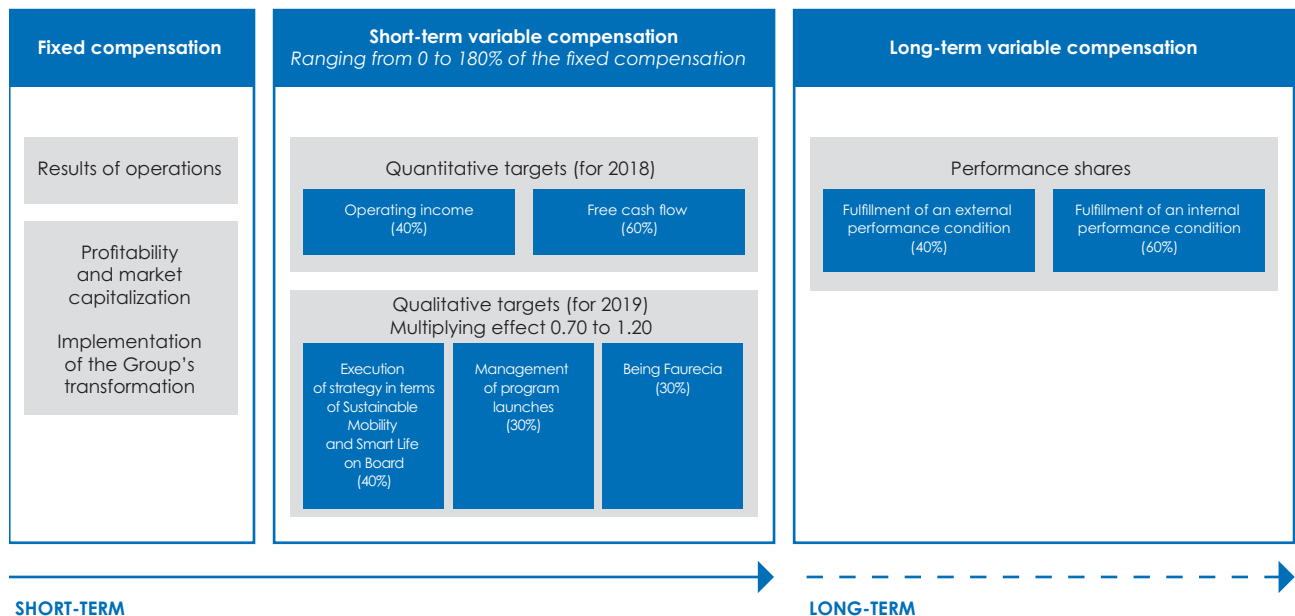
**François Tardif**  
Executive Vice-President,  
Faurecia China

**Hagen Wiesner**  
Executive Vice-President,  
Group Operations

# The Chief Executive Officer's compensation

In line with market practices, the Group's policy regarding compensation for its Chief Executive Officer is closely linked to the successful implementation of the Group's strategy and is balanced between long-term and short-term incentives.

Subject to a vote by the Group's shareholders', the compensation paid or awarded to the Chief Executive Officer, Mr. Patrick Koller, is based on three main components: fixed compensation, short-term variable compensation and long-term variable compensation, in the form of performance shares.

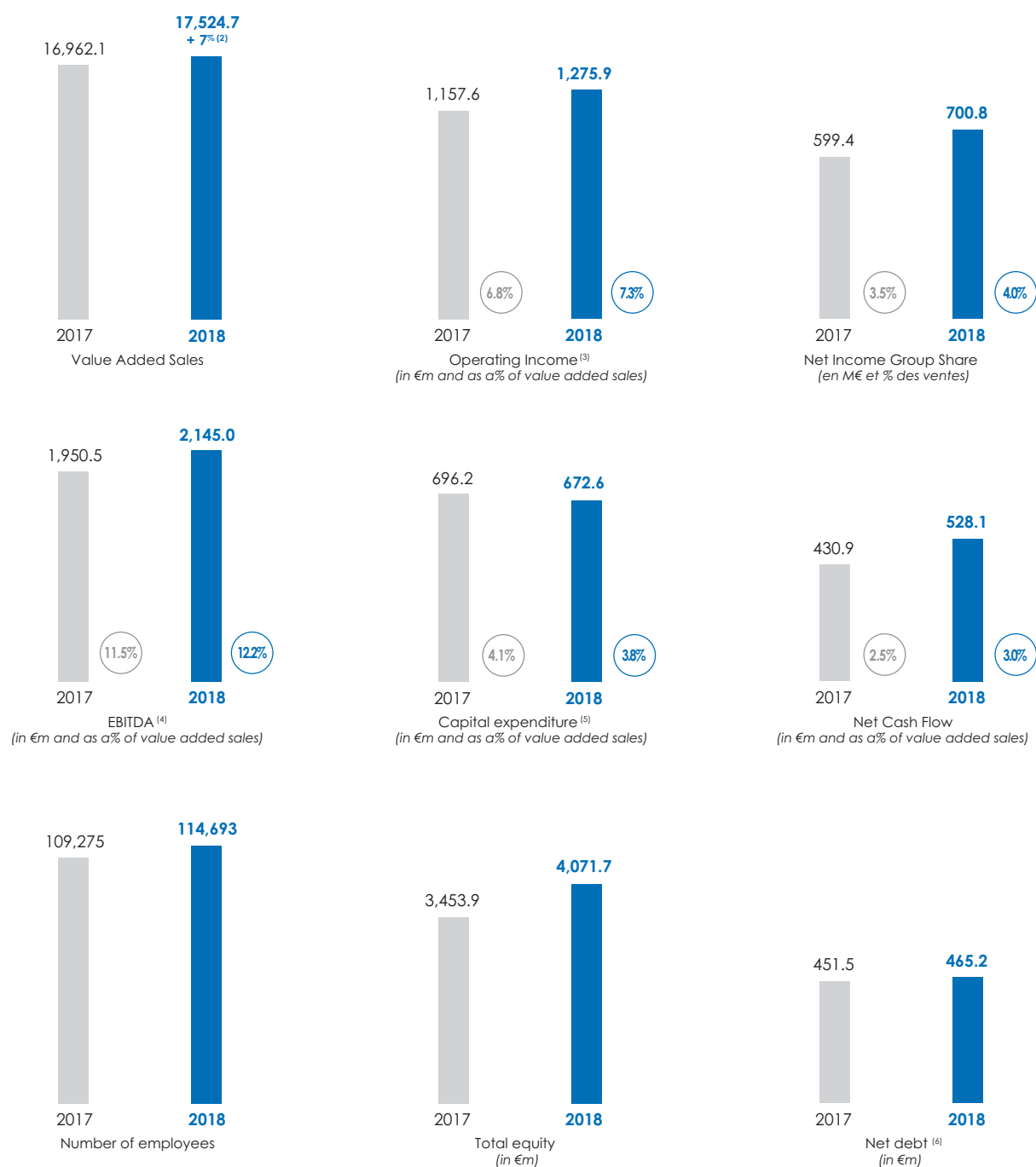


FOR MORE INFORMATION

• See Chapter on Governance.



# Key financial figures 2018 <sup>(1)</sup>



(1) After application of IFRS 15 (reconciliation available in § 1.7).

(2) At constant currencies and including Bolt-Ons.

(3) Before amortization of acquired intangible assets (§ 2.1 to the consolidated financial statements).

(4) Operating income before depreciations and amortizations of assets (§ 2.3 to the consolidated financial statements).

(5) Note 26.1 to the consolidated financial statements.





# 1.

## Financial statements

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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 34 to 91, 99 to 117, 92 to 95, 118 to 120, and 24 to 33 of the 2017 Registration Document filed with the AMF on April 26, 2018 under number D. 18.0391;
- 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.

This Section provides a description of Faurecia's activities and results in 2018. 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

Since January 1, 2018 Faurecia has applied the IFRS 15 standard on revenue recognition. As the Group decided to have full retrospective application, the consolidated financial statements published as of December 31, 2017 have been restated consequently. All 2017 figures presented hereafter are after application of IFRS 15 norm.

In 2017, Faurecia had already partly anticipated IFRS 15 through the presentation of sales as "Value-added sales", i.e. "Total sales" minus "Monoliths", for which Faurecia operates as an agent.

In addition, as from January 1, 2018, with the implementation of IFRS 15:

- revenue from Tooling is recognized at the transfer of control to the customer (PPAP = Production Part Approval Process), shortly before serial production;
- development costs are recognized as set-up costs for the serial parts production and the corresponding revenue is included in product sales.

The impacts of IFRS 15 norm on consolidated financial statements as of December 31, 2017 are available on § 1.7.

The § 2.5 Note 1.B provides further explanation on IFRS 15 application.

#### 1.1.1.1. Main events

##### 1.1.1.1.1. FISCAL YEAR EVENTS

###### January/February 2018

Rating agencies updated their long-term corporate credit ratings:

- Standard & Poors has assigned Faurecia their 'BB+' long-term corporate credit ratings, with a stable outlook. The stable outlook reflects their view that Faurecia will gradually improve its profitability, with an S&P Global Ratings-adjusted EBITDA margin widening toward 9% in 2018 and funds from operations to adjusted debt within the 35%-40% range;
- Moody's has upgraded the corporate family rating (CFR) of Faurecia S.A. (Faurecia) to Ba1 from Ba2. The outlook on the ratings is stable;
- Fitch Ratings has upgraded Faurecia S.A.'s Long-Term Issuer Default Rating (IDR) and senior unsecured debt from 'BB' to

'BB+'. The Outlook on the Long-Term IDR is Stable. The rating action reflects the improved and better-than-expected earnings and underlying cash-generation of Faurecia, which positions the French auto supplier at the high-end of the 'BB' category, according to Fitch's revised Rating Navigator for auto suppliers.

###### February/March 2018

Faurecia issued early March €700 million of 7-year bonds, due 2025, with a coupon of 2.625%. The favourable conditions achieved demonstrate the significant appreciation of Faurecia's credit quality. With the cash raised through these new bonds, Faurecia repaid in advance €700 million of 3.125% bonds June 2022. This was done through an exchange offer which allowed amortising the reimbursement premium and issuance fees over the life of the new bonds. This new long-term bond issue will allow Faurecia to enhance its financial structure by extending its debt maturity profile and reducing its cost of funding.

###### March 2018

Faurecia announced that it had completed the acquisition of 100% of the Swiss company Hug Engineering, a market leader in complete exhaust gas purification systems for high horsepower engines (above 750 hp). These engines are used in applications including marine propulsion, power generation, rail, agricultural and other industries. This acquisition represents a major step forward for Faurecia in its strategy to improve air quality through world class aftertreatment systems for all types of diesel engines. Hug Engineering is the High Horsepower market leader in Europe and one of the largest players worldwide. The company is well positioned to maintain its leadership position as the market grows rapidly to reach €2.4 billion in the next 10 years when the majority of high horsepower engines become subject to emissions regulations.

Faurecia announced an investment in the French start-up Enogia in order to enhance its expertise in energy recovery technology. Founded in 2009 and based in Marseille, the start-up, which employs 30 people, has developed and patented a hermetic, compact high-speed turbine that recovers heat and converts it into electricity. Enogia's technologies are very well suited to commercial vehicles, trucks and high horsepower engines (marine transport and generators) and the investment by Faurecia will enable it to grow rapidly in these market segments.

**April 2018**

Faurecia announced the opening of a new tech center in Yokohama, Japan, for its Seating, Interiors and Clean Mobility businesses. With this strengthened presence, the Group will accelerate the development of technologies for Smart Life on Board and Sustainable Mobility through reinforced customer intimacy and the establishment of technology partnerships.

**May 2018**

At its Capital Markets Day held in Paris on May 15, Faurecia detailed its 2020 financial targets:

- sales growth of above 7% per year to exceed €20 billion. After three years of record order intake, Faurecia has secured growth of above 7% CAGR (including a 2% annual market growth assumption) between 2017 and 2020 to reach sales of over €20 billion. The Group will double its sales in China to reach €4.5 billion;
- operating margin of 8% of sales in 2020 (a 110 basis point improvement vs. 2017) to be achieved through leverage on sales and major Group Initiatives, including digital transformation. Combined, these initiatives will provide around 125 bps of improved operating margin, a part of which will finance acceleration in innovation;
- net cash flow at 4% of sales driven by its "Convert2Cash" initiative.

Faurecia communicated on its 2025 ambition: €30 billion of sales, New Value Spaces representing almost €7 billion.

**June 2018**

Faurecia signed a strategic partnership framework agreement with one of the leading Chinese automobile manufacturer, FAW group, to develop cockpit of the future technologies and sustainable mobility solutions. Within this strategic cooperation, several fields have been defined: develop Cockpit of the Future solutions and services, develop connected, versatile and predictive seat solutions and provide zero emission and air quality technologies.

Faurecia signed on June 15 an Amend & Extend (A&E) agreement regarding its €1.2 billion Syndicated Credit Facility, initially signed in December 2014 and already amended in June 2016. This new agreement extends the maturity of the facility, which is undrawn as of today, from June 2021 to June 2023, with two optional one-year extensions. It also improved its economic conditions. This agreement strengthens the Group's financial structure and flexibility over the long-term: Faurecia's average long-term debt maturity now exceeds five years and its average cost of financing is below 3%.

**July 2018**

Faurecia and Parrot have finalized a proposal concerning the take-over of 100% of Parrot Automotive by Faurecia, ahead of

schedule. This transaction underlines the importance of Parrot Automotive in Faurecia's Cockpit of the Future strategy. It would accelerate the development of infotainment solutions based on the Android operating system by Parrot Automotive and the development of an open platform integrating the different connected systems and functionalities of the vehicle interior. The transaction would be based on an enterprise value of €100 million, identical to that used when Faurecia entered into the capital of Parrot Automotive in 2017. This project is subject to consultation of the Parrot Automotive and Parrot SA Works Councils and to the agreement of the antitrust authorities.

**August 2018**

For its first participation at the IAA Commercial Vehicles trade fair in Hannover, Germany, Faurecia demonstrated advanced technologies for fuel efficiency, air quality, zero emission and driver well-being. Faurecia is a leader in developing technologies to improve air quality and energy efficiency for passenger and commercial vehicles. Through its recent acquisition of HUG Engineering, which offers complete systems for High Horsepower vehicles, including monolith, coating, manufacturing and assembly, Faurecia is now also a leading player in this fast-growing market segment. In addition, the Group is developing innovative solutions for zero emission transportation such as fuel cell and battery technologies. Faurecia offers forward-looking technologies for smart vehicle interiors. At the IAA Commercial Vehicles trade fair, the company presented "Active Wellness Express™", a groundbreaking innovation offering more comfort and safety for professional drivers. This is the first connected seat cover for professional drivers with sensors monitoring health and wellness data. The system detects fatigue and stress at an early stage and triggers appropriate counter-measures for more security, comfort and well-being at the wheel.

**September 2018**

At the Paris Motor Show, Faurecia showcased its latest and disruptive technologies in its two strategic areas of focus: Smart Life on Board & Sustainable Mobility. Faurecia has taken full measure of increasing autonomy and connectedness of vehicles, by pioneering a comprehensive technology offer that makes the Cockpit of the Future a reality today. On its booth, Faurecia demonstrated its role as a leading systems integrator to enhance user experience in the versatile, connected and predictive Cockpit of the Future. Also, as the global clean tech leader, Faurecia is committed to drive the mobility and industry value chain towards zero emissions and offers innovative solutions in three areas: emissions reduction for all types of engines from passenger vehicles to high horsepower, zero emissions mobility and air quality solutions for cities. All these technologies showcased at the Paris Motor Show, will support the automotive industry's evolution towards zero emissions and digital services for smarter and cleaner cities.



### October 2018

Faurecia announced the acquisition of 100% of Parrot Faurecia Automotive. The deal followed the announcement of an agreement between Parrot and Faurecia on July 5 this year regarding Faurecia's proposal to acquire 100% of Parrot Faurecia Automotive. The transaction is based on an enterprise value of €100 million, identical to that used when Faurecia entered into the capital of Parrot Automotive in 2017.

Faurecia announced a new joint venture with Liuzhou Wuling Automotive Industry Co., Ltd, a China leading automotive component manufacturing company. The new joint venture, named Faurecia (Liuzhou) Emissions Control Technologies Co., Ltd and controlled equally by each party, further extends the bilateral cooperation to the Clean Mobility activity and targets annual sales of 600 million RMB in 2023. Through this joint venture, Faurecia and Wuling Industry embark on a comprehensive strategic cooperation in the area of automotive emissions control systems, leveraging resources from both sides to develop innovative clean mobility solutions starting from SAIC GM Wuling Automobile Co., Ltd (SGMW) and manufacturers which are subsidiaries controlled by SGMW in China.

Faurecia announced that it had reached binding agreements with Clarion and Hitachi, the controlling shareholder owning 63.8% of Clarion, for a tender offer to acquire 100% of the shares of Clarion. Clarion is a major Japanese supplier of in-vehicle-infotainment and full digital audio systems, HMI and advanced driver assistance systems, connectivity and cloud-based services. With its core competences in electronics and software integration, this acquisition would significantly reinforce Faurecia's offer for cockpit systems integration. As part of this transaction, Faurecia and Hitachi Automotive Systems have also reached an agreement for a business alliance within which Clarion and Hitachi Automotive Systems would be able to combine their product offers to propose unique autonomous driving solutions to OEMs.

### November 2018

The lighting and electronics specialist HELLA and Faurecia, will cooperate in a strategic partnership for the development of innovative interior lighting solutions. Within this cooperation, both companies will jointly develop lighting with high-technology content in the domain of surface-lighting and dynamic-lighting for a more personalized cockpit environment. Faurecia contributes its expertise as a complete system integrator for vehicle interiors and HELLA supplies innovative products in the field of interior lighting.

### December 2018

Faurecia announced an investment in ESP Consulting, an innovative French lab that uses cognitive science to optimize human well-being and performance in different situations. Faurecia's objective is to better assess the human impact of its technologies for predictive and personalized use cases inside the cockpit.

### 1.1.1.1.2. RECENT EVENTS

#### January 2019

At CES, Faurecia showcased how the onboard intelligence and integrated design of the Cockpit of the Future provides a more versatile, connected and predictive environment that allows people to make the most of their time onboard. Faurecia also demonstrated key technologies to accelerate the development of fuel-cell powered vehicles, a promising future zero emissions mobility solution.

#### February 2019

On February 26, Faurecia announced a partnership with Japan Display Inc. to enhance the digital user experience inside the cockpit. Faurecia and Japan Display Inc. will cooperate on the development and integration of large displays into automotive interiors.

#### March 2019

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

This acquisition has been financed through the issuance by Faurecia S.E. in December 2018 of a €700 million *Schuldscheindarlehen* and the conclusion of a €500 million bridge loan.

Faurecia S.E. has successfully issued on March 27, 2019 €500 million of senior notes due 2026 at 3.125% to refinance the bridge loan.

On March 11, Faurecia and Michelin signed a Memorandum of Understanding to create a joint venture bringing together all of Michelin's fuel cell related activities – including its subsidiary Symbio – with those of Faurecia. Symbio (a Faurecia Michelin Hydrogen Company) will be owned equally by Faurecia and Michelin. This French joint venture, built around a unique ecosystem, will develop, produce and market hydrogen fuel cell systems for light vehicles, utility vehicles, trucks and other applications.

All these press releases are available on the site [www.faurecia.com](http://www.faurecia.com).

### 1.1.1.2. Automotive production

Worldwide automotive production decreased by 1.1% in 2018 compared to 2017. It decreased in all regions of the world except in South America, where it grew by 3.1%. Production decreased in Europe (including Russia) by 1.2%, in North America by 0.6% and in Asia by 1.5% (of which a decrease of 4.6% in China).

In the second half of 2018, production decreased by 4.4% compared to 2017, mainly in Europe by 5.3% and Asia by 5.6%; during the same period, production increased in North America by 1.7%

All the data related to automotive production and volume evolution in 2018 is based on IHS Automotive report dated January 2019.

### 1.1.1.3. Sales

(in € millions)	H2 2017	Currencies	At constant currencies *	H2 2018
Product Sales	7,711.1	(139.5)	342.5	7,914.2
Var. in %		-1.8%	4.4%	2.6%
Tooling, Prototypes and Other Services	705.8	(8.4)	(78.1)	619.3
Var. in %		-1.2%	-11.1%	-12.2%
Sales	8,416.9	(147.9)	264.4	8,533.5
Var. in %		-1.8%	3.1%	1.4%

\* Including Bolt-Ons representing €297.9 million or 3.5%.

(in € millions)	FY 2017	Currencies	At constant currencies *	FY 2018
Product Sales	15,771.3	(592.1)	1,151.2	16,330.4
Var. in %		-3.8%	7.3%	3.5%
Tooling, Prototypes and Other Services	1,190.8	(38.5)	42.0	1,194.3
Var. in %		-3.2%	3.5%	0.3%
Sales	16,962.1	(630.6)	1,193.2	17,524.7
Var. in %		-3.7%	7.0%	3.3%

\* Including Bolt-Ons representing €441.8 million or 2.6%.

Sales of products (parts, components and R&D sold to manufacturers) reached €16,330.4 million in 2018 compared to €15,771.3 million in 2017. The product sales increased by 3.5% on a reported basis and by 7.3% at constant currencies.

Sales of tooling, prototypes and other services totaled €1,194.3 million in 2018 versus €1,190.8 million in 2017.

This represents an increase of 0.3% on a reported basis and a growth of 3.5% at constant currencies.

Sales totaled €17,524.7 million in 2018 compared to €16,962.1 million in 2017, showing an increase of 3.3% on a reported basis and a growth of 7.0% at constant currencies.

# 1 Financial statements

The Faurecia group – business review and financial statements

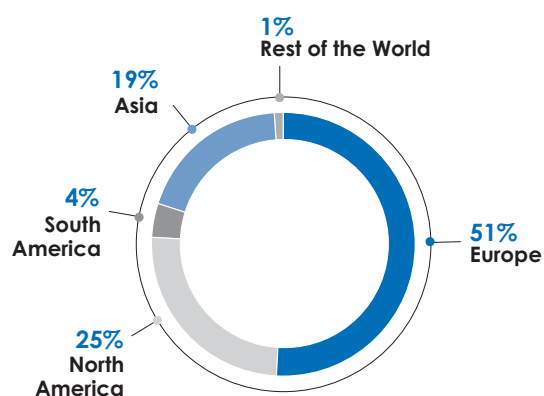
## 1.1.1.3.1. BY REGION

(in € millions)	H2 2018	H2 2017	Reported	At constant currencies *	Automotive Production
<b>Sales</b>					
Europe	4,128.1	4,192.5	-1.5%	-0.2%	-5.3%
North America	2,242.2	2,122.0	5.7%	2.9%	1.7%
South America	350.8	405.5	-13.5%	18.3%	-3.3%
Asia	1,714.4	1,558.0	10.0%	11.2%	-5.6%
o/w China	1,325.6	1,185.7	11.8%	13.2%	-12.0%
Rest of the World	98.0	138.9	-29.4%	-27.5%	-14.6%
<b>TOTAL</b>	<b>8,533.5</b>	<b>8,416.9</b>	<b>1.4%</b>	<b>3.1%</b>	<b>-4.4%</b>

\* Including Bolt-Ons representing €297.9 million or 3.5%: €37.1 million for Hug in Europe, €255.0 million for Wuling, BYD and CoAgent in Asia.

(in € millions)	FY 2018	FY 2017	Reported	At constant currencies *	Automotive Production
<b>Sales</b>					
Europe	8,858.2	8,502.8	4.2%	5.4%	-1.2%
North America	4,474.2	4,473.2	0.0%	4.6%	-0.6%
South America	714.1	793.6	-10.0%	17.7%	3.1%
Asia	3,257.2	2,932.9	11.1%	13.9%	-1.5%
o/w China	2,494.6	2,242.6	11.2%	13.9%	-4.6%
Rest of the World	221.0	259.6	-14.8%	-10.0%	-2.2%
<b>TOTAL</b>	<b>17,524.7</b>	<b>16,962.1</b>	<b>3.3%</b>	<b>7.0%</b>	<b>-1.1%</b>

\* Including Bolt-Ons representing €441.8 million or 2.6%: €55.9 million for Hug in Europe, €372.8 million for Wuling, BYD and CoAgent in Asia.



Sales by region in 2018 grew as follows:

- in Europe, sales totaled €8,858.2 million (51% of total sales), compared to €8,502.8 million in 2017. Sales were up 4.2% on a reported basis and up 5.4% at constant currencies. Over the same period, car manufacturers decreased their production in Europe by 1.2%;

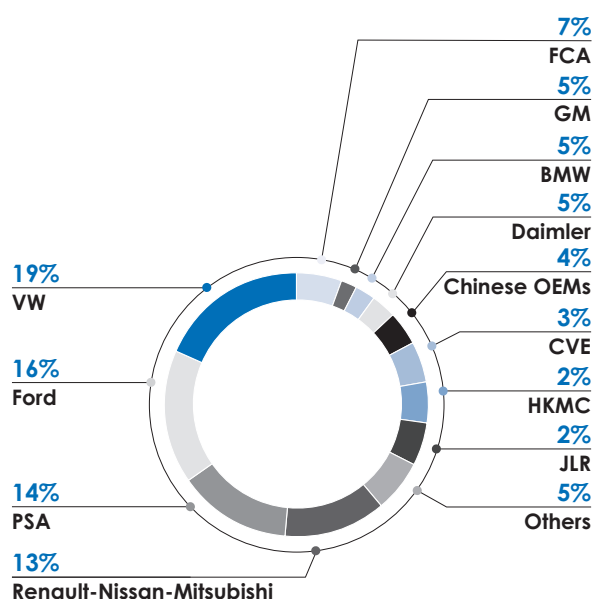
- in North America, sales reached €4,474.2 million (25% of total sales), versus €4,473.2 million in 2017. Due to the exchange rate, the sales are in line with last year on a reported basis whereas they grew by 4.6% at constant currencies. This is to be compared to a 0.6% downturn in production market in North America;

- in South America, sales totaled €714.1 million (4% of the total sales), compared to €793.6 million in 2017. Sales decreased by 10.0% on a reported basis. However, they were up 17.7% at constant currencies. In 2018, the automotive production in the region increased by 3.1%;

- in Asia, sales were up by 11.1% on a reported basis to reach €3,257.2 million (19% of total sales) and to be compared to €2,932.9 million in 2017. This represents a growth of 13.9% at constant currencies. Sales in China went up 11.2% on a reported basis, and up 13.9% at constant currencies. Over the same period, the automotive production decreased by 1.5% in Asia and by 4.6% in China;

- in the rest of the world (mainly South Africa after the stoppage of Iran activities), sales amounted to €221.0 million, a 14.8% decrease on a reported basis and a 10.0% decrease at constant currencies.

1.1.1.3.2. BY CUSTOMER



In 2018, sales to four main customers (VW, Ford, PSA, Renault-Nissan-Mitsubishi) amounted to €10,739.4 million or 61.3% of sales. It represented 63.8% in 2017.

Sales to the VW group totaled €3,255.1 million. They accounted for 18.6% of Faurecia's total sales. Compared to 2017, they increased by 8.5% on a reported basis and by 10.9% at constant currencies.

Sales to the Ford group accounted for 16.2% of Faurecia's total sales, totaling €2,842.8 million. Compared to 2017, sales to Ford group decreased by 9.4% on a reported basis and by 2.6% at constant currencies.

Sales to the PSA group totaled €2,429.7 million. They were up 5.7% on a reported basis and up 7.3% at constant currencies. They accounted for 13.9% of Faurecia's total sales.

Sales to the Renault-Nissan-Mitsubishi group represented €2,211.8 million or 12.6% of Faurecia's total sales. They were down 7.5% on a reported basis and down 3.6% at constant currencies compared to 2017.

Sales to the FCA group reached €1,125.3 million (6.5% of total sales). This represented a growth of 13.4% on a reported basis and of 20.2% at constant currencies compared to 2017.

Sales to the Daimler group totaled €875.4 million (5.0% of total sales). They were down 15.5% on a reported basis and down 13.9% at constant currencies.

Sales to BMW represented €889.2 million or 5.1% of total sales. They increased by 6.0% on a reported basis and by 6.8% at constant currencies compared to 2017.

Sales to the GM group decreased to €907.6 million (5.2% of total sales). They declined by 11.6% on a reported basis and by 7.7% at constant currencies compared to 2017.

1.1.1.3.3. BY BUSINESS GROUP

(in € millions)	H2 2018	H2 2017	Reported	At constant currencies *
<b>Sales</b>				
Seating	3,656.5	3,492.5	4.7%	6.4%
Interiors	2,622.2	2,741.7	-4.4%	-2.3%
Clean Mobility	2,254.8	2,182.7	3.3%	4.7%
<b>TOTAL</b>	<b>8,533.5</b>	<b>8,416.9</b>	<b>1.4%</b>	<b>3.1%</b>

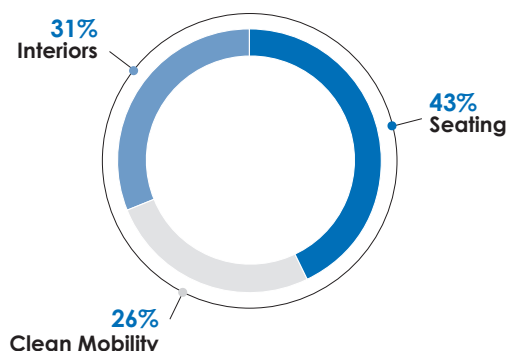
\* Including Bolt-Ons representing €297.9 million or 3.5%: €174.5 million for Wuling and BYD on Seating, €80.5 million for Wuling and CoAgent on Interiors and €37.1 million for Hug on Clean Mobility.

(in € millions)	FY 2018	FY 2017	Reported	At constant currencies *
<b>Sales</b>				
Seating	7,438.0	7,129.2	4.3%	7.6%
Interiors	5,471.7	5,367.4	1.9%	6.0%
Clean Mobility	4,615.0	4,465.5	3.3%	7.2%
<b>TOTAL</b>	<b>17,524.7</b>	<b>16,962.1</b>	<b>3.3%</b>	<b>7.0%</b>

\* Including Bolt-Ons representing €441.8 million or 2.6%: €224.7 million for Wuling and BYD on Seating, €148.2 million for Wuling and CoAgent on Interiors and €55.9 million for Hug on Clean Mobility.

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In 2018, the three Business Groups contributed to the sales growth:

- the Seating business reached €7,438.0 million sales, up 4.3% on a reported basis and up 7.6% at constant currencies compared to 2017;
- the Interiors business totaled €5,471.7 million sales. This represented a 1.9% increase on a reported basis and a 6.0% increase at constant currencies;
- the Clean Mobility business generated €4,615.0 million sales, up 3.3% on a reported basis and up 7.2% at constant currencies compared to 2017.

## 1.1.1.4. Operating Income

In 2018:

- operating income before amortization of acquired intangible assets reached €1,273.9 million (7.3% of sales), compared to €1,157.6 million (6.8% of sales) in 2017;
- gross expenditures for R&D totaled €1,093.1 million, or 6.2% of sales, compared to €1,152.3 million, or 6.8% of sales in 2017. The portion of R&D expenditure capitalised amounted to €794.3 million, compared to €870.7 million in 2017. The R&D capitalization ratio represented 72.7% of total R&D expenditure, whereas it represented 75.6% over the same period in 2017;
- the net R&D expenses reached €298.8 million compared to €281.7 million in 2017, stable at 1.7% of sales;
- selling and administrative expenses were contained to €703.2 million (4.0% of sales), compared to €680.4 million (4.0% of sales) in 2017;
- EBITDA – which represents operating income before depreciation, amortisation and provisions for impairment of property, plant and equipment and capitalised R&D expenditures – rose to €2,140.6 million (12.2% of sales), to be compared to €1,950.9 million (11.5% of sales) in 2017.

### 1.1.1.4.1. BY REGION

(in € millions)	H2 2018			H2 2017		
	Sales	Operating Income	%	Sales	Operating Income	%
Europe	4,128.1	260.7	6.3%	4,192.5	253.4	6.0%
North America	2,242.2	154.3	6.9%	2,122.0	116.5	5.5%
South America	350.8	12.7	3.6%	405.5	6.8	1.7%
Asia	1,714.4	187.3	10.9%	1,558.0	179.8	11.5%
Rest of the World	98.0	11.7	12.0%	138.9	18.4	13.2%
<b>TOTAL</b>	<b>8,533.5</b>	<b>626.7</b>	<b>7.3%</b>	<b>8,416.9</b>	<b>574.9</b>	<b>6.8%</b>

(in € millions)	FY 2018			FY 2017		
	Sales	Operating Income	%	Sales	Operating Income	%
Europe	8,858.2	565.9	6.4%	8,502.8	524.0	6.2%
North America	4,474.2	289.7	6.5%	4,473.2	249.6	5.6%
South America	714.1	24.6	3.4%	793.6	12.8	1.6%
Asia	3,257.2	367.0	11.3%	2,932.9	339.2	11.6%
Rest of the World	221.0	26.7	12.1%	259.6	32.0	12.3%
<b>TOTAL</b>	<b>17,524.7</b>	<b>1,273.9</b>	<b>7.3%</b>	<b>16,962.1</b>	<b>1,157.6</b>	<b>6.8%</b>



The operating income in 2018 compared to 2017 increased by €116.3 million:

- in Europe, the operating income was up by €41.9 million, to reach €565.9 million or 6.4% of sales. This is to be compared to €524.0 million or 6.2% in 2017;
- in North America, the operating income increased by €40.1 million to €289.7 million. The operating income reached 6.5% of sales, compared to 5.6% in 2017;

- in South America, the operating income increased by €11.8 million to reach €24.6 million. The operating margin in the region represented 3.4% of sales compared to 1.6% of sales in 2017;
- in Asia, the operating income increased by €27.8 million to reach €367.0 million or 11.3% of sales. The operating income in percentage of sales decreased compared to 2017 which was 11.6%;
- in the rest of the world (South Africa), the operating is stable at 12.1% of sales (decrease of €5.3 million).

#### 1.1.1.4.2. BY BUSINESS GROUP

(in € millions)	H2 2018			H2 2017		
	Sales	Operating Income	%	Sales	Operating Income	%
Seating	3,656.5	227.0	6.2%	3,492.5	204.5	5.9%
Interiors	2,622.2	155.1	5.9%	2,741.7	148.2	5.4%
Clean Mobility	2,254.8	244.6	10.8%	2,182.7	222.2	10.2%
<b>TOTAL</b>	<b>8,533.5</b>	<b>626.7</b>	<b>7.3%</b>	<b>8,416.9</b>	<b>574.9</b>	<b>6.8%</b>

(in € millions)	FY 2018			FY 2017		
	Sales	Operating Income	%	Sales	Operating Income	%
Seating	7,438.0	448.5	6.0%	7,129.2	404.4	5.7%
Interiors	5,471.7	325.6	6.0%	5,367.4	299.8	5.6%
Clean Mobility	4,615.0	499.8	10.8%	4,465.5	453.4	10.2%
<b>TOTAL</b>	<b>17,524.7</b>	<b>1,273.9</b>	<b>7.3%</b>	<b>16,962.1</b>	<b>1,157.6</b>	<b>6.8%</b>

The three Business Groups contributed to the rise of the total operating income in 2018:

- the Seating business operating income amounted to €448.5 million (6.0% of sales) compared to €404.4 million in 2017 (5.7% of sales);
- the Interiors business operating income reached €325.6 million (6.0% of sales) compared to €299.8 million in 2017 (5.6% of sales);
- the Clean Mobility business operating income was up €46.4 million at €499.8 million (10.8% of sales) compared to €453.4 million in 2017 (10.2% of sales).

#### 1.1.1.5. Net income

The net income group share reached €700.8 million, or 4.0% of sales in 2018. This is to be compared to €599.4 million or 3.5% of sales over the same period in 2017. It represented an increase of €101.5 million.

In 2018:

- the amortization of intangible assets acquired in business combinations related mainly to Coagent and Hug businesses represented an expense of €10.9 million;
- the "other non-recurring operating income and expenses" represented an expense of €147.3 million, compared to

an expense of €96.2 million in 2017. This item included €100.8 million in restructuring charges implemented to bring costs in line with new market realities, compared to €85.0 million in 2017. This item also included the €16.9 million impairment of all assets related to business with Iran. Indeed, following the United-States decision of May 8, 2018 and related restrictions imposed on business with Iran, the 51% interest held by Faurecia in Faurecia Azin Pars has been sold;

- financial income amounted to €9.5 million, compared to €12.7 million in 2017. Financial costs totaled €117.6 million, versus €120.9 million in 2017;
- other financial income and expense represented an expense of €55.7 million compared to €23.0 million in 2017. This expense included €6.6 million from discounting pension benefit liabilities, €4.6 million commitment fees on credit facilities and €7.9 million linked to the amortization of debt issuance costs. This item also includes costs of €20.1 million from loan depreciation related to Amminex and €5.7 million from hyper-inflation in Argentina;
- the tax expense reached €190.0 million, compared to €260.7 million in 2017. This represented an average tax rate of 20.0% compared to an average rate of 28.1% over the same period in 2017. It includes the recognition of €72 million deferred tax assets in France, made possible by the continuous improvement of the Group taxable income in the country;

- the share of net income of associates totaled €31.4 million, compared to €34.6 million in 2017;
- net income attributable to minority interests totaled €92.5 million. 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 amounted to €5.11 (diluted net earnings per share on continued operations at €5.09) compared to €4.37 in 2017 (diluted on continued operations at €4.35).

## 1.1.1.6. Financial structure and net debt

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

(in € millions)	§	FY 2018	FY 2017
<b>Net cash flow</b>		<b>528.1</b>	<b>435.3</b>
Acquisitions/Sales of investments and business (net of cash and cash equivalents) from continued activities	2.3	174.6	218.0
Proceed from disposal of financial assets from continued activities	2.3	0.0	0.0
Other changes from continued activities	2.3	67.0	52.9
Cash provided by operating and investing activities	2.3	286.5	164.4

### 1.1.1.6.2. NET CASH FLOW

The net cash inflow was €528.1 million in 2018 compared to a net cash inflow of €435.3 million over the same period in 2017. It can be explained as follows:

- the operating margin before depreciations and amortizations of non-current assets or EBITDA reached €2,140.6 million compared to €1950.9 million in 2017, due to the increase in operating income for €116.3 million and the increase in depreciation and amortization by €73.8 million;
- restructuring represented cash outflows of €93.4 million compared to €88.3 million in 2017;
- net financial costs represented cash outflows of €107.8 million, versus €124.5 million in 2017;
- the change in working capital requirement, including receivables factoring, represented a positive impact of €18.9 million compared to a positive impact €330.5 million in

2017. This change consisted in part of a increase in inventories of €29.0 million, a net increase in trade receivables of €56.6 million, a increase in trade payables of €293.1 million and a negative variation of other trade receivables and payables for €188.6 million, from lower downpayments from customers and higher prepayments on new contracts. 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 €673.2 million, versus €738.6 million in 2017;
- capitalized research and development costs represented cash outflows of €592.7 million, versus €647.9 million in 2017;
- income taxes represented cash outflows of €260.9 million, compared to €286.5 million in 2017;
- finally, other cash flow items represented €96.7 million in inflows, compared to €39.8 million in inflows in 2017.

**1.1.1.6.3. NET DEBT**

(in € millions)	31/12/2018	31/12/2017
Net debt	477.7	451.5

Net debt stood at €477.7 million at the end of 2018, compared to €451.5 million at year-end 2017.

(in € millions)	31/12/2018	31/12/2017
Shareholders' equity	4,071.3	3,453.9

The Group's shareholders' equity rose from €3,453.9 million at year-end 2017 to €4,071.3 million at the end of 2018, an increase of €617.4 million.

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 and June 2018, maturing in June 2023 and which was not drawn at December 31, 2018;
- €700 million of bonds maturing in June 2023 and €700 million of bonds maturing in June 2025;
- the €700 million of *Schuldscheindarlehen* (private placement under German law), made of several tranches maturing in December 2022, December 2023 and December 2024, €378 million were settled on December 20, 2018;
- since October 24, 2018, and in order to secure the financing of Clarion, Faurecia has with one of its main banks, a bridge loan of €1.3 billion, with a maturity of one year with 2 options of 6 months each, reduced to €750 million following the *Schuldscheindarlehen* refinancing.

**1.1.1.7. IFRS 15 reconciliation**

The following table is reconciling the 2017 figures as presented in the 2017 Annual Results with the 2017 figures after IFRS 15 norm application as presented in the 2018 Annual Results.

(in € millions)	FY 2017 Reported <sup>(1)</sup>	IFRS 15 Impact	FY 2017 Restated <sup>(2)</sup>
<b>Sales</b>			
Europe	8,500.4	2.4	8,502.8
North America	4,470.2	3.0	4,473.2
South America	788.0	5.6	793.6
Asia	2,942.3	(9.4)	2,932.9
Rest of the World	261.3	(1.7)	259.6
<b>TOTAL</b>	<b>16,962.2</b>	<b>(0.1)</b>	<b>16,962.1</b>

(1) As presented as Value Added Sales/Operating Income in 2017 Annual Results.

(2) As presented in 2018 Annual Results.

(in € millions)	FY 2017 Reported <sup>(1)</sup>	IFRS 15 Impact	FY 2017 Restated <sup>(2)</sup>
<b>Operating Income</b>			
Europe	527.0	(3.0)	524.0
North America	257.6	(8.0)	249.6
South America	11.6	1.2	12.8
Asia	341.8	(2.7)	339.1
Rest of the World	32.3	(0.2)	32.1
<b>TOTAL</b>	<b>1,170.3</b>	<b>(12.7)</b>	<b>1,157.6</b>

(1) As presented as Value Added Sales/Operating Income in 2017 Annual Results.

(2) As presented in 2018 Annual Results.

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(in € millions)	FY 2017 Reported <sup>(1)</sup>	IFRS 15 Impact	FY 2017 Restated <sup>(2)</sup>
<b>Sales</b>			
Seating	7,132.9	(3.7)	7,129.2
Interiors	5,336.1	31.3	5,367.4
Clean Mobility	4,493.2	(27.7)	4,465.5
<b>TOTAL</b>	<b>16,962.2</b>	<b>(0.1)</b>	<b>16,962.1</b>

(1) As presented as Value Added Sales/Operating Income in 2017 Annual Results.

(2) As presented in 2018 Annual Results.

(in € millions)	FY 2017 Reported <sup>(1)</sup>	IFRS 15 Impact	FY 2017 Restated <sup>(2)</sup>
<b>Operating Income</b>			
Seating	410.9	(6.5)	404.4
Clean Mobility	299.7	0.1	299.8
Interiors	459.7	(6.3)	453.4
<b>TOTAL</b>	<b>1,170.3</b>	<b>(12.7)</b>	<b>1,157.6</b>

(1) As presented as Value Added Sales/Operating Income in 2017 Annual Results.

(2) As presented in 2018 Annual Results.

## 1.1.1.8. Outlook

In the current uncertain environment, Faurecia's assumption is that worldwide automotive production should be down 1% in 2019 vs. 2018, with a difficult first half and growth resuming in the second half.

Based on this assumption and including the impact of IFRS 16 implementation as of January 1, 2019, Faurecia's full-year 2019 financial targets are:

- Sales growth at constant currencies should outperform worldwide automotive production by 150 to 350bps (excluding Clarion consolidation).

*2019 sales outperformance is impacted by the one-off effect of the end of production of two Seating programs in North America and Europe (representing c. 200bps of sales growth). Seating will resume growth in 2020 and further accelerate in 2021 due to the start of production of major global frame programs. This will result in an average yearly sales growth for the Seating activity of 600 to 800bps (at constant currencies) between 2019 and 2021;*

- operating income should increase in value and operating margin should be at least 7% (including Clarion consolidation as from April 1);
- net cash flow should be at least €500 million (including Clarion consolidation as from April 1).

*Main currency assumptions: USD/€ @ 1.20 average and CNY/€ @ 7.80 average.*

On November 26, Faurecia will hold a Capital Markets Day in Paris presenting:

- strategic roadmap and medium-term objectives for the new Business Group "Faurecia Clarion Electronics" integrating Clarion, Parrot Automotive and Coagent;
- new medium-term Group objectives: due to the change in perimeter to be effective as from April 1, the 2020 financial targets as presented at the Capital Markets Day of May 15, 2018 are no longer relevant and new medium-term financial targets will be presented.

## 1.1.2. Consolidated financial statements

### 1.1.2.1. Consolidated statement of comprehensive income

<i>(in € millions)</i>	Notes	2018	2017 Restated
<b>SALES</b>	<b>4</b>	<b>17,524.7</b>	<b>16,962.1</b>
Cost of sales	5	(15,248.8)	(14,842.4)
Research and development costs	5	(298.8)	(281.7)
Selling and administrative expenses	5	(703.2)	(680.4)
<b>OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)</b>	<b>4</b>	<b>1,273.9</b>	<b>1,157.6</b>
Amortization of intangible assets acquired in business combinations	11	(10.9)	(1.2)
<b>OPERATING INCOME (AFTER AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)</b>		<b>1,263.0</b>	<b>1,156.4</b>
Other non-recurring operating income	6	2.9	5.2
Other non-recurring operating expense	6	(150.2)	(101.3)
Income from loans, cash investments and marketable securities		9.6	12.6
Finance costs		(117.7)	(120.9)
Other financial income and expense	7	(55.7)	(23.0)
<b>INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES</b>		<b>951.9</b>	<b>929.0</b>
Taxes	8	(190.0)	(260.7)
<i>of which deferred taxes</i>	8	112.7	(22.6)
<b>NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES</b>		<b>761.9</b>	<b>668.3</b>
Share of net income of associates	13	31.4	34.6
<b>NET INCOME FROM CONTINUED OPERATIONS</b>		<b>793.3</b>	<b>702.9</b>
<b>NET INCOME FROM DISCONTINUED OPERATIONS</b>	<b>2.3</b>	<b>0.0</b>	<b>(7.4)</b>
<b>CONSOLIDATED NET INCOME (LOSS)</b>		<b>793.3</b>	<b>695.5</b>
<b>Attributable to owners of the parent</b>		<b>700.8</b>	<b>599.4</b>
Attributable to minority interests	23	92.5	96.1
Basic earnings (loss) per share <i>(in €)</i>	9	5.11	4.37
Diluted earnings (loss) per share <i>(in €)</i>	9	5.09	4.35
Basic earnings (loss) from continued operations per share <i>(in €)</i>	9	5.11	4.42
Diluted earnings (loss) from continued operations per share <i>(in €)</i>	9	5.09	4.40
Basic earnings (loss) from discontinued operations per share <i>(in €)</i>	9	0.00	(0.05)
Diluted earnings (loss) from discontinued operations per share <i>(in €)</i>	9	0.00	(0.05)



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## OTHER COMPREHENSIVE INCOME

<i>(in € millions)</i>	Notes	2018	2017 Restated
<b>CONSOLIDATED NET INCOME (LOSS)</b>		<b>793.3</b>	<b>695.5</b>
<b>Amounts to be potentially reclassified to profit or loss</b>		<b>(18.4)</b>	<b>(189.4)</b>
Gains (losses) arising on fair value adjustments to cash flow hedges		12.2	9.8
<i>of which recognized in equity</i>		7.8	5.9
<i>of which transferred to net income (loss) for the period</i>		4.4	3.9
Exchange differences on translation of foreign operations		(30.6)	(199.2)
<b>Amounts not to be reclassified to profit or loss</b>		<b>15.7</b>	<b>3.1</b>
Actuarial gain/(loss) on post-employment benefit obligations	25	15.7	3.1
<b>Other comprehensive income from discontinued operations</b>		<b>0.0</b>	<b>0.0</b>
<b>TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD</b>		<b>790.6</b>	<b>509.2</b>
Attributable to owners of the parent		701.4	429.6
Attributable to minority interests		89.2	79.6

### 1.1.2.2. Consolidated balance sheet

#### Assets

<i>(in € millions)</i>	Notes	2018	2017 Restated
Goodwill	10	1,492.1	1,216.1
Intangible assets	11	1,959.4	1,634.7
Property, plant and equipment	12	2,784.6	2,589.4
Investments in associates	13	144.2	151.1
Other equity interests	14	60.7	239.9
Other non-current financial assets	15	91.2	96.8
Other non-current assets	16	46.2	43.1
Deferred tax assets	8	355.5	246.9
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,933.9</b>	<b>6,218.0</b>
Inventories, net	17	1,431.7	1,387.5
Trade accounts receivables	18	1,947.5	1,859.3
Other operating receivables	19	313.8	270.3
Other receivables	20	661.5	556.0
Other current financial assets	30	1.0	7.3
Cash and cash equivalents	21	2,105.3	1,563.0
<b>TOTAL CURRENT ASSETS</b>		<b>6,460.8</b>	<b>5,643.4</b>
Assets held for sale		0.0	0.0
<b>TOTAL ASSETS</b>		<b>13,394.7</b>	<b>11,861.4</b>

#### Liabilities

<i>(in € millions)</i>	Notes	2018	2017 Restated
<b>EQUITY</b>			
Capital	22	966.3	966.3
Additional paid-in capital		632.8	632.8
Treasury stock		(51.0)	(34.2)
Retained earnings		1,443.0	969.9
Translation adjustments		17.8	44.4
Net income (loss)		700.8	599.4
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS</b>		<b>3,709.7</b>	<b>3,178.6</b>
Minority interests	23	361.6	275.3
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>4,071.3</b>	<b>3,453.9</b>
Non-current provisions	25	393.3	397.2
Non-current financial liabilities	26	1,870.0	1,598.4
Other non-current liabilities		1.7	1.5
Deferred tax liabilities	8	27.3	18.6
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,292.3</b>	<b>2,015.7</b>
Current provisions	24	191.4	183.3
Current financial liabilities	26	714.0	423.4
Prepayments from customers		605.0	545.7
Trade payables		4,562.6	4,219.3
Accrued taxes and payroll costs	27	618.0	627.4
Sundry payables	28	340.1	392.7
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,031.1</b>	<b>6,391.8</b>
Liabilities linked to assets held for sale		0.0	0.0
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,394.7</b>	<b>11,861.4</b>

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## 1.1.2.3. Consolidated cash flow statement

<i>(in € millions)</i>	Notes	2018	2017 Restated
<b>I- OPERATING ACTIVITIES</b>			
Operating Income (loss)		1,273.9	1,157.6
Depreciations and amortizations of assets	5.5	866.7	793.3
<i>o/w depreciations and amortizations of R&amp;D assets</i>	5.4	394.8	351.9
<i>o/w other amortizations</i>		471.9	441.4
<b>EBITDA</b>		<b>2,140.6</b>	<b>1,950.9</b>
Operating current and non-current provisions		(10.7)	(6.7)
Capital (gains) losses on disposals of operating assets		(36.0)	2.1
Paid restructuring		(93.4)	(88.3)
Paid finance costs net of income		(107.8)	(124.5)
Other non-recurring operating income and expenses paid		(35.4)	(2.4)
Paid taxes		(260.9)	(286.5)
Dividends from associates		27.3	16.6
<b>Change in working capital requirement</b>		<b>18.9</b>	<b>330.5</b>
Change in inventories		(29.0)	(68.0)
<i>o/w R&amp;D inventories increase</i>	5.4	(201.6)	(222.7)
<i>o/w R&amp;D inventories decrease</i>	5.4	224.7	295.6
Change in trade accounts receivables		(56.6)	(106.7)
Change in trade payables		293.1	595.2
Change in other operating receivables and payables		28.6	(14.6)
Change in other receivables and payables (excl. Tax)		(217.2)	(75.4)
<b>Operating cash flows from discontinued activities</b>		<b>0.0</b>	<b>0.0</b>
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		<b>1,642.6</b>	<b>1,791.6</b>
<b>II- INVESTING ACTIVITIES</b>			
Additional property, plant and equipment	12	(672.7)	(738.2)
Additional intangible assets	11	(0.6)	(0.4)
Capitalized development costs	5.4 & 11	(592.7)	(648.0)
Acquisitions/Sales of investments and business (net of cash and cash equivalents)		(174.5)	(218.0)
Proceeds from disposal of property, plant and equipment		124.8	23.9
Proceed from disposal of financial assets		0.0	0.0
Change in investment-related receivables and payables		26.6	6.3
Other changes		(67.0)	(52.9)
<b>Investing cash flows from discontinued operations</b>		<b>0.0</b>	<b>0.0</b>
<b>CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		<b>(1,356.1)</b>	<b>(1,627.2)</b>
<b>CASH PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES (I)+(II)</b>		<b>286.5</b>	<b>164.4</b>
<b>III- FINANCING ACTIVITIES</b>			
Shares issued by Faurecia and fully consolidated companies (net of costs)		15.5	24.3
Dividends paid to owners of the parent company		(150.9)	(122.6)
Dividends paid to minority interests in consolidated subsidiaries		(59.7)	(63.4)
Acquisitions of treasury stocks		(47.8)	(40.1)
Other financial assets and liabilities		0.0	0.0
Debt securities issued and increase in other financial liabilities		682.4	194.9
Repayment of debt and other financial liabilities		(163.3)	(108.6)
<b>Financing cash flows from discontinued activities</b>		<b>0.0</b>	<b>0.0</b>
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		<b>276.2</b>	<b>(115.5)</b>
<b>IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS</b>			
Impact of exchange rate changes on cash and cash equivalents		(20.5)	(48.1)
<b>Net cash flows from discontinued operations</b>		<b>0.0</b>	<b>0.0</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>542.2</b>	<b>0.8</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>		<b>1,563.0</b>	<b>1,562.2</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>2,105.3</b>	<b>1,563.0</b>

The net cash flow amounts to €528.1 million as of December 31, 2018.

## 1.1.2.4. Consolidated statement of changes in equity

(in € millions)	Number of shares <sup>(1)</sup>	Capital stock	Additional paid-in capital	Treasury Stock	Valuation adjustments				Equity attributable to owners of the parent	Minority interests	Total
					Retained earnings and net income (loss) for the period	Trans-lation adjust-ments	Cash flow hedges	Actuarial gain/(loss) on post-employ-ment benefit obligations			
<b>Shareholders' equity as of December 31, 2016 before appropriation of net income (loss)</b>	<b>138,035,801</b>	<b>966.3</b>	<b>632.8</b>	<b>(25.7)</b>	<b>1,252.9</b>	<b>230.8</b>	<b>(6.6)</b>	<b>(108.5)</b>	<b>2,942.0</b>	<b>215.1</b>	<b>3,157.1</b>
Impact of IFRS 15 application					(45.3)	(1.0)			(46.3)	1.6	(44.7)
Net income (loss) restated					599.4				599.4	96.1	695.5
Other comprehensive income						(182.7)	9.8	3.1	(169.8)	(16.5)	(186.3)
<b>Comprehensive income restated</b>					<b>599.4</b>	<b>(182.7)</b>	<b>9.8</b>	<b>3.1</b>	<b>429.6</b>	<b>79.6</b>	<b>509.2</b>
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					(2.5)	(2.7)			(5.2)	27.9	22.7
<b>Shareholders' equity as of December 31, 2017 Restated before appropriation of net income (loss)</b>	<b>138,035,801</b>	<b>966.3</b>	<b>632.8</b>	<b>(34.2)</b>	<b>1,671.5</b>	<b>44.4</b>	<b>3.2</b>	<b>(105.4)</b>	<b>3,178.6</b>	<b>275.3</b>	<b>3,453.9</b>
Net income (loss)					700.8				700.8	92.5	793.3
Other comprehensive income						(27.3)	12.2	15.7	0.6	(3.3)	(2.7)
<b>Comprehensive income</b>					<b>700.8</b>	<b>(27.3)</b>	<b>12.2</b>	<b>15.7</b>	<b>701.4</b>	<b>89.2</b>	<b>790.6</b>
Capital increase									0.0	24.7	24.7
2017 dividends					(150.9)				(150.9)	(67.6)	(218.5)
Measurement of stock options and shares grant					(11.0)				(11.0)		(11.0)
Purchases and sales of treasury stock				(16.8)					(16.8)		(16.8)
Changes in scope of consolidation and other					7.7	0.7			8.4	40.0	48.4
<b>Shareholders' equity as of December 31, 2018 before appropriation of net income (loss)</b>	<b>138,035,801</b>	<b>966.3</b>	<b>632.8</b>	<b>(51.0)</b>	<b>2,218.1</b>	<b>17.8</b>	<b>15.4</b>	<b>(89.7)</b>	<b>3,709.7</b>	<b>361.6</b>	<b>4,071.3</b>

(1) Of which 814,320 treasury stock as of December 31, 2017 and 917,160 as of December 31, 2018 – See Note 9.

## 1.1.2.5. Notes to the consolidated financial statements

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Faurecia S.E. (previously S.A. until December 26, 2018) 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.<sup>2</sup>

The consolidated financial statements were approved by Faurecia's Board of Directors on February 15, 2019.

The accounts were prepared on a going concern basis.



## Note 1 Summary of significant accounting policies

### 1.A Accounting principles

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

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

The standards used to prepare the 2018 consolidated financial statements and comparative data for 2017 are those published in the Official Journal of the European Union (OJEU) as of December 31, 2018, whose application was mandatory at that date.

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

Faurecia has more specifically applied the new standard IFRS 15 on revenue recognition from January 1, 2018 (see Note 1B). All other new standards, amendments and revisions to the existing standards including IFRS 9, whose application is mandatory from January 1, 2018, have no significant impact on the Group consolidated financial statements.

Moreover, Faurecia has not undertaken any early application of the new standards, amendments or interpretations whose application is mandatory after December 31, 2018, irrespective of whether or not they are adopted by the European Union.

Faurecia will apply the new IFRS 16 standard as of January 1, 2019 relating to leases by using the modified retrospective method (no restatement of comparative periods).

The main assumptions considered are:

- the exemption of contracts with a duration less than 12 months;
- the duration of a contract is equal to its non cancellable duration, except if the Group is reasonably certain to exercise the renewal or cancellation options contractually agreed;
- the discount rate used is the marginal borrowing rate corresponding to the contract duration, in the absence of a contract implicit rate.

The impacts are currently being determined and audited. The financial debt linked to leases is expected to reach an amount between €650 and €700 million as of January 1, 2019.

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.

As of July 1, 2018 Argentina has been declared as hyper inflation country according to the criteria defined by the standard IAS 29. As of January 1, 2018, Faurecia has then applied the specific accounting rules defined by this standard to its Argentinian subsidiaries. The impact on the Group financial statements as of December 31, 2018 is not material.

### 1.B Modifications to the previously published consolidated financial statements

#### IMPLEMENTATION OF IFRS 15

Since January 1, 2018 Faurecia has applied the new standard IFRS 15 on revenue recognition. As this application is retrospective the published consolidated financial statements as of December 31, 2017 have been restated consequently. The corresponding impacts are presented in the following tables; they were also indicated for the major part in the Note 4 of the consolidated financial statements as of December 31, 2017.

The in-depth analysis conducted on contracts and sales transactions has enabled to identify and assess the changes to the presentation of the sales figure and the rules for recognition over time described below.

Faurecia operates as an agent for monoliths sales, these sales are then recorded at net value in the income and total sales are therefore only added-value sales, as previously reported 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 direct added value.

For development contracts or the sale of tooling, sales were recognized when the technical stages were validated by the customer. If no such technical stages were provided for in the contract, sales were recognized when the related study was completed or the tooling delivered. From now on, revenue on tooling is recognized at the transfer of control of these toolings to the customer, usually shortly before serial production starts and development costs are generally recognized as set up costs for the serial parts production and capitalized, they are then not considered as a revenue distinct from product sales, except specific cases depending on the contract with the customer.

The impacts of changes due to IFRS 15 on the recognition of tooling sales to the customers as well as on development costs are not significant for the Group.

## RESTATED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in € millions)</i>	Full-year 2017 Published	IFRS 15 Impact	Full-year 2017 Restated
<b>SALES</b>	<b>20,181.7</b>	<b>(3,219.6) <sup>(1)</sup></b>	<b>16,962.1</b>
Cost of sales	(18,066.0)	3,223.6 <sup>(2)</sup>	(14,842.4)
Research and development costs	(265.0)	(16.7)	(281.7)
Selling and administrative expenses	(680.4)	0.0	(680.4)
<b>OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)</b>	<b>1,170.3</b>	<b>(12.7)</b>	<b>1,157.6</b>
Amortization of intangible assets acquired in business combinations	(1.2)	0.0	(1.2)
<b>OPERATING INCOME (AFTER AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)</b>	<b>1,169.1</b>	<b>(12.7)</b>	<b>1,156.4</b>
Other non operating income	5.2	0.0	5.2
Other non operating expense	(101.3)	0.0	(101.3)
Income from loans, cash investments and marketable securities	12.6	0.0	12.6
Finance costs	(120.9)	0.0	(120.9)
Other financial income and expense	(23.0)	0.0	(23.0)
<b>INCOME (LOSS) BEFORE TAX OF FULLY CONSOLIDATED COMPANIES</b>	<b>941.7</b>	<b>(12.7)</b>	<b>929.0</b>
Taxes	(261.8)	1.1	(260.7)
<i>Of which deferred taxes</i>	(23.7)	1.1	(22.6)
<b>NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES</b>	<b>679.9</b>	<b>(11.6)</b>	<b>668.3</b>
Share of net income of associates	34.6	0.0	34.6
<b>Net income from continued operations</b>	<b>714.5</b>	<b>(11.6)</b>	<b>702.9</b>
<b>Net income from discontinued operations</b>	<b>(7.4)</b>	<b>0.0</b>	<b>(7.4)</b>
<b>CONSOLIDATED NET INCOME (LOSS)</b>	<b>707.1</b>	<b>(11.6)</b>	<b>695.5</b>
<b>Attributable to owners of the parent</b>	<b>610.2</b>	<b>(10.8)</b>	<b>599.4</b>
Attributable to minority interests	96.9	(0.8)	96.1
Basic earnings (loss) per share <i>(in €)</i>	4.45	(0.08)	4.37
Diluted earnings (loss) per share <i>(in €)</i>	4.42	(0.08)	4.35
Basic earnings (loss) from continued operations per share <i>(in €)</i>	4.50	(0.08)	4.42
Diluted earnings (loss) from continued operations per share <i>(in €)</i>	4.48	(0.08)	4.40
Basic earnings (loss) from discontinued operations per share <i>(in €)</i>	(0.05)	0.00	(0.05)
Diluted earnings (loss) from discontinued operations per share <i>(in €)</i>	(0.05)	0.00	(0.05)

<sup>(1)</sup> Of which monolith's impact of -€3,219.4 million.

<sup>(2)</sup> Of which monolith's impact of €3,219.4 million.

**RESTATED CONSOLIDATED BALANCE SHEET****Assets**

<i>(in € millions)</i>	2017 Published	IFRS 15 Impact	2017 Restated*
Goodwill	1,216.1	0.0	1,216.1
Intangible assets	1,281.3	353.4	1,634.7
Property, plant and equipment	2,649.7	(60.3)	2,589.4
Investments in associates	151.1	0.0	151.1
Other equity interests	239.9	0.0	239.9
Other non-current financial assets	96.8	0.0	96.8
Other non-current assets	43.1	0.0	43.1
Deferred tax assets	232.6	14.3	246.9
<b>TOTAL NON-CURRENT ASSETS</b>	<b>5,910.6</b>	<b>307.4</b>	<b>6,218.0</b>
Inventories, net	1,419.2	(31.7)	1,387.5
Trade accounts receivables	1,766.1	93.2	1,859.3
Other operating receivables	270.3	0.0	270.3
Other receivables	556.0	0.0	556.0
Other current financial assets	7.3	0.0	7.3
Cash and cash equivalents	1,563.0	0.0	1,563.0
<b>TOTAL CURRENT ASSETS</b>	<b>5,581.9</b>	<b>61.5</b>	<b>5,643.4</b>
Assets held for sale	0.0	0.0	0.0
<b>TOTAL ASSETS</b>	<b>11,492.5</b>	<b>368.9</b>	<b>11,861.4</b>

\* Reclassifications have been made between non current assets and current assets in comparison to the version published for the half year results as of June 30, 2018 for €93.3 million.

**Liabilities**

<i>(in € millions)</i>	2017 published	IFRS 15 Impact	2017 restated
<b>EQUITY</b>			
Capital	966.3	0.0	966.3
Additional paid-in capital	632.8	0.0	632.8
Treasury stock	(34.2)	0.0	(34.2)
Retained earnings	1,014.9	(45.0)	969.9
Translation adjustments	43.6	0.8	44.4
Net income (loss)	610.2	(10.8)	599.4
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS</b>	<b>3,233.6</b>	<b>(55.0)</b>	<b>3,178.6</b>
Minority interests	274.7	0.6	275.3
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3,508.3</b>	<b>(54.4)</b>	<b>3,453.9</b>
Non-current provisions	397.2	0.0	397.2
Non-current financial liabilities	1,598.4	0.0	1,598.4
Other non-current liabilities	1.5	0.0	1.5
Deferred tax liabilities	18.6	0.0	18.6
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2,015.7</b>	<b>0.0</b>	<b>2,015.7</b>
Current provisions	178.0	5.3	183.3
Current financial liabilities	423.4	0.0	423.4
Prepayments from customers	127.7	418.0	545.7
Trade payables	4,219.3	0.0	4,219.3
Accrued taxes and payroll costs	627.4	0.0	627.4
Sundry payables	392.7	0.0	392.7
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,968.5</b>	<b>423.3</b>	<b>6,391.8</b>
Liabilities linked to assets held for sale	0.0	0.0	0.0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,492.5</b>	<b>368.9</b>	<b>11,861.4</b>

# 1 Financial statements

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## RESTATED CONSOLIDATED CASH FLOW STATEMENT

<i>(in € millions)</i>	2017 Published	IFRS 15 impact	2017 Restated*
<b>I- OPERATING ACTIVITIES</b>			
Operating Income (loss)	1,170.3	(12.7)	1,157.6
Depreciations and amortizations of assets	719.0	74.3	793.3
<i>o/w depreciations and amortizations of R&amp;D assets</i>	257.6	94.3	351.9
<i>o/w other amortizations</i>	461.4	(20.0)	441.4
<b>EBITDA</b>	<b>1,889.3</b>	<b>61.6</b>	<b>1,950.9</b>
Operating current and non-current provisions	(6.7)	0.0	(6.7)
Capital (gains) losses on disposals of operating assets	2.1	0.0	2.1
Paid restructuring	(88.3)	0.0	(88.3)
Paid finance costs net of income	(124.5)	0.0	(124.5)
Other non-recurring operating income and expenses paid	(2.4)	0.0	(2.4)
Paid taxes	(286.5)	0.0	(286.5)
Dividends from associates	16.6	0.0	16.6
<b>Change in working capital requirement</b>	<b>213.0</b>	<b>117.5</b>	<b>330.5</b>
Change in inventories	(185.3)	117.3	(68.0)
<i>o/w R&amp;D inventories increase</i>	(396.3)	173.6	(222.7)
<i>o/w R&amp;D inventories decrease</i>	379.4	(83.8)	295.6
Change in trade accounts receivables	(103.9)	(2.8)	(106.7)
Change in trade payables	595.2	0.0	595.2
Change in other operating receivables and payables	(17.6)	3.0	(14.6)
Change in other receivables and payables (excl. Tax)	(75.4)	0.0	(75.4)
<b>Operating cash flows from discontinued activities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>1,612.6</b>	<b>179.0</b>	<b>1,791.6</b>
<b>II- INVESTING ACTIVITIES</b>			
Additional property, plant and equipment	(738.2)	0.0	(738.2)
Additional intangible assets	(0.4)	0.0	(0.4)
Capitalized development costs	(468.9)	(179.0)	(648.0)
Acquisitions/Sales of investments and business (net of cash and cash equivalents) <sup>(1)</sup>	(218.0)	0.0	(218.0)
Proceeds from disposal of property, plant and equipment	23.9	0.0	23.9
Proceed from disposal of financial assets	0.0	0.0	0.0
Change in investment-related receivables and payables	6.3	0.0	6.3
Other changes	(52.9)	0.0	(52.9)
<b>Investing cash flows from discontinued operations</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>	<b>(1,448.2)</b>	<b>(179.0)</b>	<b>(1,627.2)</b>
<b>CASH PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES (I)+(II)</b>	<b>164.4</b>	<b>(0.0)</b>	<b>164.4</b>
<b>III- FINANCING ACTIVITIES</b>			
Shares issued by Faurecia and fully consolidated companies (net of costs)	24.3	0.0	24.3
Dividends paid to owners of the parent company	(122.6)	0.0	(122.6)
Dividends paid to minority interests in consolidated subsidiaries	(63.4)	0.0	(63.4)
Acquisitions of treasury stocks	(40.1)	0.0	(40.1)
Other financial assets and liabilities	0.0	0.0	0.0
Debt securities issued and increase in other financial liabilities	194.9	0.0	194.9
Repayment of debt and other financial liabilities	(108.6)	0.0	(108.6)
<b>Financing cash flows from discontinued activities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(115.5)</b>	<b>0.0</b>	<b>(115.5)</b>
<b>IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS</b>			
Impact of exchange rate changes on cash and cash equivalents	(48.1)	0.0	(48.1)
<b>Net cash flows from discontinued operations</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>0.8</b>	<b>0.0</b>	<b>0.8</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>1,562.2</b>	<b>0.0</b>	<b>1,562.2</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,563.0</b>	<b>0.0</b>	<b>1,563.0</b>

\* Reclassifications have been made between Change in inventories and Capitalized development costs in comparison to the version published for the half year results as of June 30, 2018 for €93.3 million.

## 1.C Consolidation principles

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

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

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

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

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

The Faurecia group's financial statements are presented in euros. Except if specifically specified, amounts are in millions of euros; generally, amounts presented are rounded to the closest unit; consequently, the sum of rounded amounts can present non significant differences to the reported total. Moreover,

ratios and variances reported are computed with the detailed amounts and not with the rounded amounts.

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

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

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 2018

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

Within Interior Systems, in China, Faurecia consolidates since January 1, 2018, using the full consolidation method, Coagent of which the main company is Faurecia Coagent Electronics S&T Co., Ltd, held at 50.1%. Moreover, in China, the companies Faurecia (Liuzhou) Automotive Interior Systems Co. Ltd and Faurecia (Hangzhou) Automotive Systems Co., Ltd have been created in February 2018, and are held respectively at 50% and 100%. These companies are fully consolidated. The company Chongqing Zhuotong Automotive Interior Systems has been also created in August 2018, and it is held at 50%. This company is fully consolidated. In the United States, Faurecia share in DMS companies, consolidated by equity method, is now at 49%. Finally, Faurecia acquired, in September 2018, the remaining part (80%) of Parrot Faurecia Automotive, previously held at 20% and consolidated by equity method. Parrot Faurecia Automotive is now fully consolidated with its 2 Chinese subsidiaries.

Within the Clean Mobility perimeter, Faurecia has acquired 100% of the company Hug Engineering AG, based in Switzerland, and its commercial subsidiaries. This company is fully consolidated since March 1, 2018. Moreover, Faurecia has created the

company Hongtai Faurecia Composite (Wuhan) Co., Ltd, held at 50% and consolidated by equity method since April 1, 2018.

### 2.2 Reminder of change in scope of consolidation introduced 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 Interior Systems, 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 is 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.

## Note 3 Post-balance sheet events

No significant post-balance sheet events have occurred apart from the launch of the tender offer on Clarion described in 2.3.

## 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);
- Interior Systems (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

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

Revenue on tooling is generally recognized at the transfer of control of these toolings to the customer, usually shortly before serial production starts and development costs are generally recognized as set up costs for the serial parts production and

### 2.3 Recent events

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

This acquisition has been financed through the issuance by Faurecia SE in December 2018 of a €700 million *Schuldscheindarlehen* and the conclusion of a €500 million bridge loan.

Faurecia SE has successfully issued on March 27, 2019 €500 million of senior notes due 2026 at 3.125% to refinance the bridge loan.

capitalized, they are then not considered as a revenue distinct from product sales, except specific cases depending on the contract with the customer.

Operating margin (before amortization of acquired intangible assets) is the Faurecia group's principal performance indicator.

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

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

## 4.2 Key figures by operating segment

2018

<i>(in € millions)</i>	Seating	Interior Systems	Clean Mobility	Other	Total
<b>TOTAL SALES</b>	<b>7,491.5</b>	<b>5,489.2</b>	<b>4,617.3</b>	<b>128.4</b>	<b>17,726.4</b>
Inter-segment eliminations	(53.6)	(17.5)	(2.2)	(128.4)	(201.7)
<b>Consolidated sales</b>	<b>7,437.9</b>	<b>5,471.7</b>	<b>4,615.1</b>	<b>0.0</b>	<b>17,524.7</b>
<b>Operating income (before amortization of acquired intangible assets)</b>	<b>448.5</b>	<b>325.6</b>	<b>499.8</b>	<b>0.0</b>	<b>1,273.9</b>
Amortization of intangible assets acquired in business combinations					(10.9)
<b>Operating income (after amortization of acquired intangible assets)</b>					<b>1,263.0</b>
Other non recurring operating income					2.9
Other non recurring operating expenses					(150.2)
Finance costs, net					(108.1)
Other financial income and expenses					(55.7)
Corporate income tax					(190.0)
Share of net income of associates					31.4
<b>Net income from continued operations</b>					<b>793.3</b>
<b>Net income from discontinued operations</b>					<b>0.0</b>
<b>NET INCOME (LOSS)</b>					<b>793.3</b>
<b>Segment assets</b>	<b>3,730.6</b>	<b>3,120.3</b>	<b>3,390.9</b>	<b>172.9</b>	<b>10,414.7</b>
Net property, plant and equipment	791.6	982.4	951.7	58.9	2,784.6
Other segment assets	2,939.0	2,137.9	2,439.2	114.0	7,630.1
Investments in associates					144.2
Other equity interests					60.7
Short and long-term financial assets					2,255.9
Tax assets (current and deferred)					519.2
Assets held for sale					0.0
<b>TOTAL ASSETS</b>					<b>13,394.7</b>
<b>Segment liabilities</b>	<b>2,143.2</b>	<b>1,861.2</b>	<b>2,419.3</b>	<b>228.4</b>	<b>6,652.1</b>
Borrowings					2,584.0
Tax liabilities (current and deferred)					87.3
Liabilities linked to assets held for sale					0.0
Equity and minority interests					4,071.3
<b>TOTAL LIABILITIES</b>					<b>13,394.7</b>
Capital expenditure	218.5	224.7	204.2	25.4	672.8
Depreciation of property, plant and equipment	(132.4)	(163.1)	(139.5)	(6.2)	(441.2)
Impairment of property, plant and equipment	(0.1)	(2.6)	(0.4)	0.0	(3.1)
Headcounts	47,279	40,436	24,278	2,700	114,693

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## 2017 Restated

<i>(in € millions)</i>	<b>Seating</b>	<b>Interior Systems</b>	<b>Clean Mobility</b>	<b>Other</b>	<b>Total</b>
<b>TOTAL SALES</b>	<b>7,164.1</b>	<b>5,389.6</b>	<b>4,472.1</b>	<b>514.2</b>	<b>17,540.0</b>
Inter-segment eliminations	(35.0)	(22.2)	(6.5)	(514.2)	(577.9)
<b>Consolidated sales</b>	<b>7,129.1</b>	<b>5,367.4</b>	<b>4,465.6</b>	<b>0.0</b>	<b>16,962.1</b>
<b>Operating income (before amortization of acquired intangible assets)</b>	<b>404.4</b>	<b>299.8</b>	<b>453.4</b>	<b>0.0</b>	<b>1,157.6</b>
Amortization of intangible assets acquired in business combinations					(1.2)
<b>Operating income (after amortization of acquired intangible assets)</b>					<b>1,156.4</b>
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					(260.7)
Share of net income of associates					34.6
<b>Net income from continued operations</b>					<b>702.9</b>
<b>Net income from discontinued operations</b>					<b>(7.4)</b>
<b>NET INCOME (LOSS)</b>					<b>695.5</b>
<b>Segment assets</b>	<b>3,469.6</b>	<b>2,642.3</b>	<b>3,007.2</b>	<b>199.5</b>	<b>9,318.6</b>
Net property, plant and equipment	725.4	929.1	878.7	56.2	2,589.4
Other segment assets	2,744.2	1,713.2	2,128.5	143.3	6,729.2
Investments in associates					151.1
Other equity interests					239.9
Short and long-term financial assets					1,696.0
Tax assets (current and deferred)					455.8
Assets held for sale					0.0
<b>TOTAL ASSETS</b>					<b>11,861.4</b>
<b>Segment liabilities</b>	<b>1,986.9</b>	<b>1,807.7</b>	<b>2,239.4</b>	<b>275.1</b>	<b>6,309.1</b>
Borrowings					2,021.8
Tax liabilities (current and deferred)					76.6
Liabilities linked to assets held for sale					0.0
Equity and minority interests					3,453.9
<b>TOTAL LIABILITIES</b>					<b>11,861.4</b>
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	(0.3)	(2.0)	0.0	(2.1)
Headcounts	44,794	39,120	22,799	2,562	109,275

### 4.3 Sales by operating segment

Sales by operating segment break down as follows:

(in € millions)	2018		2017 Restated	
	Consolidated Sales	%	Consolidated Sales	%
Seating	7,437.9	43	7,129.1	42
Interior Systems	5,471.7	31	5,367.4	32
Clean Mobility	4,615.1	26	4,465.6	26
<b>TOTAL</b>	<b>17,524.7</b>	<b>100</b>	<b>16,962.1</b>	<b>100</b>

### 4.4 Sales by major customer

Sales\* by major customer break down as follows:

(in € millions)	2018		2017 Restated	
	Consolidated Sales	%	Consolidated Sales	%
Ford group	2,494.8	14	2,780.8	16
VW group	2,531.7	14	2,338.6	14
PSA Peugeot Citroën	2,182.6	12	2,078.2	12
Renault-Nissan	1,681.6	10	1,858.4	11
GM	826.8	5	942.1	6
Daimler	816.3	5	963.5	6
BMW	730.0	4	738.9	4
Others	6,260.9	36	5,261.6	31
<b>TOTAL</b>	<b>17,524.7</b>	<b>100</b>	<b>16,962.1</b>	<b>100</b>

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

### 4.5 Key figures by geographic area

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

#### 2018

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

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## 2017 Restated

(in € millions)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Consolidated Sales	2,075.3	2,187.5	4,184.0	4,476.4	817.3	2,924.6	297.0	16,962.1
Net property, plant and equipment	335.6	134.2	781.4	602.2	143.0	564.3	28.7	2,589.4
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

## Note 5 Analysis of operating expenses

### 5.1 Analysis of operating expenses by function

(in € millions)	2018	2017 Restated
Cost of sales <sup>(1)</sup>	(15,248.8)	(14,842.4)
Research and development costs <sup>(2)</sup>	(298.8)	(281.7)
Selling and administrative expenses	(703.2)	(680.4)
<b>TOTAL</b>	<b>(16,250.8)</b>	<b>(15,804.5)</b>

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

(2) Includes in 2018 the gain on sales and lease backs on operational assets for €18 million.

### 5.2 Analysis of operating expenses by nature

(in € millions)	2018	2017 Restated
Purchases consumed	(10,389.5)	(10,230.5)
External costs	(2,010.0)	(1,972.8)
Personnel costs	(3,705.7)	(3,548.6)
Taxes other than on income	(48.7)	(54.4)
Other income and expenses*	756.7	786.2
Depreciation, amortization and provisions for impairment in value of non-current assets	(866.7)	(793.3)
Charges to and reversals of provisions	13.1	8.9
<b>TOTAL</b>	<b>(16,250.8)</b>	<b>(15,804.5)</b>
* Including production taken into inventory or capitalized.	607.2	673.7

The CICE (tax credit for competitiveness and employment) is allocated to personnel costs; it amounted to €12.6 million in 2018 (€14.9 million in 2017).



### 5.3 Personnel costs

<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
Wages and salaries*	(2,942.8)	(2,804.9)
Payroll taxes	(762.9)	(743.7)
<b>TOTAL</b>	<b>(3,705.7)</b>	<b>(3,548.6)</b>
* Of which temporary employee costs.	(334.4)	(305.2)

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

### 5.4 Research and development costs

<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
Research and development costs, gross	(1,093.1)	(1,152.3)
Capitalized development costs	794.3	870.7
of which in inventory	201.6	222.7
of which in intangible assets	592.7	648.0
<b>TOTAL</b>	<b>(298.8)</b>	<b>(281.7)</b>

Development costs are usually capitalized in intangible assets as they are considered as set up costs for the serial parts production, and then amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances. For some specific contracts where there is a separate transfer of control of these development works, in accordance with IFRS 15, costs

are capitalized in inventory and recognized in P&L (cost of sales) when the corresponding revenue is recognized.

The development costs recognized in the cost of sales (stock decrease and R&D assets depreciation) amount to €619.6 million as of December, 31, 2018, vs €647.5 million as of December, 31, 2017.

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

<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
Amortization of capitalized development costs	(398.6)	(353.1)
Provisions for impairment of capitalized development costs	3.8	1.1
Amortization of other intangible assets	(31.5)	(29.2)
Depreciation of specific tooling	(12.8)	(9.5)
Depreciation and impairment of other property, plant and equipment	(427.6)	(402.6)
<b>TOTAL</b>	<b>(866.7)</b>	<b>(793.3)</b>

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)	2018	2017 Restated
Release of provision for impairment of assets	0.0	1.4
Others	2.9	3.8
<b>TOTAL</b>	<b>2.9</b>	<b>5.2</b>

### OTHER NON RECURRING OPERATING EXPENSES

(in € millions)	2018	2017 Restated
Other provisions for impairment of assets	(3.4)	0.0
Reorganization expenses <sup>(1)</sup>	(100.8)	(85.0)
Others <sup>(2)</sup>	(46.0)	(16.3)
<b>TOTAL</b>	<b>(150.2)</b>	<b>(101.3)</b>

(1) As of December 31, 2018, this item includes restructuring costs in the amount of €97.8 million and provisions for impairment in value of non-current assets in the amount of €3.0 million, versus respectively, €79.2 million and €5.8 million in 2017.

(2) Of which €16.9 million relating to the end of business with Iran (see Note 2.1), as of December 31, 2018.

### RESTRUCTURING

Reorganization costs (€100.8 million) include redundancy and site relocation payments for 2,180 people.

## Note 7 Other financial income and expenses

(in € millions)	2018	2017 Restated
Impact of discounting pension benefit obligations	(6.6)	(6.8)
Changes in the ineffective portion of currency hedges	(1.9)	(0.2)
Changes in fair value of currency hedged relating to debt	(5.6)	4.0
Foreign exchange gains and losses on borrowings	(6.0)	(7.7)
Hyperinflation impact (Argentina)	(5.7)	0.0
Others*	(29.9)	(12.3)
<b>TOTAL</b>	<b>(55.7)</b>	<b>(23.0)</b>

\* As of December 31, 2018, this item includes amortization of costs related to bonds and other long-term debts, commissions for non-use of the credit facility and depreciation of loans to non consolidated entities.

## Note 8 Corporate income tax

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

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

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

<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
Current taxes		
■ Current corporate income tax	(302.7)	(238.1)
Deferred taxes		
■ Deferred taxes for the period	112.7	(22.6)
<b>TOTAL</b>	<b>(190.0)</b>	<b>(260.7)</b>

### 8.1 Analysis of the tax charge

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

<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
Pre-tax income of consolidated companies	951.9	929.0
<i>Theoretical Tax (34.43%)</i>	<i>(327.7)</i>	<i>(319.9)</i>
Effect of rate changes on deferred taxes recognized on the balance sheet	(2.8)	(1.6)
Effect of local rate differences <sup>(1)</sup>	80.0	67.3
Tax credits	0.5	12.5
Change in unrecognized deferred tax	93.8	(0.4)
Permanent differences & others <sup>(2)</sup>	(33.8)	(18.6)
<b>Corporate tax recognized</b>	<b>(190.0)</b>	<b>(260.7)</b>

*(1) The impact of local rate differences mainly relates to Chinese entities.*

*(2) Mainly due to withholding tax in 2018.*

The 2018 tax expense includes the recognition of a €72 million deferred tax assets in France, made possible by the continuous improvement of the Group taxable income in this country and based on the Group strategic plan 2019-2021.

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## 8.2 Analysis of tax assets and liabilities

(in € millions)	2018	2017 Restated
<b>Current taxes</b>		
■ Assets	163.7	208.9
■ Liabilities	(60.0)	(58.0)
	<b>103.7</b>	<b>150.9</b>
<b>Deferred taxes</b>		
■ Assets*	355.5	246.9
■ Liabilities	(27.3)	(18.6)
	<b>328.2</b>	<b>228.3</b>
* Of which tax assets on tax losses.	138.6	61.5

The assessment of the ability to recover net deferred tax assets as of December 31, 2018 (€328.2 million) is based on the Group's 2019-2021 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)	2018	2017 Restated
<b>Amount as at the beginning of the year</b>	<b>228.3</b>	<b>252.0</b>
■ Deferred taxes carried to net income from continued operations for the period	112.7	(22.6)
■ Deferred taxes carried to net income from discontinued operations for the period	0.0	0.0
■ Deferred taxes recognized directly in equity*	(2.3)	(1.6)
■ Effect of currency fluctuations and other movements	(10.5)	0.5
<b>Amount at the end of the year</b>	<b>328.2</b>	<b>228.3</b>
* Mainly related to actuarial gains and losses directly recognised in equity.		

## 8.3 Deferred tax assets and liabilities by nature

(in € millions)	2018	2017 Restated
Tax asset carryforwards	138.6	61.5
Intangible assets	(367.0)	(291.7)
Other tangible assets and long term assets	234.3	119.9
Pensions	66.0	75.1
Other reserves	11.5	16.4
Stocks	97.6	80.0
Other working capital	147.2	167.1
<b>TOTAL</b>	<b>328.2</b>	<b>228.3</b>
of which deferred tax assets	355.5	246.9
of which deferred tax liabilities	(27.3)	(18.6)

## 8.4 Impairment of tax asset carryforwards

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

(in € millions)	2018	2017 Restated
N+1	11.7	10.8
N+2	11.4	12.2
N+3	15.5	13.4
N+4	5.1	2.7
N+5 and above	21.4	13.2
Unlimited	499.6	619.4
<b>TOTAL</b>	<b>564.7</b>	<b>671.7</b>

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).

	2018	2017 Restated
<b>Number of shares outstanding at year-end <sup>(1)</sup></b>	<b>138,035,801</b>	<b>138,035,801</b>
Adjustments:		
■ treasury stock	(917,160)	(814,320)
■ weighted impact of share issue prorated	0	0
<b>Weighted average number of shares before dilution</b>	<b>137,118,641</b>	<b>137,221,481</b>
Weighted impact of dilutive instruments:		
■ stock options <sup>(2)</sup>	0	0
■ free shares attributed	610,752	761,865
■ bonds with conversion option	0	0
<b>Weighted average number of shares after dilution</b>	<b>137,729,393</b>	<b>137,983,346</b>

(1) Changes in the number of shares outstanding as of December 31, 2018, are analyzed as follows:

<b>As of December 31, 2017: Number of Faurecia shares outstanding</b>	<b>138,035,801</b>
Exercise of stock options	0
<b>As of December 31, 2018: Number of Faurecia shares outstanding</b>	<b>138,035,801</b>

(2) As of December 31, 2018, 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 by the Board.



## Earnings per share

Earnings per share break down as follows:

	2018	2017 Restated
<b>Net Income (loss) (in € millions)</b>	<b>700.8</b>	<b>599.4</b>
Basic earnings (loss) per share	5.11	4.37
After dilution	5.09	4.35
<b>Net Income (loss) from continued operations (in € millions)</b>	<b>700.8</b>	<b>606.7</b>
Basic earnings (loss) per share	5.11	4.42
After dilution	5.09	4.40
<b>Net Income (loss) from discontinued operations (in € millions)</b>	<b>0.0</b>	<b>(7.4)</b>
Basic earnings (loss) per share	0.00	(0.05)
After dilution	0.00	(0.05)

## 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;
- Interior Systems;
- 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
<b>Amount as of January 1, 2017 Restated</b>	<b>1,728.6</b>	<b>(510.9)</b>	<b>1,217.7</b>
Acquisitions	19.6	0.0	19.6
Translation adjustments and other movements	(21.3)	0.1	(21.2)
<b>Amount as of December 31, 2017 Restated</b>	<b>1,726.9</b>	<b>(510.8)</b>	<b>1,216.1</b>
Acquisitions	269.5	0.0	269.5
Translation adjustments and other movements	6.4	0.1	6.5
<b>Amount as of December 31, 2018</b>	<b>2,002.8</b>	<b>(510.7)</b>	<b>1,492.1</b>

Breakdown of the net amount of goodwill by operating segment:

(in € millions)	2018	2017 Restated
Seating	842.9	793.6
Interior Systems	271.8	66.9
Clean Mobility	377.4	355.6
<b>TOTAL</b>	<b>1,492.1</b>	<b>1,216.1</b>

## 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 table below shows the sensitivity of the impairment test results to changes in the assumptions used as of December 31, 2018 to determine the value in use of the CGUs to which the Group's goodwill is allocated:

<i>Sensitivity (in € millions)</i>	<b>Test income (value in use – net carrying value)</b>	<b>Cash flow discount rate +0.5 pt</b>	<b>Growth rate to infinity -0.5 pt</b>	<b>Operating margin rate for terminal value -0.5 pt</b>	<b>Combination of the 3 factors</b>
Seating	3,419	(332)	(289)	(323)	(872)
Interior Systems	1,845	(235)	(207)	(253)	(642)
Clean Mobility	3,965	(344)	(302)	(212)	(798)

The cash flow forecasts used to calculate value in use were based on the Group's 2019-2021 strategic plan which was drafted in mid-2018. The volume assumptions used in the 2019-2021 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 2021 is the range of 8% of sales for the Group as a whole.

Projected cash flows for the last year of the Strategic Business Plan (2021) 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 2018 test was 1.4% (1.4% applied for 2017).

Faurecia called on an independent expert to calculate the weighted average cost of capital used to discount future cash flows. The market parameters used in the expert's calculation were based on a sample of 18 companies operating in the automotive supplier sector (7 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 2018 (9% in 2017). 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 2018 did not show any indication of further impairment in goodwill.

## Note 11 Intangible assets

### A. Research and development expenditure

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

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

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

Intangible assets break down as follows:

<i>(in € millions)</i>	Development costs	Software and other	Intangible assets acquired	Total
<b>AMOUNT AS OF JANUARY 1, 2017 RESTATED</b>	<b>1,329.9</b>	<b>53.4</b>	<b>0.0</b>	<b>1,383.3</b>
Additions	652.6	0.4	0.0	653.0
Depreciation and amortization	(353.1)	(29.2)	(1.2)	(383.5)
Funding of provisions	1.1	0.1	0.0	1.2
Translation adjustments and other	(62.7)	39.2	4.2	(19.3)
<b>AMOUNT AS OF DECEMBER 31, 2017 RESTATED</b>	<b>1,567.8</b>	<b>63.9</b>	<b>3.0</b>	<b>1,634.7</b>
Additions	596.0	0.6	0.0	596.6
Depreciation and amortization	(398.6)	(31.5)	(10.9)	(441.0)
Funding of provisions	3.8	0.0	0.0	3.8
Translation adjustments and other	14.4	26.0	124.9	165.3
<b>AMOUNT AS OF DECEMBER 31, 2018</b>	<b>1,783.4</b>	<b>59.0</b>	<b>117.0</b>	<b>1,959.4</b>

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.

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.

## 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

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.

<i>(in € millions)</i>	Land	Buildings	Plant, tooling and equipment	Specific tooling	Other property, plant and equipment and property, plant and equipment in progress	Total
<b>AMOUNT AS OF JANUARY 1, 2017 RESTATED</b>	<b>87.5</b>	<b>432.6</b>	<b>1,327.2</b>	<b>17.6</b>	<b>539.3</b>	<b>2,404.2</b>
Additions (including own work capital) <sup>(1)</sup>	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	34.6	13.9	272.7
Currency translation adjustments	(2.2)	(20.9)	(87.2)	(0.3)	(28.9)	(139.5)
Entry into scope of consolidation and other movements	0.9	58.1	583.0	(18.1)	(602.1)	21.8
<b>AMOUNT AS OF DECEMBER 31, 2017 RESTATED</b>	<b>80.4</b>	<b>403.0</b>	<b>1,527.1</b>	<b>37.8</b>	<b>541.1</b>	<b>2,589.4</b>
Additions (including own work capital) <sup>(1)</sup>	0.0	3.2	20.7	14.1	634.8	672.8
Disposals	(10.5)	(61.5)	(170.6)	(3.5)	(19.8)	(265.9)
Funding of depreciation, amortization and impairment provisions	(0.4)	(49.2)	(341.0)	(12.8)	(37.8)	(441.2)
Non-recurring impairment losses	0.0	(1.7)	(0.3)	0.0	(1.1)	(3.1)
Depreciation written off on disposals	3.1	45.2	112.0	2.0	19.8	182.1
Currency translation adjustments	(0.1)	(6.1)	(0.3)	(0.1)	(0.3)	(6.9)
Entry into scope of consolidation and other movements	17.4	84.9	551.9	(10.0)	(586.8)	57.4
<b>AMOUNT AS OF DECEMBER 31, 2018</b>	<b>89.9</b>	<b>417.8</b>	<b>1,699.5</b>	<b>27.5</b>	<b>549.9</b>	<b>2,784.6</b>

(1) Including assets held under finance leases:

- in 2017 Restated 1.1
- in 2018 0.2

<i>(in € millions)</i>	2018			2017 Restated	
	Gross	Depreciation	Net	Gross	Net
Land	100.5	(10.6)	89.9	90.3	80.4
Buildings	1,110.3	(692.5)	417.8	1,087.4	403.0
Plant, tooling and technical equipment	4,337.5	(2,638.0)	1,699.5	3,919.2	1,527.1
Specific tooling	150.3	(122.8)	27.5	145.5	37.8
Other property, plant and equipment & property, plant and equipment in progress	817.6	(267.7)	549.9	787.7	541.1
<b>TOTAL</b>	<b>6,516.2</b>	<b>(3,731.6)</b>	<b>2,784.6</b>	<b>6,030.1</b>	<b>2,589.4</b>
Including assets subject to lease financing	65.2	(61.4)	3.8	65.3	8.8

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

## Note 13 Investments in associates

Investment in associates for continued operations:

<i>(in € millions)</i>	% interest <sup>(1)</sup>	Group share of equity <sup>(2)</sup>	Dividends received by the Group	Group share of sales	Group share of total assets
Teknik Malzeme	50%	4.8	(2.8)	28.7	14.7
Parrot Faurecia Automotive <sup>(3)</sup>	20%	NA	0.0	9.7	NA
Changchun Xuyang Faurecia Acoustics & Soft Trim Co. Ltd	40%	3.7	0.0	21.3	16.8
Dongfeng Faurecia Automotive Exterior Systems Co. Ltd	50%	10.6	0.0	21.0	37.7
Detroit Manufacturing Systems LLC	49%	16.1	(4.2)	380.9	102.0
DMS leverage lender (LLC)	49%	4.5	0.0	0.0	17.7
Faurecia Japon NHK Co. Ltd	50%	0.0	0.0	166.7	36.9
Others	-	36.2	(5.3)	195.1	89.7
<b>SUB-TOTAL</b>		<b>75.9</b>	<b>(12.3)</b>	<b>823.4</b>	<b>315.5</b>
SAS group	50%	68.3	(15.0)	633.0	304.3
<b>TOTAL</b>		<b>144.2</b>	<b>(27.3)</b>	<b>1,456.4</b>	<b>619.8</b>

(1) Percent of interest held by the Company that owns the shares.

(2) As the Group share of some company's net equity is negative, it is recorded under liabilities as a provision for contingencies and charges.

(3) Until 2018, September.

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

<i>(in € millions)</i>	2018	2017 Restated
<b>Group share of equity at beginning of period</b>	<b>151.1</b>	<b>130.7</b>
Dividends	(27.3)	(16.6)
Share of net income of associates	31.4	34.6
Change in scope of consolidation	(12.2)	7.2
Capital increase	1.7	1.9
Currency translation adjustments	(0.5)	(6.7)
<b>Group share of equity at end of period</b>	<b>144.2</b>	<b>151.1</b>



### 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:

<i>(in € millions)</i>	2018	2017 Restated*
Sales	633.0	544.1
Operating income (loss)	63.4	46.1
Net income (loss)	47.0	37.0

\* After IFRS 15.

<i>(in € millions)</i>	2018	2017 Restated
Fixed assets	150.8	113.8
Current assets	394.8	351.5
Cash	63.0	73.6
<b>TOTAL ASSETS</b>	<b>608.6</b>	<b>538.9</b>
Equity	136.5	121.0
Borrowings	0.0	0.0
Other non-current liabilities	82.8	20.4
Non-current financial liabilities	389.3	397.5
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>608.6</b>	<b>538.9</b>

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

## Note 14 Other equity interests

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

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

<i>(in € millions)</i>	% of share capital	2018		2017 Restated
		Gross	Net	Net
Changchun Xuyang Industrial Group	19.0	12.3	12.3	12.4
Amminex Emissions Systems APS	91.5	24.0	24.0	24.0
TactoTek Oy	9.0	5.0	5.0	5.0
Canatu Oy	7.5	5.0	5.0	5.0
Coagent*	50.1			187.5
Other		16.3	14.4	6.0
<b>TOTAL</b>		<b>62.6</b>	<b>60.7</b>	<b>239.9</b>

\* Consolidated in 2018.

## Note 15 Other non-current financial assets

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

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

(in € millions)	2018			2017 Restated	
	Gross	Provisions	Net	Net	
Loans with maturity longer than one year	73.6	(16.5)	57.1	27.2	
Others	41.8	(7.7)	34.1	69.6	
<b>TOTAL</b>	<b>115.4</b>	<b>(24.2)</b>	<b>91.2</b>	<b>96.8</b>	

## Note 16 Other non-current assets

This item includes:

(in € millions)	2018	2017 Restated
Pension plan surpluses	17.6	18.3
Guarantee deposits and other	28.6	24.8
<b>TOTAL</b>	<b>46.2</b>	<b>43.1</b>

## Note 17 Inventories and work-in-progress

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

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

Work-in-progress includes the costs of specific tooling produced or purchased specifically for the purpose of manufacturing

parts or modules for customer orders and which are sold to the customer, ie for which the control is transferred to the customer, usually shortly before serial production starts or specific development work which is sold to customers when the contract enables to consider that there is a separate transfer of control of these development works in accordance with IFRS 15. These costs are recognized in the income statement over the period in which the corresponding sales are made.

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

(in € millions)	2018			2017 Restated	
	Gross	Depreciations	Net	Net	
Raw materials and supplies	628.8	(81.9)	546.9	515.8	
Engineering, tooling and prototypes	490.9	(8.4)	482.5	526.8	
Work in progress for production	4.9	0.0	4.9	2.2	
Semi-finished and finished products	472.5	(75.1)	397.4	342.7	
<b>TOTAL</b>	<b>1,597.1</b>	<b>(165.4)</b>	<b>1,431.7</b>	<b>1,387.5</b>	

## 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, 2018, 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:

<i>(in € millions)</i>	2018	2017 Restated
Financing	1,032.8	1,146.5
Guarantee reserve deducted from borrowings	(33.6)	(39.4)
Cash received as consideration for receivables sold	999.2	1,107.1
Receivables sold and derecognized	(977.3)	(1,038.7)

Individually impaired trade receivables are as follows:

<i>(in € millions)</i>	2018	2017 Restated
Gross total trade receivables	1,968.5	1,875.0
Provision for impairment of receivables	(21.0)	(15.7)
<b>TOTAL</b>	<b>1,947.5</b>	<b>1,859.3</b>

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, 2018 were €152.4 million, breaking down as follows:

■ €78.3 million less than one month past due;

- €18.2 million between one and two months past due;
- €6.8 million between two and three months past due;
- €17.4 million between three and six months past due;
- €31.7 million more than six months past due.

## Note 19 Other operating receivables

<i>(in € millions)</i>	2018	2017 Restated
Down payments	111.3	103.3
Currency derivatives for operations	29.8	4.3
Other receivables*	172.7	162.7
<b>TOTAL</b>	<b>313.8</b>	<b>270.3</b>

\* Including the following amounts for VAT and other tax receivables.

163.7

156.9

## Note 20 Other receivables

<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
Short-term portion of loans	65.5	24.0
Prepaid expenses	388.1	223.1
Current taxes	163.7	208.9
Other sundry receivables	44.2	100.0
<b>TOTAL</b>	<b>661.5</b>	<b>556.0</b>

In 2018, 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 €13.1 million and €95.6 million vs respectively €14.2 million and €43.1 million in 2017.

## Note 21 Cash and cash equivalents

Cash and cash equivalents include current account balances in the amount of €1,462.0 million (compared to €868.1 million in 2017) and short-term investments in the amount of €643.3 million (compared to €694.9 million in 2017), or a total of €2,105.3 million as of December 31, 2018.

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, 2018, 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, 2018, Peugeot S.A. held 46.34% of the capital stock and 63.11% of the voting rights.

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

	<b>Number of shares</b>	<b>Capital</b> <i>(in € millions)</i>	<b>Additional paid-in capital</b> <i>(in € millions)</i>
<b>Amount as of January 1, 2018 Restated</b>	<b>138,035,801</b>	<b>966.3</b>	<b>604.0</b>
Exercise of stock options	-	-	-
<b>Amount as of December 31, 2018</b>	<b>138,035,801</b>	<b>966.3</b>	<b>604.0</b>

### 22.2 Share-based payment

#### A – FREE SHARE GRANT

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

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

The amount recognized for the period is an expense of €20 million, compared to €21.1 million in 2017.

Details of the share grant plans as of December 31, 2018 are set out in the table below:

Date of Annual Shareholders' Meeting	Date of Board meeting	Maximum number of free shares that can be granted* for:		Performance condition	Share market value at grant date (in €)	Adjustments		Acquisition date	Sales date (from)
		reaching the objective	exceeding the objective			dividend rate	Non-transferrability discount		
05/27/2016	07/25/2016	632,231	822,485	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	07/25/2020	07/25/2020
05/27/2016	07/20/2017	569,422	740,210	2019 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies	48.46	1.75%	NA	07/20/2021	07/20/2021
05/29/2018	07/19/2018	420,956	547,250	2020 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies	62.26	2.30%	NA	07/19/2022	07/19/2022

\* Net of free shares granted cancelled.

The performance conditions for the plan attributed by the Board of July 28, 2014 have been met, the corresponding shares, ie 738,660 have been definitely distributed in July 2018. The performance conditions for the plan attributed by the Board of July 23, 2015 have been met, the corresponding shares, ie 610,752 will be definitely distributed in July 2019.

## 22.3 Treasury stock

As of December 31, 2018, Faurecia held 917,160 treasury stock shares.

The cost of the shares held in treasury stock as of December 31, 2018 totaled €51 million, representing an average cost of €55.61 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:

<i>(in € millions)</i>	2018	2017 Restated
<b>Amount as at beginning of the period</b>	<b>275.3</b>	<b>215.1</b>
Increase in minority shareholder interests	24.7	16.9
Other changes in scope of consolidation	40.0	29.3
Minority interests in net income for the year	92.5	96.1
Dividends allocated to minority interests	(67.6)	(65.8)
Currency translation adjustments	(3.3)	(16.3)
<b>Amount as the end of the year</b>	<b>361.6</b>	<b>275.3</b>

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.

<i>(in € millions)</i>	2018	2017 Restated
Restructuring	78.9	72.5
Risks on contracts and customer warranties	57.1	53.7
Litigation	10.0	17.6
Other provisions	45.4	39.5
<b>TOTAL</b>	<b>191.4</b>	<b>183.3</b>

Changes in these provisions in 2018 were as follows:

<i>(in € millions)</i>	Amount as of January 1, 2018 Restated	Additions	Expenses charged	Reversal*	Sub total changes	Change in scope of consolidation and other changes	Amount as of December 31, 2018
Restructuring	72.5	76.2	(72.1)	0.0	4.1	2.3	78.9
Risks on contracts and customer warranties	53.7	11.8	(26.1)	(1.4)	(15.7)	19.1	57.1
Litigation	17.6	8.6	(12.9)	(1.7)	(6.0)	(1.6)	10.0
Other provisions	39.5	12.7	(6.3)	(0.1)	6.3	(0.4)	45.4
<b>TOTAL</b>	<b>183.3</b>	<b>109.3</b>	<b>(117.4)</b>	<b>(3.2)</b>	<b>(11.3)</b>	<b>19.4</b>	<b>191.4</b>

\* Surplus provisions.



## 24.2 Contingent liabilities

### LITIGATION

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

On the status of these inquiries:

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

- the inquiry of the Competition Commission of South Africa is still ongoing.

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

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

The consequences of still on-going procedures and above mentioned can not be predicted; therefore, no accruals were accounted for as of December 31, 2018.

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

<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
<b>Provisions for pensions and other employee obligations</b>	<b>393.3</b>	<b>397.2</b>
■ Pension plan benefit obligations	221.9	224.0
■ Post-retirement benefit obligations	130.3	128.2
■ Long-service awards	26.4	26.2
■ Healthcare costs	14.7	18.8
Provisions for early retirement costs	0.0	0.0
<b>TOTAL</b>	<b>393.3</b>	<b>397.2</b>

### CHANGES IN NON-CURRENT PROVISIONS

<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
<b>Amount as at beginning of the period</b>	<b>397.2</b>	<b>399.7</b>
Changes in scope of consolidation	5.8	(0.4)
Other movements	0.0	(6.5)
Allowance (or reversal) of provision	34.1	32.5
Expenses charged to the provision	(14.6)	(13.7)
Payments to external funds	(10.5)	(9.8)
Restatement differences	(18.7)	(4.6)
<b>Amount as at the end of the period</b>	<b>393.3</b>	<b>397.2</b>

## 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

<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
Present value of projected obligations		
■ Pension plan benefit obligations	396.8	382.9
■ Post-retirement indemnities obligations	135.2	134.1
■ Long-service awards	26.4	26.2
■ Healthcare costs	14.7	18.8
<b>TOTAL</b>	<b>573.1</b>	<b>562.0</b>
Value of plan assets:		
■ Provisions booked in the accounts	393.3	397.2
■ External funds (market value) <sup>(1)</sup>	197.4	183.1
■ Plan surplus <sup>(2)</sup>	(17.6)	(18.3)
<b>TOTAL</b>	<b>573.1</b>	<b>562.0</b>

(1) External funds mainly cover pension plan benefit obligations for €192.4 million in 2018.

(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 637 participants and the second plan covers 337 participants.

In Germany, the main defined benefit pension plan still open covers 5,402 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 %)	Euro zone	United Kingdom	USA
<b>DISCOUNT RATE</b>			
<b>2018</b>	<b>1.95%</b>	<b>2.95%</b>	<b>3.91%</b>
2017 Restated	1.50%	2.60%	3.40%
<b>INFLATION RATE</b>			
<b>2018</b>	<b>1.80%</b>	<b>3.30%</b>	<b>N/A</b>
2017 Restated	1.80%	3.20%	N/A

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

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

The average duration of the various plans is as follows:

(in number of years)	Euro zone	United Kingdom	USA
Average duration	15.4	21.8	7.4

### C – Information on external funds

External funds are invested as follows:

(in %)	2018			2017 Restated		
	Equities	Bonds	Others	Equities	Bonds	Others
France	23%	75%	2%	23%	75%	2%
United Kingdom	31%	68%	1%	32%	67%	1%
United States	59%	33%	8%	63%	29%	8%

The fair value of shares and bonds falls in the level 1 category (price quoted in active markets) in 2018.

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## D – Provisions for pension liabilities recognized on the balance sheet

(in € millions)	2018			2017 Restated		
	France	Abroad*	Total	France	Abroad	Total
<b>Amount as at beginning of the period</b>	<b>167.0</b>	<b>166.9</b>	<b>333.9</b>	<b>160.0</b>	<b>170.5</b>	<b>330.5</b>
Effect of changes in scope of consolidation (provision net of plan surpluses)	0.7	5.1	5.8	0.0	(0.4)	(0.4)
Additions	15.7	14.9	30.6	15.8	13.4	29.2
Expenses charged to the provision	(4.7)	(6.6)	(11.3)	(3.8)	(4.9)	(8.7)
Payments to external funds	(6.1)	(4.4)	(10.5)	(4.6)	(5.2)	(9.8)
Actuarial gains/(losses)	(5.8)	(8.5)	(14.3)	(0.4)	(4.4)	(4.8)
Other movements	0.0	0.4	0.4	0.0	(2.1)	(2.1)
<b>Amount as at the end of the period</b>	<b>166.8</b>	<b>167.8</b>	<b>334.6</b>	<b>167.0</b>	<b>166.9</b>	<b>333.9</b>

\* The provision for €167.8 million as of December, 31, 2018 relates mainly to Germany (€124.5 million).

## E – Changes in pension liabilities

(in € millions)	2018			2017 Restated		
	France	Abroad	Total	France	Abroad	Total
<b>PROJECTED BENEFIT OBLIGATION</b>						
<b>Amount as at beginning of the period</b>	<b>185.1</b>	<b>331.9</b>	<b>517.0</b>	<b>175.0</b>	<b>324.2</b>	<b>499.2</b>
Service costs	13.8	11.7	25.5	13.4	9.7	23.1
Annual restatement	2.9	7.8	10.7	2.8	7.6	10.4
Benefits paid	(8.9)	(17.5)	(26.4)	(5.8)	(16.8)	(22.6)
Actuarial gains/(losses)	(5.4)	(13.5)	(18.9)	(0.1)	17.7	17.6
Other movements (including translation adjustment)	0.7	24.1	24.8	0.0	(10.9)	(10.9)
Curtailments and settlements	(0.7)	0.0	(0.7)	(0.2)	(0.1)	(0.3)
Effect of closures and plan amendments	0.0	0.0	0.0	0.0	0.5	0.5
<b>AMOUNT AS AT THE END OF THE PERIOD</b>	<b>187.5</b>	<b>344.5</b>	<b>532.0</b>	<b>185.1</b>	<b>331.9</b>	<b>517.0</b>
<b>VALUE OF PLAN ASSETS</b>						
<b>Amount as at beginning of the period</b>	<b>18.1</b>	<b>165.0</b>	<b>183.1</b>	<b>15.0</b>	<b>153.7</b>	<b>168.7</b>
Projected return on plan assets	0.3	4.6	4.9	0.2	4.3	4.5
Actuarial gains/(losses)	0.4	(5.0)	(4.6)	0.3	22.1	22.4
Other movements (including translation adjustment)	0.0	18.6	18.6	0.0	(8.4)	(8.4)
Employer contributions	6.1	4.4	10.5	4.6	5.2	9.8
Benefits paid	(4.2)	(10.9)	(15.1)	(2.0)	(11.9)	(13.9)
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
<b>AMOUNT AS AT THE END OF THE PERIOD</b>	<b>20.7</b>	<b>176.7</b>	<b>197.4</b>	<b>18.1</b>	<b>165.0</b>	<b>183.1</b>
<b>BALANCE OF PROVISIONS AS AT THE END OF THE PERIOD</b>	<b>166.8</b>	<b>167.8</b>	<b>334.6</b>	<b>167.0</b>	<b>166.9</b>	<b>333.9</b>
<b>TOTAL CHANGE EXPENSED AT THE END OF THE YEAR</b>	<b>15.7</b>	<b>14.9</b>	<b>30.6</b>	<b>15.8</b>	<b>12.9</b>	<b>28.7</b>

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)	2018		
	France	Abroad	Total
<b>Detail of actuarial gains and losses of the period:</b>			
■ differences linked to financial assumptions	16.3	18.2	34.5
■ differences linked to demographic assumptions	(10.9)	(4.7)	(15.6)
■ other differences	0.4	(5.0)	(4.6)
<b>TOTAL</b>	<b>5.8</b>	<b>8.5</b>	<b>14.3</b>

In France, pension liability increased by €2.4 million at year-end compared to 2017. This increase breaks down as follows:

- €16.7 million relating to service cost and interest cost for 2018;
- €(8.9) million relating to lump-sum retirement bonuses and rights to capital for supplementary pension schemes;
- €0.7 million relating to change in scope;
- €(0.7) million relating to employee reduction plans;
- €(5.4) million resulting from actuarial gains and losses, (including €(16.3) million relating to the discount rate, €10.9 million 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 pt	Inflation rate+0.25 pt
France	(2.6%)	+2.6%
Germany	(4.2%)	+0.9%

### 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)	2018	2017 Restated
French companies	5.7	6.2
Foreign companies	20.7	20.0
<b>TOTAL</b>	<b>26.4</b>	<b>26.2</b>

## 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:

<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
Foreign companies	14.7	18.8
<b>TOTAL</b>	<b>14.7</b>	<b>18.8</b>

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:

<i>(in %)</i>	<b>Discount rate +0.25 pt</b>	<b>Healthcare cost trend rate +1 pt.</b>
Projected benefit obligation	(2.3%)	9.8%

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

<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
Service cost	(0.1)	(0.1)
Interest cost*	(0.7)	(0.9)
Curtailement	0.0	0.0
<b>TOTAL</b>	<b>(0.8)</b>	<b>(1.0)</b>

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

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

They are recorded on the following balance sheet items: "Current financial liabilities" and "Non-current financial

liabilities" (Note 26), "Accrued taxes and payroll costs" (Note 27) and "Other payables" (Note 28).

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



## Note 26 Net debt

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

### 26.1 Analysis of net debt

<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
Bonds	1,371.4	1,387.7
Bank borrowings	485.6	195.7
Other borrowings	1.2	0.9
Obligations under finance lease	11.3	14.1
Non-current derivatives	0.5	0.0
<b>SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES</b>	<b>1,870.0</b>	<b>1,598.4</b>
Current portion of long term debt	46.7	56.0
Short-term borrowings*	665.3	365.3
Current derivatives	2.0	2.1
<b>SUB-TOTAL CURRENT FINANCIAL LIABILITIES</b>	<b>714.0</b>	<b>423.4</b>
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>2,584.0</b>	<b>2,021.8</b>
Derivatives classified under non-current and current assets	(1.0)	(7.3)
Cash and cash equivalents	(2,105.3)	(1,563.0)
<b>NET DEBT</b>	<b>477.7</b>	<b>451.5</b>
<b>NET CASH AND CASH EQUIVALENT</b>	<b>2,105.3</b>	<b>1,563.0</b>
* including bank overdrafts	34.6	62.7

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

<i>(in € millions)</i>	<b>Balance as of December 31, 2017 Restated</b>	<b>Impact on cash</b>	<b>Translation adjustments</b>	<b>Impact of fair value changes</b>	<b>Change in consolidation scope and other changes</b>	<b>Balance as of December 31, 2018</b>
Bonds	1,387.7	0.0	0.0	0.0	(16.2)	1,371.4
Bank borrowings	195.7	401.3	(2.3)	0.0	(109.1)	485.6
Other borrowings	0.9	0.1	0.0	0.0	0.2	1.2
Obligations under finance lease	14.1	0.2	0.1	0.0	(3.1)	11.3
Non-current derivatives	0.0	0.5	0.0	0.0	0.0	0.5
<b>SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES</b>	<b>1,598.4</b>	<b>402.1</b>	<b>(2.2)</b>	<b>0.0</b>	<b>(128.2)</b>	<b>1,870.0</b>
Current portion of long term debt	56.0	(137.3)	(1.6)	0.0	129.5	46.7
Short-term borrowings	365.3	261.4	3.8	1.1	33.7	665.3
Current derivatives	2.1	(0.4)	0.0	0.3	0.0	2.0
<b>SUB-TOTAL CURRENT FINANCIAL LIABILITIES</b>	<b>423.4</b>	<b>123.7</b>	<b>2.2</b>	<b>1.4</b>	<b>163.2</b>	<b>714.0</b>
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>2,021.8</b>	<b>525.8</b>	<b>0.0</b>	<b>1.4</b>	<b>35.0</b>	<b>2,584.0</b>
Derivatives classified under non-current and current assets	(7.3)	0.0	0.3	6.1	0.0	(1.0)
Cash and cash equivalents	(1,563.0)	(515.6)	20.5	0.0	(47.3)	(2,105.3)
<b>TOTAL</b>	<b>451.5</b>	<b>10.2</b>	<b>20.8</b>	<b>7.5</b>	<b>(12.3)</b>	<b>477.7</b>

## 26.2 Maturities of long-term debt

(in € millions)	2020	2021	2022	2023	2024 and beyond	Total
Bonds	0.0	0.0	0.0	694.4	677.0	1,371.4
Bank borrowings	85.3	7.8	139.8	196.8	55.8	485.6
Other borrowings	1.2	0.0	0.0	0.0	0.0	1.2
Obligation under finance leases	4.9	1.8	1.8	0.5	2.3	11.3
Non-current derivatives	0.0	0.0	0.4	0.0	0.1	0.5
<b>TOTAL AS OF DECEMBER 31, 2018</b>	<b>91.5</b>	<b>9.7</b>	<b>141.9</b>	<b>891.7</b>	<b>735.2</b>	<b>1,870.0</b>

## 26.3 Financing

The main components of Faurecia financing are described below:

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

### 2025 BONDS

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

These bonds benefit from the same restrictions as the 2023 bonds and do not benefit from guarantees issued by subsidiaries.

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

This has been done through a tender offer through which 2022 bond holders could exchange their bonds against new 2025 bonds. The rate of exchange has reached over 77%. The bonds that were not tendered in this offer have been redeemed ("make-whole") in accordance with the offering memorandum. The settlement of these two operations has taken place on March 8, 2018.

The bond premium for bonds tendered in the offer is amortized over the duration of the new 2025 bonds; the bond premium

for bonds redeemed by anticipation has been expensed. Costs related to the bond issue are expensed in P&L over the life time of the bonds.

The bonds 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.

### SYNDICATED CREDIT FACILITY

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

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

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, 2018, this credit facility was not drawn.

This credit facility includes only one covenant, related to consolidated financial ratios: Net debt\*/EBITDA\*\* must be lower than 2.50. Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2018, 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.

\* Consolidated net debt.

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

## FINANCING OF CLARION CO. LTD ACQUISITION

Following the binding agreements reached on October 26, 2018 with Clarion and Hitachi, and the authorization received from anti-trust authorities, Faurecia has launched on January 30, 2019 a tender offer on Clarion Co. Ltd, (cf Note 2.3).

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

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

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

As of December 31, 2018, this bridge loan was not drawn and its amount was reduced to €750 million as a consequence of the refinancing described hereafter.

In order to anticipate and secure the refinancing of this bridge loan, Faurecia has signed on December 17, 2018 a private placement under German law (Schuldscheindarlehen) for a total amount of €700 million. This transaction is structured into several tranches in EUR and USD, at fixed and variable rates, with maturities of 4, 5 and 6 years. €378 million have been received on December 20, 2018 and the remaining amount has been received in early January 2019. The USD tranches have been partially converted in euro resources through long term cross-currency swaps.

Finally, during 2018, Faurecia regularly issued commercial papers with a maturity up to one year for investors located mainly in France.

Faurecia is rated Ba1 by Moody's with stable outlook and BB+ with a stable outlook by Fitch Ratings (increase of these two ratings on February 20, 2018). On January 31, 2018, Standard & Poor's assigned to Faurecia a BB+ long-term corporate credit ratings, with a stable outlook.

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The Group's global contractual maturity schedule as of December 31, 2018 breaks down as follows:

(in € millions)	Carrying Amount			Remaining contractual maturities				
	Assets	Liabilities	Total	0-3 months	3-6 months	6-12 months	1-5 years	>5 years
Other non-current financial assets	91.2		91.2				91.2	
Loans and receivables	46.2		46.2				46.2	
Trade accounts receivables	1,947.5		1,947.5	1,923.7	15.3	8.5		
Cash and cash equivalents	2,105.3		2,105.3	2,105.3				
Interests on:								
2023 Bonds		(114.2)	(114.2)		(12.7)	(12.7)	(88.8)	
2025 Bonds		(119.4)	(119.4)		(9.2)	(9.2)	(73.5)	(27.6)
Other long term borrowings		(2.9)	(2.9)	(2.9)				
Obligations under finance leases (ST portion)		(2.6)	(2.6)	(2.4)	(0.1)	(0.1)		
Other current financial liabilities		(706.5)	(706.5)	(696.8)	(6.7)	(3.0)		
Trade accounts payables		(4,562.6)	(4,562.6)	(4,544.7)	(6.4)	(11.5)		
Bonds (excluding interest)								
2023 Bonds		(685.4)	(685.4)				(685.4)	
2025 Bonds		(686.0)	(686.0)					(686.0)
Bank borrowings								
Syndicated credit facility			0.0					
Others		(485.6)	(485.6)				(429.8)	(55.8)
Other borrowings		(1.2)	(1.2)				(1.2)	
Obligations under finance leases (LT portion)		(11.3)	(11.3)				(9.0)	(2.3)
<b>Interest rate derivatives</b>		<b>(0.5)</b>	<b>(0.5)</b>	<b>(0.5)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
■ o/w cash flow hedges		(0.5)	(0.5)	(0.5)				
■ o/w derivatives not qualifying for hedge accounting under IFRS			0.0					
<b>Currency hedges</b>	<b>30.8</b>	<b>(9.3)</b>	<b>21.5</b>	<b>20.0</b>	<b>1.2</b>	<b>1.6</b>	<b>(1.3)</b>	<b>0.0</b>
■ o/w fair value hedges	1.1	(2.1)	(1.0)	0.2		0.1	(1.3)	
■ o/w cash flow hedges	29.6	(7.2)	22.4	19.7	1.2	1.5		
■ o/w derivatives not qualifying for hedge accounting under IFRS	0.1	0.0	0.1	0.1				
<b>TOTAL</b>	<b>4,221.0</b>	<b>(7,387.5)</b>	<b>(3,166.5)</b>	<b>(1,198.3)</b>	<b>(18.6)</b>	<b>(26.4)</b>	<b>(1,151.6)</b>	<b>(771.7)</b>

## 26.4 Analysis of borrowings

As of December 31, 2018, the variable rate borrowings were 37.7% of borrowings before taking into account the impact of hedging.

<i>(in € millions)</i>	2018	
Variable rate borrowings	975.3	37.7%
Fixed rate borrowings	1,608.8	62.3%
<b>TOTAL</b>	<b>2,584.0</b>	<b>100.0%</b>

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

<i>(in € millions)</i>	2018		2017 Restated	
Euros	2,327.9	90.1%	1,297.6	64.2%
US Dollars	81.9	3.2%	504.4	24.9%
Other currencies	174.3	6.7%	219.8	10.9%
<b>TOTAL</b>	<b>2,584.0</b>	<b>100.0%</b>	<b>2,021.8</b>	<b>100.0%</b>

In 2018, the weighted average interest rate on gross outstanding borrowings was 3.28%.

## Note 27 Accrued taxes and payroll costs

<i>(in € millions)</i>	2018	2017 Restated
Accrued payroll costs	353.6	344.1
Payroll taxes	149.5	146.1
Employee profit-sharing	33.5	24.3
Other accrued taxes and payroll costs	81.4	112.9
<b>TOTAL</b>	<b>618.0</b>	<b>627.4</b>

## Note 28 Sundry payables

<i>(in € millions)</i>	2018	2017 Restated
Due to suppliers of non-current assets	187.4	161.3
Prepaid income	31.9	91.7
Current taxes	60.0	58.0
Other	53.5	81.5
Currency derivatives for operations	7.3	0.2
<b>TOTAL</b>	<b>340.1</b>	<b>392.7</b>

## Note 29 Financial instruments

### 29.1 Financial instruments recorded in the balance sheet

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

(1) No financial instruments were transferred between categories in 2018.

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

\* The fair value of the bonds, excluding accrued interest, was established on the basis of the year-end market value (December 31, 2018): for the 2023 bonds quoted 100.822% of par, at €705.8 million and for the 2025 bonds quoted 94.587% of par, at €662.1 million.



	2017 Restated		Breakdown by category of instrument <sup>(1)</sup>			
	Balance Sheet Carrying amount	Carrying amount not defined as financial instruments	Financial assets/liabilities at fair value through profit or loss <sup>(2)</sup>	Financial assets/liabilities at fair value through equity <sup>(2)</sup>	Assets and liabilities at amortized cost	Financial liabilities measured at fair value
<i>(in € millions)</i>						
Other equity interests	239.9		239.9			239.9
Other non-current financial assets	96.8				96.8	96.8
Trade accounts receivables	1,859.3	1,859.3				0.0
Other operating receivables	270.3	266.4	0.2	3.7		3.9
Other receivables and prepaid expenses	556.0	532.0			24.0	24.0
Currency derivatives	7.3		7.3			7.3
Interest rate derivatives	0.0					0.0
Cash and cash equivalents	1,563.0		1,563.0			1,563.0
<b>FINANCIAL ASSETS</b>	<b>4,592.6</b>	<b>2,657.7</b>	<b>1,810.4</b>	<b>3.7</b>	<b>120.8</b>	<b>1,934.9</b>
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	545.7	545.7				0.0
Trade payables	4,219.3	4,219.3				0.0
Accrued taxes and payroll costs	627.4	627.4				0.0
Sundry payables	392.7	390.4	1.7	0.6		2.3
Of which						
<i>Currency derivatives</i>	1.9		1.7	0.2		1.9
<i>Interest rate derivatives</i>	0.4			0.4		0.4
<b>FINANCIAL LIABILITIES</b>	<b>7,806.9</b>	<b>5,783.7</b>	<b>1.7</b>	<b>0.6</b>	<b>2,020.9</b>	<b>2,097.1</b>

(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.

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.

# 1 Financial statements

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The impact of financial instruments on income:

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

(in € millions)	2017 Restated			
	Impact Income	Breakdown by category of instrument		
		Financial assets/ liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Instruments derivatives
Translation differences on commercial transactions	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)	
<b>Net income (expenses)</b>	<b>(129.9)</b>	<b>13.9</b>	<b>(143.9)</b>	<b>0.1</b>

As of December 31, 2018, movements in provisions for impairment break down as follows by category of financial asset:

(in € millions)	Balance as of January 1, 2018 Restated	Additions	Utilizations	Reversals (surplus provisions)	Change in scope of consolidation and other changes	Balance as of December 31, 2018
Doubtful accounts	(15.7)	(5.5)	(0.5)	0.0	0.7	(21.0)
Shares in non-consolidated companies	(1.8)	(0.1)	0.0	0.0	0.0	(1.9)
Non-current financial assets	(26.7)	(1.1)	3.2	0.0	0.4	(24.2)
Other receivables	(9.1)	(26.5)	0.5	0.0	(0.7)	(35.8)
<b>TOTAL</b>	<b>(53.3)</b>	<b>(33.2)</b>	<b>3.2</b>	<b>0.0</b>	<b>0.4</b>	<b>(82.9)</b>

## 29.2 Financial instruments – fair value hierarchy

The Group's financial instruments that are measured at fair value break down as follows by level of fair value measurement: Level 1 (prices quoted in active markets) for short-term cash investments and Level 2 (measured using a valuation technique

based on rates quoted on the interbank market, such as Euribor and exchange rates set daily by the European Central Bank) for currency and interest rate instruments.

## Note 30 Hedging of currency and interest rate risks

### 30.1 Transactions in foreign currencies and derivatives

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

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

They are recorded at fair value in the balance sheet.

### 30.2 Hedging of currency risks

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

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

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

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

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

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

#### 2018

Currency exposure (in € millions)	USD	CZK	CNY	RUB	GBP	PLN	MXN	ZAR
Trade receivables (net of payables)	0.0	(23.1)	(13.6)	11.2	(6.2)	(22.2)	0.0	0.0
Financial assets (net of liabilities) <sup>(1)</sup>	(188.4)	0.0	0.0	0.0	(122.9)	0.0	0.0	0.0
Forecast transactions <sup>(2)</sup>	193.1	(149.3)	50.4	93.5	(30.5)	(159.6)	(222.2)	27.3
<b>Net position before hedging</b>	<b>4.7</b>	<b>(172.4)</b>	<b>36.8</b>	<b>104.7</b>	<b>(159.6)</b>	<b>(181.8)</b>	<b>(222.2)</b>	<b>27.3</b>
Currency hedges	69.3	83.1	0.0	(6.0)	123.0	106.4	162.7	0.0
Net position after hedging	74.0	(89.4)	36.8	98.7	(36.6)	(75.4)	(59.5)	27.3

(1) Including inter-company financing.

(2) Commercial exposure anticipated over the next six months.

#### 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) <sup>(1)</sup>	553.3	0.0	164.7	7.7	(60.9)	0.0	0.0	32.8
Forecast transactions <sup>(2)</sup>	30.4	(52.6)	(10.0)	12.5	26.4	(89.3)	(117.2)	(0.9)
<b>Net position before hedging</b>	<b>656.4</b>	<b>(95.6)</b>	<b>147.5</b>	<b>29.7</b>	<b>(39.9)</b>	<b>(89.9)</b>	<b>(117.2)</b>	<b>74.6</b>
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

(1) Including inter-company financing.

(2) Commercial exposure anticipated over the next six months.

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

## INFORMATION ON HEDGED NOTIONAL AMOUNTS

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

\* Notional amounts based on absolute values.

(in € millions) 2017 Restated	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
	<b>11.2</b>	<b>(1.9)</b>				

\* Notional amounts based on absolute values.

The sensitivity of Group income and equity as of December 31, 2018 to a fluctuation in exchange rates against the euro is as follows for the main currencies to which the Group is exposed:

Currency exposure	USD	CZK	CNY	RUB	GBP	PLN	MXN	ZAR
2018	1.15	25.72	7.88	79.72	0.89	4.30	22.49	16.46
Currency fluctuation scenario (depreciation of currency/EUR)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>Exchange rate after currency depreciation</b>	<b>1.20</b>	<b>27.01</b>	<b>8.27</b>	<b>83.70</b>	<b>0.94</b>	<b>4.52</b>	<b>23.62</b>	<b>17.28</b>
Impact on pre-tax income (in € millions)	0.15	1.24	0.68	(0.28)	0.60	1.09	0.00	0.00
Impact on equity (in € millions)	7.17	(4.02)	0.00	0.00	0.00	(5.03)	(0.14)	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.

### HEDGING OF THE FOREIGN EXCHANGE EXPOSURE LINKED TO CLARION CO., LTD ACQUISITION

The total amount of the acquisition, around ¥141.3 billion, or around €1.1 billion, is hedged through contingent forwards, which will transform in forward hedging at a given exchange rate when the offer is a success and the acquisition has to be paid for; in the opposite case, hedging is cancelled without Faurecia having to pay (or receive) any amount, whatever the exchange rate euro/yen.

Given its contingent nature, the underlying exposure is not included in above tables which are representing financial or commercial exposures currency by currency and its sensitivity, certain or highly probable. The intrinsic market value of this hedging is booked in the balance sheet and in other comprehensive income. Its time value component is booked in financial result, for an amount of €1.8 million in 2018. This time value is defined as being the value of the discount between the rate granted by the contingent forward and the market rate at the realization date of the hedging. Its amount (which depends on the effective date of the payment of Clarion acquisition) is estimated at €5.3 million, ie less than 0.5% of the hedged amount. The net amount in the balance sheet is of €19.6 million, as of December 31, 2018.

### 30.3 Interest-rate hedges

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

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

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

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

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

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

# 1 Financial statements

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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 part of the *Schuldscheindarlehen* (see Note 26.3, § "Financing of Clarion Co. Ltd Acquisition") issued in December 2018.

The interest rate derivatives as of December 31, 2018 aim at hedging the variable part of the *Schuldscheindarlehen* against an interest rate increase.

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

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

(in € millions) 2018	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	(0.5)	0.0	104.0	25.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	<b>0.0</b>	<b>(0.5)</b>	<b>0.0</b>	<b>104.0</b>	<b>25.0</b>

(in € millions) 2017 Restated	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
	<b>0.0</b>	<b>(0.4)</b>	<b>400.0</b>	<b>0.0</b>	<b>0.0</b>

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, 2018 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, 2018.

## 30.4 Counterparty risk on derivatives

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

Financial assets as of December 31, 2018 (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 fulfilling IAS 32 compensation criteria)		(e) = (c) - (d) Net amount
				Financial instruments	Collaterals received	
Derivatives	11.2		11.2	7.2		4.0
Other financial instruments						
<b>TOTAL</b>	<b>11.2</b>	<b>0.0</b>	<b>11.2</b>	<b>7.2</b>	<b>0.0</b>	<b>4.0</b>



Financial liabilities as of December 31, 2018 <i>(in € millions)</i>	(a)	(b)	(c) = (a) - (b)	(d) Related amounts not set off in the balance sheet (not fulfilling IAS 32 compensation criteria)		(e) = (c) - (d)
	Gross amount value (before compensation)	Gross amounts compensated (according to IAS 32)	Net amounts presented in the balance sheet	Financial instruments	Collaterals received	Net amount
Derivatives	9.8		9.8	7.2		2.6
Other financial instruments						
<b>TOTAL</b>	<b>9.8</b>	<b>0.0</b>	<b>9.8</b>	<b>7.2</b>	<b>0.0</b>	<b>2.6</b>

## Note 31 Commitments given and contingent liabilities

### COMMITMENTS GIVEN

<i>(in € millions)</i>	2018	2017 Restated
Future minimum lease payments under operating leases	870.4	648.2
Debt collateral:		
■ - mortgages	2.0	2.0
Other debt guarantees	55.4	59.3
Firm orders for property, plant and equipment and intangible assets	164.3	132.0
Other	1.1	1.3
<b>TOTAL</b>	<b>1,093.2</b>	<b>842.8</b>

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

<i>(in € millions)</i>	2018	2017 Restated
N+1	160.8	140.1
N+2	129.9	98.0
N+3	113.7	82.9
N+4	89.3	70.2
N+5 and above	376.7	257.0
<b>TOTAL</b>	<b>870.4</b>	<b>648.2</b>

Expiry dates of mortgages and guarantees:

<i>(in € millions)</i>	2018
■ less than a year	53.2
■ 1 to 5 years	2.3
■ more than 5 years	1.9
<b>TOTAL</b>	<b>57.4</b>

## 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:

<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
Sales	2,182.6	2,078.2
Purchases of products, services and materials	15.8	17.8
Receivables*	406.6	522.2
Trade payables	94.5	107.0
* Before no-recourse sales of receivables amounting to:	221.6	273.7

### 32.2 Management compensation

Total compensation for 2018 awarded to the members of the Board of Directors and the Group Executive Committee serving in this capacity as at December 31, 2018 amounted to

€11,882,938 including directors' fees of €596,000, compared with the 2017 figures of €9,521,431 and €512,400 respectively.

## Note 33 Fees paid to the Statutory Auditors

(in € millions)	PricewaterhouseCoopers				Ernst & Young			
	Amount (excl. VAT)		%		Amount (excl. VAT)		%	
	2018	2017 Restated	2018	2017 Restated	2018	2017 Restated	2018	2017 Restated
<b>AUDIT</b>								
Statutory and contractual audits								
Issuer	0.5	0.5	10.2%	9.4%	0.5	0.5	10.6%	10.9%
Fully consolidated companies	3.6	3.9	73.5%	73.6%	3.4	3.6	72.3%	78.3%
<b>SUB-TOTAL</b>	<b>4.1</b>	<b>4.4</b>	<b>83.7%</b>	<b>83.0%</b>	<b>3.9</b>	<b>4.1</b>	<b>83.0%</b>	<b>89.1%</b>
Other services								
Issuer	0.4	0.9	8.2%	17.0%	0.5	0.5	10.6%	10.9%
Fully consolidated companies	0.4	0.0	8.2%	0.0%	0.3	0.0	6.4%	0.0%
<b>SUB-TOTAL</b>	<b>0.8</b>	<b>0.9</b>	<b>16.3%</b>	<b>17.0%</b>	<b>0.8</b>	<b>0.5</b>	<b>17.0%</b>	<b>10.9%</b>
<b>TOTAL</b>	<b>4.9</b>	<b>5.3</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4.7</b>	<b>4.6</b>	<b>100.0%</b>	<b>100.0%</b>

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

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

## 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 Reuil-Malmaison (France).

As of December 31, 2018, Peugeot S.A. held 46.34% of the capital stock of Faurecia and 63.11% of the voting rights.

## Note 35 Dividends

The Board of Directors has decided to propose to the next Annual Shareholders' Meeting a dividend of €1.25 per share.

## 1.1.2.6. List of consolidated companies as of December 31, 2018

	Country	Interest of (%)	Stake (%)*
<b>I – FULLY CONSOLIDATED COMPANIES</b>			
Faurecia	France	Holding	Holding
<b>South Africa</b>			
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 Emissions Control Technologies South Africa (CapeTown) (Pty), Ltd	South Africa	100	100
<b>Germany</b>			
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
Hug Engineering GmbH	Germany	100	100
<b>Argentina</b>			
Faurecia Sistemas De Escape Argentina S.A.	Argentina	100	100
Faurecia Argentina S.A.	Argentina	100	100
<b>Belgium</b>			
Faurecia Automotive Belgium	Belgium	100	100
Faurecia Industrie N.V.	Belgium	100	100
<b>Brazil</b>			
Faurecia Automotive do Brasil, Ltda	Brazil	100	100
FMM Pernambuco Componentes Automotivos, Ltda	Brazil	51	100
<b>Canada</b>			
Faurecia Emissions Control Technologies Canada, Ltd	Canada	100	100
<b>China</b>			
Faurecia Exhaust Systems Changchun Co., Ltd	China	51	100
Changchun Faurecia Xuyang Automotive Seat Co., Ltd	China	60	100
Faurecia – GSK (Wuhan) Automotive Seating Co., Ltd	China	51	100
Faurecia (Wuxi) Seating Components Co., Ltd	China	100	100
Faurecia Tongda Exhaust Systems Wuhan Co., Ltd	China	50	100
Faurecia Honghu Exhaust Systems Shanghai, Co., Ltd	China	66	100
Faurecia (Changchun) Automotive Systems Co., Ltd	China	100	100
Faurecia Emissions Control Technologies Development (Shanghai) Co., Ltd	China	100	100
Faurecia (Shanghai) Automotive Systems Co., Ltd	China	100	100
Faurecia (Qingdao) Exhaust Systems Co., Ltd	China	100	100
Faurecia (China) Holding Co., Ltd	China	100	100
Faurecia (Guangzhou) Automotive Systems Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Chongqing) Co., Ltd	China	72.5	100

\* Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%)*
Faurecia Emissions Control Technologies (Yantai) 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 (Shanghai) 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	100	100
Faurecia (Jimo) Emissions Control Technologies Co., Ltd	China	100	100
Faurecia (Tianjin) Emission Control Technologies Co., Ltd	China	51	100
Faurecia Yinlun (Weifang) Emission Control Technologies Co., Ltd	China	52	100
Tianjin Faurecia Xuyang Automotive System Co., Ltd	China	60	100
Dongfeng Faurecia Emissions Control Technologies Co., Ltd	China	50	100
Faurecia (Changshu) Automotive System Co., Ltd	China	100	100
Faurecia (Liuzhou) Automotive Seating Co., Ltd	China	50	100
Jiangxi Faurecia Coagent Electronics Co., Ltd	China	50.1	100
Shenzhen Faurecia Automotive Parts Co., Ltd	China	70	100
Faurecia (Hangzhou) Automotive Systems Co., Ltd	China	100	100
Faurecia (Liuzhou) Automotive Interior Systems Co., Ltd	China	50	100
Guangdong Coagent Global S&T Co., Ltd	China	50.1	100
Faurecia Chongqing Zhuotong Automotive Interior Systems Co., Ltd	China	50	100
Shanghai Faurecia Automotive Seating component Co., Ltd	China	55	100
Parrot Automotive Shenzhen	China	100	100
Coagent Global Limited	China	50.1	100
Parrot Automotive Asia Pacific Ltd	China	100	100

\* Cumulated percentages of interest for fully consolidated companies.

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	Country	Interest of (%)	Stake (%)*
<b>South Korea</b>			
Faurecia Korea, Ltd	South Korea	100	100
FCM Yeongcheon	South Korea	100	100
FAS Yeongcheon	South Korea	100	100
<b>Spain</b>			
Asientos de Castilla Leon, S.A.	Spain	100	100
Asientos del Norte, S.A.	Spain	100	100
Faurecia Asientos Para Automovil España, S.A.	Spain	100	100
Faurecia Sistemas De Escape España, S.A.	Spain	100	100
Tecnoconfort	Spain	50	100
Asientos de Galicia, S.L.	Spain	100	100
Faurecia Automotive España, S.L.	Spain	100	100
Faurecia Interior Systems España, S.A.	Spain	100	100
Faurecia Interior Systems SALC España, S.L.	Spain	100	100
Valencia Modulos de Puertas, S.L.	Spain	100	100
Faurecia Emissions Control Technologies, Pamplona, S.L.	Spain	100	100
Incalplas, S.L.	Spain	100	100
Faurecia Holding España S.L.	Spain	100	100
Faurecia Automotive Industrie Spain, S.L.	Spain	100	100
<b>United States</b>			
Faurecia Emissions Control Systems NA, LLC	United States	100	100
Faurecia Automotive Seating, LLC	United States	100	100
Faurecia USA Holdings, Inc.	United States	100	100
Faurecia Emissions Control Technologies, USA, LLC	United States	100	100
Faurecia Interior Systems, Inc.	United States	100	100
Faurecia Madison Automotive Seating, Inc.	United States	100	100
Faurecia Interiors Louisville, LLC	United States	100	100
Faurecia Interior Systems Saline, LLC	United States	100	100
Faurecia Mexico Holdings, LLC	United States	100	100
FNK North America, Inc.	United States	100	100
Faurecia North America, Inc.	United States	100	100
Hug Engineering Inc.	United States	100	100
Faurecia DMS	United States	100	100
<b>France</b>			
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

\* Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%)*
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'Echappement	France	100	100
Faurecia Services Groupe	France	100	100
Faurecia Exhaust International	France	100	100
Faurecia – Metalloprodukcia Holding	France	70	100
Faurecia Smart Technologies	France	100	100
Faurecia Interieurs Saint-Quentin	France	100	100
Faurecia Interieurs Mornac	France	100	100
Faurecia Ventures	France	100	100
Faurecia Automotive Composites	France	100	100
Hambach Automotive Exteriors	France	100	100
Hennape Six	France	100	100
Parrot Faurecia Automotive S.A.S	France	100	100
<b>Great Britain</b>			
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
<b>Hungary</b>			
Faurecia Emissions Control Technologies, Hungary Kft	Hungary	100	100
<b>India</b>			
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
<b>Israel</b>			
Faurecia Security Technologies	Israel	100	100
<b>Italy</b>			
Faurecia Emissions Control Technologies, Italy SRL	Italy	100	100
Hug Engineering Italia S.r.l.	Italy	100	100
<b>Japan</b>			
Faurecia Japan K.K.	Japan	100	100
Faurecia Howa Interiors Co., Ltd	Japan	50	100
<b>Luxembourg</b>			
Faurecia AST Luxembourg S.A.	Luxembourg	100	100
Faurecia Luxembourg Sarl	Luxembourg	100	100
<b>Malaysia</b>			
Faurecia HICOM Emissions Control Technologies (M)	Malaysia	65	100
<b>Morocco</b>			
Faurecia Équipements Automobiles Maroc	Morocco	100	100
Faurecia Automotive Systems Technologies	Morocco	100	100

\* Cumulated percentages of interest for fully consolidated companies.



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	Country	Interest of (%)	Stake (%)*
Faurecia Automotive Industries Morocco SARL	Morocco	100	100
<b>Mexico</b>			
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
<b>Netherlands</b>			
ET Dutch Holdings B.V.	Netherlands	100	100
Faurecia Emissions Control Technologies Netherlands B.V.	Netherlands	100	100
Hug Engineering B.V.	Netherlands	100	100
<b>Poland</b>			
Faurecia Automotive Polska S.A.	Poland	100	100
Faurecia Walbrzych S.A.	Poland	100	100
Faurecia Grojec R&D Center S.A.	Poland	100	100
Faurecia Legnica S.A.	Poland	100	100
Faurecia Gorzow S.A.	Poland	100	100
<b>Portugal</b>			
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
<b>Czech Republic</b>			
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
<b>Romania</b>			
Faurecia Romania S.R.L.	Romania	100	100
Euro Auto Plastic Systems S.R.L.	Romania	50	100
<b>Russia</b>			
OOO Faurecia Interior Luga	Russia	100	100
OOO Faurecia Metalloprodukcja Exhaust Systems	Russia	70	100
OOO Faurecia Automotive Development	Russia	100	100
OOO Faurecia Automotive Exteriors Bumpers	Russia	100	100
<b>Slovakia</b>			
Faurecia Automotive Slovakia SRO	Slovakia	100	100
<b>Sweden</b>			
Faurecia Interior Systems Sweden AB	Sweden	100	100

\* Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%)*
<b>Switzerland</b>			
Hug Engineering AG	Switzerland	100	100
Faurecia Switzerland Sarl	Switzerland	100	100
<b>Thailand</b>			
Faurecia Interior Systems (Thailand) Co., Ltd	Thailand	100	100
Faurecia Emissions Control Technologies, Thailand Co., Ltd	Thailand	100	100
Faurecia & Summit Interior Systems (Thailand) Co., Ltd	Thailand	50	100
<b>Tunisia</b>			
Société Tunisienne d'Équipements d'Automobile	Tunisia	100	100
Faurecia Informatique Tunisie	Tunisia	100	100
<b>Turkey</b>			
Faurecia Polifleks Otomotiv Sanayi Ve Ticaret Anonim Sirketi	Turkey	100	100
<b>Uruguay</b>			
Faurecia Automotive Del Uruguay, S.A.	Uruguay	100	100
<b>II – COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD</b>			
<b>Germany</b>			
SAS Autosystemtechnik GmbH und Co., KG	Germany	50	50
<b>China</b>			
Changchun Xuyang Faurecia Acoustics & Soff 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 Exteriors Co., Ltd	China	50	50
Dongfeng Faurecia (Wuhan) Automotive Parts Sales Co., Ltd	China	50	50
Qinhuangdao WKW-FAD Automotive Interior Parts Co., Ltd	China	50	50
Dongfeng Faurecia (Xiangyang) Emissions Systems Co., Ltd	China	50	50
Faurecia Liuzhou Automotive Seating Sales Co., Ltd	China	50	50
Chongqing Guangneng Faurecia Interior Systems Co., Ltd	China	50	50
Hongtai Faurecia Composite (Wuhan) Co., Ltd	China	50	50
<b>Spain</b>			
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
<b>United States</b>			
Detroit Manufacturing Systems, LLC	United States	49	49
DMS leverage lender, LLC	United States	49	49
DMS Toledo, LLC	United States	49	49
<b>France</b>			
Automotive Performance Materials (APM)	France	50	50
<b>India</b>			
NHK F. Krishna India Automotive Seating Private, Ltd	India	19	19
Basis Mold India Private Limited	India	38	38

\* Cumulated percentages of interest for fully consolidated companies.

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	Country	Interest of (%)	Stake (%)*
<b>Italy</b>			
Ligneos Srl	Italy	50	50
<b>Japan</b>			
Faurecia – NHK Co., Ltd	Japan	50	50
<b>Portugal</b>			
Vanpro Assentos, Lda	Portugal	50	50
<b>Turkey</b>			
Teknik Malzeme Ticaret Ve Sanayi AS	Turkey	50	50

\* 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, 2018.

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 at December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

#### Basis for opinion

##### AUDIT FRAMEWORK

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

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

##### INDEPENDENCE

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2018 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5 (1) of Regulation (EU) No. 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

##### EMPHASIS OF MATTER

Without qualifying our opinion, we draw your attention to the matter set out in Note 1.B "Modifications to the previously published consolidated financial statements" to the consolidated financial statements, which describes the terms and impact of the first-time application at January 1, 2018 of IFRS 15 on revenue recognition.

#### Justification of assessments – Key audit matters

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

These matters were addressed as part of our audit of the consolidated financial statements 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.

##### IMPAIRMENT TESTING OF GOODWILL

(Note 10 to the consolidated financial statements)

#### Description of risk

The carrying amount of goodwill amounts to €1,492.1 million at December 31, 2018. Goodwill is allocated to the three cash-generating units (CGUs) corresponding to the Group's operating segments: Seating, Clean Mobility, Interior Systems.

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

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

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

The cash flow forecasts used were based on the assumptions used to prepare the Group's 2019-2021 strategic plan, approved by the Board of Directors. The volume assumptions used 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 measurement of the recoverable amount of goodwill to be a key audit matter for the following reasons:

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

## How our audit addressed this risk

We made inquiries with 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 consistency 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 group of CGUs;
- reperformed the calculations and reconciled the main strategic plan data with the data used in impairment testing;
- performed sensitivity analyses on the recoverable amounts calculated by management, in particular with regard to discount rates and operating income.

We also assessed the appropriateness of the disclosures on goodwill provided in the notes to the consolidated financial statements.

## ACCOUNTING AND RECOVERABILITY OF DEVELOPMENT COSTS

(Note 11 to the consolidated financial statements)

### Description of risk

Capitalized development costs stood at a net amount of €1,783.4 million at December 31, 2018.

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

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

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

These assets are tested for impairment whenever there is an indication that they may be impaired. Impairment tests involve

comparing the carrying amount of the assets allocated to a customer contract and that of the associated specific tooling with the present value of the net future cash flows expected to be derived from the contract. The cash flow forecasts used were also based on the assumptions used to prepare the Group's 2019-2021 strategic plan.

We considered the accounting and recoverability of development costs to be a key audit matter for the following reasons:

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

## 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 development costs were eligible for capitalization.

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

- we made inquiries with management about any indications of impairment. We obtained an understanding of the method used by management to determine the recoverable amount of these assets in order to consider its compliance with IAS 36;
- with the support of our asset valuation experts, we assess 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,
  - reperformed the calculations and reconciled the main strategic plan data per program with the data used in impairment testing,
  - reconciled the data specific to each program, such as projected delivery quantities and negotiated unit price per product, with the customer contract or observable external data, where applicable taking into account any 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

Deferred tax assets stood at €355.5 million in the balance sheet at December 31, 2018, while deferred tax liabilities stood at €27.3 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, 2018 (€328.2 million) is based on the Group's 2019-2021 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 recoverability of deferred tax assets to be a key audit matter due to the importance of the assumptions and judgments used by management to recognize these assets and to the materiality of their amounts in the consolidated financial statements.

## 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.

Lastly, we also assessed the appropriateness of the disclosures on deferred tax assets provided in the notes to the consolidated financial statements.

## Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report.

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

We attest that the information pertaining to the Group presented in the management report includes the consolidated non-financial information statement required under Article L. 225-102-1 of the French Commercial Code. However, in accordance with Article L. 823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

## Report on other legal and regulatory requirements

### APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed Statutory Auditors of Faurecia by the Annual General Meetings held on May 27, 2003 for PricewaterhouseCoopers Audit and on June 17, 1983 for Ernst & Young Audit.

At December 31, 2018, PricewaterhouseCoopers Audit and Ernst & Young Audit were in the sixteenth and thirty-sixth consecutive year of their engagement, respectively.

## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are 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, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any Internal Audit systems, relating to accounting and financial reporting procedures.

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

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted 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 in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be 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 the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- 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;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company 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 the 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 assess whether these 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 the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

### REPORT TO THE AUDIT COMMITTEE

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

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

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. 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, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

Dominique Ménard

Ernst & Young Audit

Jean-Roch Varon



## 1.2. Faurecia parent company – business review and financial statements

### 1.2.1. Faurecia management report

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

In 2018, Faurecia realized a turnover of €33.4 million, which is down compared to 2017 due to an internal reorganization.

#### Results of operations

The Company ended 2018 with an operating profit of €7.6 million, compared with €13.4 million in 2017.

Net financial income totaled €392.2 million compared to net financial income of €64.4 million in 2017. This variance is mainly due to an increase of dividends received from subsidiaries, from €63.9 million in 2017 up to €360.9 million, specially coming from Faurecia Automotive Holdings and Faurecia Investments, as well as to a decrease of the net provisions on equity investments for €3.1 million in 2018 compared to €41 million on 2017.

In 2018, the Company posted net non-recurring loss of €15.9 million, versus a loss of €1.8 million in 2017.

Tax income amounted to €31.7 million, compared with €18.3 million for fiscal year 2017. 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 €415.7 million. This compares with a profit of €94.4 million in 2017.

#### Financial structure and net debt

The main components of Faurecia financing are described below:

##### 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 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 include a covenant restricting the additional indebtedness if the EBITDA<sup>(1)</sup> after certain adjustments is lower

than twice the gross interest costs, and restrictions on the debt similar to those of the syndicated credit loan.

##### 2025 BONDS

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

These bonds benefit from the same restrictions as the 2023 bonds and do not benefit from guarantees issued by subsidiaries.

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

This has been done through a tender offer through which 2022 bond holders could exchange their bonds against new 2025 bonds. The rate of exchange has reached over 77%. The bonds that were not tendered in this offer have been redeemed ("make-whole") in accordance with the offering memorandum. The settlement of these two operations has taken place on March 8, 2018.

The bond premium for bonds tendered in the offer is amortized over the duration of the new 2025 bonds; the bond premium for bonds redeemed by anticipation has been expensed. Costs related to the bond issue are expensed in P&L over the life time of the bonds.

The bonds 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.

##### SYNDICATED CREDIT FACILITY

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

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

(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.

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, 2018, this credit facility was not drawn.

This credit facility includes only one covenant, related to consolidated financial ratios: Net debt<sup>(1)</sup>/EBITDA<sup>(2)</sup> must be lower than 2.50. Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2018, 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.

## FINANCING OF CLARION CO. LTD ACQUISITION

Following the binding agreements reached on October 26, 2018 with Clarion and Hitachi, and the authorization received from anti-trust authorities, Faurecia has launched on January 30, 2019 a tender offer on Clarion Co. Ltd, (cf Note 2.3).

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

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

In order to secure the financing of the acquisition, of the repayment of some Clarion debts as well as of integration costs, Faurecia has implemented a bridge loan for an amount of

€1.3 billion with one of its main banks. This loan has a maturity of one year, extendable by one year through two six-months extension options. This loan includes some restrictive clauses similar to the ones of the syndicated loan of €1.2 billion.

As of December 31, 2018, this bridge loan was not drawn and its amount was reduced to €750 million as a consequence of the refinancing described hereafter.

In order to anticipate and secure the refinancing of this bridge loan, Faurecia has signed on December 17, 2018 a private placement under German law (*Schuldscheindarlehen*) for a total amount of €700 million. This transaction is structured into several tranches in EUR and USD, at fixed and variable rates, with maturities of 4, 5 and 6 years. €378 million have been received on December 20, 2018 and the remaining amount has been received early January 2019. The USD tranches have been partially converted in euro resources through long term cross-currency swaps.

Finally, during 2018, Faurecia regularly issued commercial papers with a maturity up to one year for investors located mainly in France.

At December 31, 2018, the shareholders' equity in the Company before distribution of the period's earnings amounted to €3,285.8 million compared to €3,021.1 million at the close of 2017. It thus increased by €264.7 million.

At December 31, 2018, Faurecia's financial debt amounted to €221.9 million, taking into account its gross debt, net of available funds, marketable securities and advances net of intra-group cash and loans, compared with net debt of €215.2 million at December 31, 2017.

Trade accounts payable equaling €10.1 million included 23 invoices due that have been paid after December 31, 2018; accounts receivable amounted to €20.4 million as of December 31, 2018, including €10 million for invoices past due, mainly from subsidiaries.

(1) Consolidated net debt.

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

These break down as follows:

	Article D. 441 I. 1°: Invoices received, unpaid and in arrears as of the closing date					Article D. 441 I. 2°: Invoices issued, unpaid and in arrears as of the closing date					Total (1 day and more)	
	0 day (indi- cative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day and more)	0 day (indi- cative)	1 to 30 days	31 to 60 days	61 to 90 days		91 days or more
<b>(A) LATE PAYMENT CATEGORIES</b>												
Number of invoices concerned	2					23	0					59
Number of invoices concerned (including VAT)	40,494	0	13,320	220,469	27,342	261,131	0	4,541,000	5,579	0	5,409,677	9,956,256
% of total purchase amount for the fiscal year (including VAT)	0.06%	0.00%	0.02%	0.30%	0.04%	0.36%						
% of sales for the fiscal year (including VAT)							0.00%	3.00%	0.00%	0.00%	3.57%	6.57%
<b>(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED PAYABLES AND RECEIVABLES</b>												
Number of excluded invoices			8							0		
Total amount of excluded invoices			48,941							0		
<b>(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)</b>												
Terms of payment used to calculate late payments		Contractual deadlines						Contractual deadlines				

The carrying amount of investments in subsidiaries and affiliates recognized in the balance sheet at December 31, 2018 came to €3,484.2 million (€3,177.1 million at end 2017).

## Business review relating to the Company's subsidiaries

The operations and results of the Company's subsidiaries in 2018 are analyzed in detail in the review of the consolidated financial statements.

The most significant events of 2018 were as follows:

- following the merger on November 30, 2017 between Faurecia Honghu Exhaust Systems Shanghai Co. Ltd and Faurecia Emissions Control Technologies (Shanghai) Co. Ltd, the latter was de-listed on December 25, 2017. Since January 8, 2018 – the date of registration of the merger – the shareholding structure of Faurecia Honghu Exhaust Systems Shanghai Co. Ltd is as follows:
  - Faurecia: 59.97%,
  - Faurecia Investments: 6.03%,
  - Gu Mao: 34%;
- on March 1, 2018, Faurecia Exhaust International (France) acquired 100% of Swiss company Hug Engineering AG (BG Clean Mobility), which in turn wholly-owns the following three subsidiaries:
  - Hug Engineering GmbH (Germany),
  - Hug Engineering Italia S.r.l. (Italy),
  - Hug Engineering, Inc. (USA);
 as well as a 90% stake in Hug Engineering B.V. (Netherlands) On March 2, 2018, this stake was increased to 100%;
- on March 15, 2018, a new entity called Faurecia Automotive Industrie Spain, S.L. was registered. It is wholly-owned by Faurecia Automotive Espana, S.A.;
- on June 1, 2018, part of the shares of Faurecia Holdings Espana, S.L. – previously held by Faurecia USA Holdings, Inc. and Faurecia Interior Systems, Inc. – were transferred to Faurecia. Consequently, as of that date, the capital stock of Faurecia Holdings Espana, S. L breaks down as follows:
  - Faurecia: 60.59%,
  - Faurecia Interior Systems, Inc.: 24.75%,
  - Faurecia USA Holdings, Inc.: 14.66%;

- on July 2, 2018, Faurecia Interior Luga Holding (France – BG Interiors) – wholly-owned by Faurecia Automotive Holdings – was dissolved and de-listed from the Nanterre trade and companies register, following the transfer of all of its assets and liabilities to its sole shareholder. Consequently, since that date, OOO Faurecia Interior Luga (Russia – BG Interiors) – a wholly-owned subsidiary of Faurecia Interior Luga Holding – is wholly-owned by Faurecia Automotive Holdings;
  - on July 2, 2018, Faurecia Exteriors International (France), wholly-owned by Faurecia, was dissolved and de-listed from the Nanterre trade and companies register, following the transfer of all of its assets and liabilities to its sole shareholder;
  - on July 5, 2018, a new entity called Faurecia Security Technologies Ltd was registered in Tel Aviv (Israel). On July 8, 2018, it was wholly-owned by Faurecia Investments;
  - on July 24, 2018, the members of the Board of Directors of Iranian joint venture Faurecia Azin Pars Company approved the transfer of all of the shares held by Faurecia Investments (18,240 shares), Faurecia Automotive Holdings (1 share) and Faurecia Sièges d'Automobile (1 share) – representing 51% of the capital stock – to Faurecia's partner Azin Khodro Company. This joint venture is thus no longer part of the Faurecia scope of consolidation;
  - on September 28, 2018, Faurecia Investments acquired the partner's entire stake in Parrot Automotive France, thus becoming its sole shareholder. Parrot Automotive France wholly owns a Hong Kong based subsidiary called Parrot Automotive Asia Pacific Limited, which in turn wholly owns the subsidiary Parrot Automotive Application Products (Shenzen) Company Limited;
  - on October 15, 2018, Faurecia Investments' entire stake in Faurecia-GSK (Wuhan) Automotive Seating Co. Ltd (China) and Faurecia (Shanghai) Automotive Systems (China) was transferred to Faurecia (China) Holding;
  - on November 14, 2018, Faurecia Investments' entire stake in Faurecia Emissions Control Technologies Development (Shanghai) Co. Ltd (China) was transferred to Faurecia (China) Holding;
  - on November 19, 2018, Faurecia Investments' entire stake in Changchun Faurecia Xuyang Automotive Seat Co. Ltd (China) was transferred to Faurecia (China) Holding;
  - on October 29, 2018, Faurecia Automotive Seating, LLC set up a limited liability company in Delaware under the name Total Network Manufacturing, LLC (BG Seating);
  - On December 21, 2018, The Hollingsworth Group LLC – a limited liability company held by American third parties – acquired 51% of the shares of Total Network Manufacturing, LLC via a subscription contract. At the same time, additional capital was provided by Faurecia Automotive Seating, LLC and Faurecia USA Holdings, Inc. As a result, the shareholding structure of the joint venture Total Network Manufacturing, LLC is as follows:
    - the Hollingsworth Group LLC: 51%,
    - Faurecia Automotive Seating, LLC: 44%,
    - Faurecia USA Holdings, Inc.: 5%;
  - on December 31, 2018, the entire stake held by Hug Engineering AG (Switzerland) in:
    - Hug Engineering B.V. Netherlands,
    - Hug Engineering, Inc. (USA);
 was transferred, respectively, to:
    - DE13 – Faurecia Automotive GmbH (Germany),
    - NL03 – ET Dutch Holdings B.V. Netherlands,
    - US08 – Faurecia USA Holdings, Inc. (USA);
  - on December 31, 2018, Faurecia Automotive Seating B.V. – wholly-owned by ET Dutch Holdings B.V. – was dissolved and de-listed from the trade and companies register.
- 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 date of the management report are discussed in Sections 1.1.1.8 and 1.1.1.1 respectively.
- The risks that Faurecia faces and the main features of the internal control and risk management procedures are set out 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 share ownership through the Faurecia Actionariat Corporate mutual fund, and other information on the capital stock (including the table of financial authorizations and their use during the 2018 fiscal year, the change in capital stock, potential capital stock, treasury stock and information on purchases and sales of treasury shares) are covered in 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 is provided 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, is provided in Sections 2.2.1 and 4.3.3.
- The draft resolutions are set out in Sections 5.2 and 5.3. They include a reminder of the dividends paid over the previous three fiscal years and form an integral part of this report and supplement the information provided therein.

## 1.2.2. Financial statements

### 1.2.2.1. Income statement

<i>(in € thousands)</i>	Notes	2018	2017
Services sold		33,439	290,858
<b>Sales</b>		<b>33,439</b>	<b>290,858</b>
Outside services		(68,040)	(297,463)
Taxes other than on income		(2,722)	(5,049)
Salaries and wages		(19,920)	(16,978)
Payroll taxes		(5,109)	(6,933)
Amortization, depreciation and provisions (net of reversals) and expense transfers	3	16,300	(6,716)
Other income/(expenses)	4	53,666	55,657
<b>Total operating income and expenses</b>		<b>(25,826)</b>	<b>(277,482)</b>
<b>NET OPERATING INCOME</b>		<b>7,614</b>	<b>13,376</b>
Financial income	5	516,057	193,188
Financing costs	5	(123,816)	(128,767)
<b>NET FINANCIAL INCOME (EXPENSE)</b>	<b>5</b>	<b>392,241</b>	<b>64,421</b>
<b>OPERATING INCOME AFTER NET FINANCIAL INCOME</b>		<b>399,855</b>	<b>77,797</b>
Non-recurring income	6	36,435	19,944
Extraordinary expenses	6	(52,302)	(21,708)
<b>NET NON-RECURRING INCOME</b>	<b>6</b>	<b>(15,867)</b>	<b>(1,764)</b>
Employee profit-sharing		(0)	0
Corporate income tax	7	31,692	18,331
<b>NET INCOME</b>		<b>415,679</b>	<b>94,364</b>

# 1 Financial statements

Faurecia parent company – business review and financial statements

## 1.2.2.2. Balance sheet as of December 31, 2018

### Assets

(in € thousands)	Notes	31/12/2018			31/12/2017
		Gross amounts	Depreciation and provisions	Net amounts	Net amounts
Intangible assets	8	9,493	9,396	97	105
Property, plant and equipment	9	10,865	10,709	156	302
Investments	10	3,737,474	87,520	3,649,954	3,620,508
<b>TOTAL FIXED ASSETS</b>		<b>3,757,832</b>	<b>107,625</b>	<b>3,650,207</b>	<b>3,620,915</b>
Operating receivables		30,432	0	30,432	25,143
Other receivables	11	2,503,995	20,000	2,483,995	2,049,863
Marketable securities and related receivables	12	629,583	4,922	624,661	648,148
Cash and cash equivalents		635,644		635,644	263,232
<b>TOTAL CURRENT ASSETS</b>		<b>3,799,654</b>	<b>24,922</b>	<b>3,774,732</b>	<b>2,986,386</b>
Prepaid expenses	13	126		126	1,177
Unrealized foreign exchange losses		12,647		12,647	8,499
Bond redemption premiums		0		0	0
Deferred charges	14	35,391		35,391	18,613
<b>TOTAL ASSETS</b>		<b>7,605,650</b>	<b>132,547</b>	<b>7,473,103</b>	<b>6,635,590</b>

### Liabilities

(in € thousands)	Notes	31/12/2018	31/12/2017
Capital stock		966,251	966,251
Additional paid-in capital		627,441	627,441
Statutory reserve		96,625	96,625
Untaxed reserves		8,939	8,939
Other reserves		0	0
Retained earnings		1,170,906	1,227,486
Net income for the fiscal year		415,679	94,364
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>15</b>	<b>3,285,841</b>	<b>3,021,106</b>
<b>Provisions for contingencies and charges</b>	<b>16</b>	<b>18,181</b>	<b>13,878</b>
<b>TOTAL DEBT</b>	<b>17</b>	<b>2,262,377</b>	<b>1,610,115</b>
Operating payables	18	67,406	33,142
Sundry payables	18	1,832,854	1,937,926
<b>TOTAL OPERATING PAYABLES AND OTHER PAYABLES</b>		<b>1,900,260</b>	<b>1,971,068</b>
Prepaid income		200	200
Unrealized foreign exchange gains		6,243	19,223
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,473,103</b>	<b>6,635,590</b>

### 1.2.2.3. Notes to the parent company 2018 financial statements

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## Note 1 Summary of significant accounting policies

The annual financial statements were established in accordance with the general principles for preparing and presenting annual financial statements (ANC Regulation No. 14-03 of June 5, 2014), relating to the PCG [*Plan Comptable Général* (General Accounting Plan)], amended by the regulations of the *Comité de la Réglementation Comptable* [Accounting Regulations Committee] and the *Autorité des Normes Comptables* [Accounting Standards Authority]. The main policies applied are as follows:

### 1.1 PROPERTY, PLANT AND EQUIPMENT

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

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

### 1.2 INVESTMENTS

Gross value is equal to contribution value or cost. A provision is made if the value in use of a security is lower than its entry value. Value in use is based on the subsidiary's revalued net assets, profitability and future outlook.

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

### 1.3 MARKETABLE SECURITIES AND RELATED RECEIVABLES

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

### 1.4 FOREIGN CURRENCY TRANSACTIONS

Unhedged payables and receivables in foreign currency are translated at the exchange rate prevailing on the transaction date. At the balance sheet date, they are remeasured at the year-end exchange rate. Gains or losses resulting therefrom are recognized under "Unrealized foreign exchange losses" for unrealized losses and under "Unrealized foreign exchange gains" for unrealized gains.

Hedged payables and receivables are translated at the hedging rate.

### 1.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at their nominal value.

### 1.6 PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

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

### 1.7 NON-RECURRING ITEMS

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

### 1.8 FINANCIAL INSTRUMENTS

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

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

## Note 2 Highlights and post-balance sheet events

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

on March 28, 2019 the remaining Clarion shares (excluding treasury shares).

This acquisition has been financed through the issuance by Faurecia S.E. in December 2018 of a € 700 million Schuldscheindarlehen and the conclusion of a € 500 million bridge loan.

Faurecia S.E. has successfully issued on March 27, 2019 € 500 million of senior notes due 2026 at 3.125% to refinance the bridge loan.

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

(in € thousands)	2018	2017
Provision reversals	4,101	3,392
Expense transfers <sup>(1)</sup>	24,580	55
Depreciation and amortization	(8,113)	(5,834)
Provisions for impairment of current assets		
Provisions for contingencies and charges	(4,268)	(4,329)
<b>TOTAL</b>	<b>16,300</b>	<b>(6,716)</b>
(1) Of which: transfer of fees included in "Outside services" relating to new financings:	24,580	9,928

## Note 4 Other income/(expenses)

(in € thousands)	2018	2017
<b>Operating income</b>		
Trademark royalties	74,997	91,949
Other income	109	4
<b>SUBTOTAL</b>	<b>75,106</b>	<b>91,953</b>
<b>Operating expenses</b>		
Trademark royalties	20,832	35,542
Other non-operating expenses	608	755
<b>SUBTOTAL</b>	<b>21,440</b>	<b>36,296</b>
<b>TOTAL</b>	<b>53,666</b>	<b>55,657</b>

## Note 5 Net financial income (expense)

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

<i>(in € thousands)</i>	<b>2018</b>	<b>2017</b>
<b>Financial income</b>		
Income from investments in subsidiaries and affiliates <sup>(1)</sup>	360,930	63,867
Other interest and related income	132,454	109,545
Net proceeds from sales of marketable securities	174	138
Provision reversals <sup>(2)</sup>	22,499	19,638
<b>TOTAL</b>	<b>516,057</b>	<b>193,188</b>
<b>Financing costs</b>		
Interest expense	103,159	79,290
Charges to provisions for impairment of investments <sup>(3)</sup>	3,100	40,978
Charges to other provisions and other financial expenses	17,557	8,499
<b>TOTAL</b>	<b>123,816</b>	<b>128,767</b>
<b>NET FINANCIAL INCOME (EXPENSE)</b>	<b>392,241</b>	<b>64,421</b>

(1) This item corresponds to dividends received from subsidiaries and affiliates:

• Faurecia Services Groupe	4,350	3,816
• Faurecia Automotive Espana	5,332	29,749
• Faurecia Tongda Exhaust System	9,958	9,955
• Faurecia Honghu Exhaust Systems Shanghai	19,585	20,347
• Faurecia Investissements	171,922	0
• Faurecia Automotive Holdings	140,535	0
• Faurecia Exhaust International	9,248	0

(2) Of which:

• reversal of provisions for Faurecia Automotive Belgium shares (TUP, 2/07/18)	14,000	0
• reversal of provisions for Faurecia Automotive Belgium shares		15,800
• reversal of provisions for financial contingencies and charges	8,499	3,838

(3) Of which:

• Faurecia Automotive GmbH shares	3,100	26,978
• Faurecia Exteriors International shares	0	14,000

## Note 6 Net non-recurring income

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

<i>(in € thousands)</i>	2018	2017
<b>Non-recurring income</b>		
Proceeds from management activities	1	2
Proceeds from disposals of fixed assets <sup>(1)</sup>	0	152
Proceeds from disposals of bonus shares	35,603	19,790
<b>TOTAL</b>	<b>36,435</b>	<b>19,944</b>
<b>Non-recurring expenses</b>		
On management transactions	0	3
Carrying amount of fixed and financial assets sold <sup>(2)</sup>	65	51
Cost of bonus shares sold	51,418	20,823
Depreciation, amortization and charges to provisions	819	831
<b>TOTAL</b>	<b>52,302</b>	<b>21,708</b>
<b>NET NON-RECURRING INCOME/(EXPENSE)</b>	<b>(15,867)</b>	<b>(1,764)</b>
<i>(1) Of which proceeds from the sale of investments in subsidiaries and affiliates:</i>	14	0
<i>(2) Of which carrying amounts of investments in subsidiaries and affiliates sold or transferred:</i>	65	51
<i>(3) Of which other depreciation and amortization</i>	819	831
<i>Magellan building furnitures et fixtures depreciation</i>	819	831

## 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:

<i>(in € thousands)</i>	2018	2017
Tax benefit arising from group relief	41,531	18,331
Other tax (expense) income (tax credit)*	(9,839)	0
<b>TOTAL</b>	<b>31,692</b>	<b>18,331</b>

\* Group income tax charge.

## Note 8 Intangible assets

This can be broken down as follows:

<i>(in € thousands)</i>	Concessions, patents and similar rights	Other intangible assets	Intangible assets in progress	Total
<b>AMOUNT AS OF DECEMBER 31, 2016</b>	80	0	0	80
Additions (including own work capital)		25		25
Disposals				0
Funding of depreciation, amortization and impairment provisions				0
Depreciation written off on disposals				0
Other movements				
<b>AMOUNT AS OF DECEMBER 31, 2017</b>	80	25	0	105
Additions (including own work capital)				
Disposals				
Funding of depreciation, amortization and impairment provisions				
Depreciation written off on disposals		(8)		(8)
Other movements				
<b>AMOUNT AS OF DECEMBER 31, 2018</b>	80	17	0	97

## Note 9 Property, plant and equipment

<i>(in € thousands)</i>	31/12/2018		31/12/2017
	Brut	Net	Net
Land	53	53	53
Buildings	272	0	0
Other property, plant and equipment	10,540	103	249
<b>TOTAL</b>	<b>10,865</b>	<b>156</b>	<b>302</b>

This can be broken down as follows:

<i>(in € thousands)</i>	Land	Buildings	Other property, plant and equipment	Total
<b>AMOUNT AS OF DECEMBER 31, 2016</b>	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
<b>AMOUNT AS OF DECEMBER 31, 2017</b>	53	0	249	302
Additions (including own work capital)				0
Disposals			(1,174)	(1,174)
Funding of depreciation, amortization and impairment provisions			(146)	(146)
Depreciation written off on disposals			1,174	1,174
<b>AMOUNT AS OF DECEMBER 31, 2018</b>	53	0	103	156

## Note 10 Investments

<i>(in € thousands)</i>	31/12/2018			31/12/2017
	Brut	Provisions	Net	Net
Equity investments	3,571,765	87,520	3,484,245	3,177,136
Loans to subsidiaries and affiliates	165,456	0	165,456	443,120
Other non-current securities	253	0	253	252
<b>TOTAL</b>	<b>3,737,474</b>	<b>87,520</b>	<b>3,649,954</b>	<b>3,620,508</b>

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

<i>(in € thousands)</i>	Gross value	Provisions	Carrying amount
<b>AMOUNT AS OF DECEMBER 31, 2016</b>	<b>3,255,606</b>	<b>73,242</b>	<b>3,182,364</b>
Capital stock increases	19,950		19,950
Charges to and reversals of provisions		25,178	(25,178)
Sale of shares			0
<b>AMOUNT AS OF DECEMBER 31, 2017</b>	<b>3,275,556</b>	<b>98,420</b>	<b>3,177,136</b>
Acquisitions			0
Capital increase	546,209		546,209
Charges to and reversals of provisions		(10,900)	10,900
Company liquidation	(250,000)		(250,000)
Sale of shares			0
<b>AMOUNT AS OF DECEMBER 31, 2018</b>	<b>3,571,765</b>	<b>87,520</b>	<b>3,484,245</b>

The increase in the gross value of equity investments mainly concerns Faurecia Holdings Espana; the reversal of provisions relates to Faurecia Exteriors liquidation.

## Note 11 Receivables

<i>(in € thousands)</i>	31/12/2018	31/12/2017
Cash advances	2,446,666	1,978,087
Tax due by subsidiaries in the tax group	5,516	5,263
Prepaid and recoverable corporate income tax	29,574	59,288
Recoverable VAT	896	2,741
Sundry receivables	1,343	4,484
<b>TOTAL</b>	<b>2,483,995</b>	<b>2,049,863</b>

All receivables are due in less than one year.

Prepaid and recoverable corporate income tax corresponds to a research tax credit of €11, 2 million and the down-payments made in 2018 amounting to €18, 3 million.

## Note 12 Marketable Securities And Related Receivables

As of December 31, 2018, this item included:

<i>(in € thousands)</i>	<b>31/12/2018</b>	<b>31/12/2017</b>
Treasury stock	39,798	34,213
Treasury stock depreciation	(4,922)	0
OPCVM Rothschild	11,204	0
Securities	499,978	
Deposits	78,603	613,935
<b>TOTAL MARKETABLE SECURITIES</b>	<b>624,661</b>	<b>648,148</b>

Treasury stock transactions during the year break down as follows:

<b>Shares</b> <i>(in € thousands)</i>	<b>Number of shares</b>	<b>Amount</b>
<b>Amount as at December 31, 2017</b>	<b>814,320</b>	<b>34,213</b>
Use of treasury stock following the conversion of bonds into shares *	(738,660)	(31,037)
Shares buyback	650,000	36,622
<b>Amount as at December 31, 2018</b>	<b>725,660</b>	<b>39,798</b>

\* The shares distributed in 2018 have been granted to French or foreign employees of the Group within the framework of the incentive Plan No. 6 (see Note 15.3).

<b>Liquidity agreement</b> <i>(in € thousands)</i>	<b>Number of shares</b>	<b>Amount</b>
<b>Amount as at December 31, 2017</b>	<b>0</b>	<b>0</b>
Shares buyback	191,500	11,204
<b>Amount as at December 31, 2018</b>	<b>191,500</b>	<b>11,204</b>

## Note 13 Prepaid expenses

Prepaid expenses mainly comprise:

<i>(in € thousands)</i>	<b>31/12/2018</b>	<b>31/12/2017</b>
Commissions and bank charges	0	88
Interest on commercial paper		
Rent	0	804
Other	126	285
<b>TOTAL</b>	<b>126</b>	<b>1,177</b>

## Note 14 Deferred charges

Deferred charges as of December 31, 2018 refer to financing fees.

The refinancing of the €700 million bond issue (maturity 15.6.2022 – 3.125% rate) by the same nominal amount issued on 8.3.2018 (maturity 15.6.2025 – 2.625% rate) generated issue costs, of

which €25.9 million was charged to expenses to be spread over a 7 year period.

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 benefits 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. The calculations were based on a discount rate of 1.95% and 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 benefit plan for members who are French nationals and a defined contribution scheme for those who are foreign nationals, which was approved during the year. It guarantees an annuity based on the amount of the reference salary.

## Note 15 Shareholders' equity

### 15.1 Change in shareholders' equity

(in € thousands)	Amount as at 31/12/2017	Appropriation decision at the OGM of 05/29/2018	Capital stock increase	Net income for the fiscal year	Amount as at 31/12/2018
Capital stock	966,251				966,251
Additional paid-in capital	627,441				627,441
Statutory reserve	96,625				96,625
Untaxed reserves	8,939				8,939
Other reserves	0				0
Retained earnings	1,227,486	(56,580)			1,170,906
Net income for the fiscal year	94,364	(94,364)		415,680	415,680
<b>TOTAL</b>	<b>3,021,106</b>	<b>(150,944)</b>	<b>0</b>	<b>415,680</b>	<b>3,285,841</b>

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

As at December 31, 2018, the share capital was €966,250,607, divided into 138,035,801 fully paid-up shares of €7 each.

As of December 31, 2018, 64,664,843 registered shares held double voting rights.

There are no share subscription options as of December 31, 2018.

### 15.3 Free share allocation plans

Free share allocation plans are in place for executives holding management positions in Group companies. These grants

are subject to a condition of presence and performance conditions.

The performance conditions of the plan granted by the Board of Directors on July 8, 2014 were met, the corresponding shares, i.e. 738,660, were granted in July 2018 by distributing treasury shares held, in accordance with the decisions of the Board of Directors. The cost of these shares was re-invoiced by the company to the subsidiaries employing the beneficiaries, except in countries where this re-invoicing was not possible.

The performance conditions of the plan granted by the Board of Directors on July 23, 2015 have been met, the corresponding shares, i.e. 610,752, will be granted in July 2019 by distribution of treasury shares.

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

Details of the other allocation plans as at December 31, 2018 are as follows:

Date of Annual Shareholders' Meeting	Date of Board meeting	Maximum number of free shares that can be granted* for:		Performance condition
		reaching the objective	exceeding the objective	
27/05/2016	25/07/2016	632,231	822,485	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
27/05/2016	20/07/2017	569,422	740,210	2019 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies
29/05/2018	19/07/2018	420,956	547,250	2020 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies

\* Net of free shares granted cancelled.

## Note 16 Provisions for contingencies and charges

<i>(in € thousands)</i>	<b>As of 31/12/2018</b>	<b>As of 31/12/2017</b>
<b>Provision for contingencies</b>		
Foreign exchange losses	12,635	8,499
Other	0	0
<b>SUB-TOTAL</b>	<b>12,635</b>	<b>8,499</b>
<b>Provisions for charges</b>		
Provision for pensions and other post-employment benefits*	5,545	5,378
Other provisions for charges	1	1
<b>SUB-TOTAL</b>	<b>5,546</b>	<b>5,379</b>
<b>TOTAL</b>	<b>18,181</b>	<b>13,878</b>

\* 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.

<i>(in € thousands)</i>	<b>2018</b>	<b>2017</b>
Projected benefit obligation	22,143	17,951
Hedging of obligations	(11,225)	(6,845)
Deferred items	(5,373)	(5,728)
<b>PROVISIONS</b>	<b>5,545</b>	<b>5,378</b>

<i>(in € thousands)</i>	<b>2018</b>	<b>2017</b>
Service cost	(4,040)	(4,126)
Interest cost	(331)	(261)
Expected return on plan assets	103	58
<b>TOTAL</b>	<b>(4,268)</b>	<b>(4,329)</b>

Changes in provisions for liabilities and charges in 2018 were as follows:

<i>(in € thousands)</i>	<b>Amount as at 31/12/2017</b>	<b>Additions</b>	<b>Reversals (surplus provisions)</b>	<b>Payments to retirement funds</b>	<b>Amount as at 31/12/2018</b>
Provisions for currency risks	8,499	12,635	(8,499)		12,635
Provisions for pensions and other employee obligations	5,378	4,268		(4,101)	5,545
Other provisions for charges	1				1
<b>TOTAL</b>	<b>13,878</b>	<b>16,903</b>	<b>(8,499)</b>	<b>(4,101)</b>	<b>18,181</b>

## Note 17 Borrowings

(in € thousands)	31/12/2018	31/12/2017
Convertible bonds	0	0
Other bonds	1,400,000	1,400,000
Bank	964,919	206,093
Other borrowings	2,359	4,022
<b>TOTAL</b>	<b>2,367,278</b>	<b>1,610,115</b>

11.5% of the Company's debt is at variable rates. This debt is hedged using interest-rate caps as described in Note 21.1.

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

(in € thousands)	As of 31/12/2018
Maturing in 2019	431,293
Maturing in 2020	1,448
Maturing in 2021	1,429
Maturing in 2022	835,007
Maturing in 2023	1,048,102
Maturing in 2024	50,000
<b>TOTAL</b>	<b>2,367,278</b>

The main components of Faurecia financing are described below:

### 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 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 include a covenant restricting the additional indebtedness if the EBITDA<sup>(1)</sup> 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.

### 2025 bonds

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

These bonds benefit from the same restrictions as the 2023 bonds and do not benefit from guarantees issued by subsidiaries.

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

This has been done through a tender offer through which 2022 bond holders could exchange their bonds against new 2025 bonds. The rate of exchange has reached over 77%. The bonds that were not tendered in this offer have been redeemed ("make-whole") in accordance with the offering memorandum. The settlement of these two operations has taken place on March 8, 2018.

The bond premium for bonds tendered in the offer is amortized over the duration of the new 2025 bonds; the bond premium for bonds redeemed by anticipation has been expensed. costs related to the bond issue are expensed in P&L over the life time of the bonds.

The bonds 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.

### 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.

(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.

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

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, 2018, this credit facility was not drawn.

This credit facility includes only one covenant, related to consolidated financial ratios: Net debt<sup>(1)</sup>/EBITDA<sup>(2)</sup> must be lower than 2.50. Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2018, 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, during 2018, Faurecia regularly issued commercial papers with a maturity up to one year for investors located mainly in France.

## Financing of Clarion Co. Ltd acquisition

Financing of Clarion Co. Ltd acquisition following the binding agreements reached on October 26, 2018 with Clarion and Hitach, and the authorization received from anti trust authorities, Faurecia has launched on January 30, 2019 a tender offer on Clarion Co. Ltd, (cf Note 2.3).

The tender covers whole Clarion shares (around 56.55 million shares) for a price of ¥2.500 per share, ie a total of around ¥141.3 billion, or around €1.1 billion.

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

In order to secure the financing of the acquisition, of the repayment of some Clarion debts as well as of integration costs, Faurecia has implemented a bridge loan for an amount of €1.3 billion with one of its main banks. This loan has a maturity of one year, extendable by one year through two six-months extension options. This loan includes some restrictive clauses similar to the ones of the syndicated loan of €1,200 million.

As of December 31, 2018, this bridge loan had not been drawn down and its amount was reduced to €750 million as a result of the refinancing described below.

In order to anticipate and secure the refinancing of this bridge loan, Faurecia has signed on December 17, 2018 a private placement under german law (*Schuldscheindarlehen*) for a total amount of €700 million. This transaction is structured into several tranches in EUR and USD, at fixed and variable rates, with maturities of 4, 5 and 6 years. €378 million have been received on December 20, 2018 and the remaining amount has been received early January 2019. The USD tranches have been partially converted in euro resources through long term cross-currency swaps.

Finally, during 2018, Faurecia regularly issued commercial papers with a maturity date of up to one year to investors mainly in France.

## Note 18 Operating payables and other liabilities

(in € thousands)	31/12/2018	31/12/2017
Trade payables	10,094	18,446
Other operating payables	57,312	14,696
<b>SUBTOTAL OPERATING PAYABLES</b>	<b>67,406</b>	<b>33,142</b>
Cash advances from subsidiaries	1,832,000	1,937,569
Other liabilities	854	357
<b>SUBTOTAL OTHER PAYABLES</b>	<b>1,832,854</b>	<b>1,937,926</b>
<b>TOTAL</b>	<b>1,900,260</b>	<b>1,971,068</b>

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

(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.

## Note 19 Deferred taxes

Deferred taxes relate to:

- temporary differences between the recognition of income and tax purposes;
- tax loss carry forwards of the tax group;

- tax savings arising from the use of tax losses of subsidiaries in the tax group which will have to be restored to them if and when they return to profit.

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

Deferred taxes can be analyzed as follows:

<i>(in € thousands)</i>	31/12/2018	31/12/2017
Deferred taxes relating to the tax savings		
<b>ARISING FROM USING LOSSES IN TAX GROUP SUBSIDIARIES</b>	<b>(675,536)</b>	<b>(662,962)</b>
Subtotal, deferred tax liabilities	(675,536)	(662,962)
Tax paid on taxable income that is not yet recognized	(2,205)	3,692
Charges recognized that are deductible for tax purposes in future years	6,910	5,655
Future tax savings on tax loss carry forwards of the tax group	437,792	457,974
<b>SUBTOTAL, DEFERRED TAX ASSETS</b>	<b>442,497</b>	<b>467,322</b>
<b>NET DEFERRED TAX (LIABILITIES)/ASSETS</b>	<b>(233,039)</b>	<b>(195,640)</b>

## Note 20 Financial commitments

Endorsements, sureties and guarantees include commitments to subsidiaries and direct and indirect equity investments for an amount of €76.4 million (€56.4 million as of December 31, 2017 and €56.6 million as of December 31, 2016).

## Note 21 Financial instruments used to hedge market risks

### 21.1 Interest-rate hedges

The hedges arranged comprise mainly euro-denominated interest rate swaps, designed to hedge interest payable on variable rate borrowings.

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

<b>As of 31/12/2018</b> <i>(in € millions)</i>	<b>Notional amounts by maturity</b>		
	<b>&lt; 1 year</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>
Interest rate options			
Variable rate/ fixed rate swaps		104	25

# 1 Financial statements

Faurecia parent company – business review and financial statements

## 21.2 Currency hedges

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, 2018, the cross-currency swaps in place relate to the following currencies:

As of 31/12/2018 <i>(in millions)</i>	Net Position		Equivalent EUR
	Buyer	Seller	
DKK	0.0	166.7	22.3
GBP	110.0	0.0	123.0
JPY	0.0	848.0	6.7
USD	77.6	0.0	67.8
THB	648.3	0.0	17.5

## Note 22 Average headcount

	2018	2017
Management	8	8
Staff	0	0
<b>TOTAL</b>	<b>8</b>	<b>8</b>

## Note 23 Compensation

In 2018, total attendance fees paid to directors amounted to €596,000 compared with €512,400 in 2017.

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

Peugeot S.A. – 7, rue Henri Sainte-Claire Deville 92500 Rueil-Malmaison (France)

Company Identification (SIRET) No. 552 100 554 00021

## 1.2.2.4. Five-year financial summary

(in €)	2018	2017	2016	2015	2014
<b>1 – CAPITAL STOCK AT END OF PERIOD</b>					
a) Capital stock	966,250,607	966,250,607	966,250,607	960,349,446	867,476,470
b) Number of ordinary shares outstanding	138,035,801	138,035,801	138,035,801	137,192,778	123,925,210
c) Maximum number of future shares to be created: by exercising stock options	0	0	244,200	636,500	931,025
<b>2 – OPERATIONS AND RESULTS FOR THE FISCAL YEAR</b>					
a) Sales excluding tax	33,439,165	290,857,463	302,199,773	253,055,437	213,600,660
b) Income before tax, employee profit-sharing, depreciation, amortization and provisions	440,662,106	113,474,100	109,966,776	185,983,522	57,503,003
c) Corporate income tax <sup>(1)</sup>	(31,692,192)	(18,331,259)	(25,573,498)	(19,348,402)	(39,644,632)
d) Employee profit-sharing	0	0	0	0	0
e) Income after tax, employee profit-sharing depreciation, amortization and provisions	415,679,804	94,364,262	99,944,506	226,027,199	92,537,243
f) Total dividend <sup>(2) (3)</sup>	172,544,751	151,839,381	124,232,221	89,175,306	43,373,824
<b>3 – EARNINGS PER SHARE</b>					
a) Income after tax and employee profit-sharing, but before depreciation, amortization and provisions	3.40	0.95	0.98	1.50	0.78
b) Income after tax, employee profit-sharing, depreciation, amortization and provisions	3.01	0.68	0.72	1.65	0.75
c) Net dividend per share	1.25	1.10	0.90	0.65	0.35
<b>4 – PERSONNEL</b>					
a) Average number of employees during the fiscal year	8	8	8	16	43
b) Total payroll for the fiscal year	19,920,220	16,977,910	8,677,854	9,237,393	12,193,239
c) Total employee benefits paid for the fiscal year (social security, other social benefits, etc.)	5,109,349	6,933,157	9,975,137	4,918,450	7,210,631

(1) Amounts in parentheses represent tax savings recognized under the tax consolidation agreement.

(2) The 2018 dividend is pending approval by the Ordinary General Meeting of the proposed appropriation of 2018 net income.

(3) The part of the 2018 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

<i>(in € thousands)</i>	Capital stock	Reserves and retained earnings before appropriation of net income	Share of capital stock owned <i>(as a %)</i>	Gross carrying amount of investment
<b>I. Detailed information</b>				
<b>A. Subsidiaries (at least 50% of capital stock owned by the Company)</b>				
Faurecia investments	103,567	133,134	100	480,395
Faurecia Automotive Belgium	10,000	18,244	100	60,196
Faurecia USA Holdings Inc.	15	645,037	85	600,699
ET Dutch Holdings B.V.	18	259,101	100	610,550
Faurecia Automotive Holdings	23,423	395,421	100	918,260
Faurecia Exhaust International	7,301	1,103	100	82,301
Faurecia Services Groupe	40	14	100	46
Faurecia Honghu Exhaust Systems Shanghai	6,023	27,530	60	1,212
Faurecia Holdings Espana	3,010	498,464	61	514,183
<b>B. Affiliates (10%-50% of capital stock owned by the Company)</b>				
Faurecia Automotive Espana S.L.	7,138	709,824	11	76,449
Faurecia Automotive GmbH	146,420	(164,532)	26	225,184
FaureciaTongda Exhaust System (WUHAN) Co, Ltd	4,791	27,063	50	2,217
<b>II. Summarized information</b>				
Subsidiaries and affiliates not included in Section A				74
Subsidiaries and affiliates not included in Section B				
<b>TOTAL</b>				<b>3,571,766</b>

\* Note : BS (Bilan) ; PL (Résultat).

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	862,179	0	0	451,564	171,922	
38,700	244	0	0	(6)		
600,699	0	0	36,100	(49,101)		EUR 1 = 1,1993 USD BS/1,129287 USD PL*
610,550	95,283	0	1,228	15,335		
918,260	886,033	0	241,855	(53,411)	140,535	
82,301	155,420	0	0	(972)	9,248	
0	640	0	331,302	5,790	4,350	
1,212	0	0	233,841	42,387	19,585	EUR 1 = 7,8044 CNY BS/7,626438 CNY PL*
514,183	0	0	0	(59,681)		
76,449	7,261	0	254,460	36,584	5,332	
159,206	0	0	4,297	10,868		
2,217	0	0	71,956	13,285	9,958	EUR 1 = 7,8044 CNY BS/7,626438 CNY PL
74	0				0	
<b>3,484,246</b>	<b>2,007,059</b>				<b>360,930</b>	

## 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, 2018.

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, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

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

### Basis for opinion

#### AUDIT FRAMEWORK

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

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" Section of our report.

#### INDEPENDENCE

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2018 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5 (1) of Regulation (EU) No. 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

### Justification of assessments – Key audit matters

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

These matters were addressed as part of our audit of the financial statements 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

(Notes 1.2 and 10 to the financial statements)

#### DESCRIPTION OF RISK

The balance of equity interests at December 31, 2018 amounted to €3,484 million, representing 47% of the assets on the balance sheet.

As stated in Note 1.2 to the financial statements, the gross value of these investments is equal to contribution value or cost. An impairment loss is recorded if the value in use of these interests falls below their entry value.

Value in use is based on the revalued net assets, profitability and the future outlook of the interest. Where appropriate, when the future sale of certain investments is being planned or considered, data from previous transactions are taken into account along with other evaluation criteria.

We deemed the assessment of the value in use of equity interests to be a key audit matter due to the materiality of these assets to the balance sheet and the inherent uncertainty of specific inputs applicable to the assessment of their value in use, in particular the likelihood of achieving the discounted cash flows forecast by management in its strategic plans.

#### HOW OUR AUDIT ADDRESSED THIS RISK

We assessed the methods used by management to determine the value in use of each of these equity interests.

We obtained management's most recent Business Plans and the impairment tests for each of the significant equity interests in order to assess the valuations based on forecasts.

With the support of our asset valuation experts, we assessed the appropriateness of the key assumptions used to determine expected future cash flows and in particular:

- we compared the key assumptions used by management with independent market data, such as discount rates and the long-term growth rate;
- we reperformed the calculations used in the impairment tests performed by management;
- we reconciled the main strategic plan data used in impairment testing with the specific data for each entity.

For the valuations based on historical data, we examined the consistency of the equity values used with the financial statements of the entities concerned and considered whether any adjustments to equity were based on documentary evidence.

## Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

### INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS PROVIDED TO THE SHAREHOLDERS 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 Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information given with respect to the payment terms referred to in Article D. 441-4 of the French Commercial Code.

### REPORT ON CORPORATE GOVERNANCE

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

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 your Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed 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 the shareholders and holders of the voting rights has been properly disclosed in the management report.

## Report on other legal and regulatory requirements

### APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed Statutory Auditors of Faurecia by the Annual General Meetings held on May 27, 2003 for PricewaterhouseCoopers Audit and on June 17, 1983 for Ernst & Young Audit.

At December 31, 2018, PricewaterhouseCoopers Audit and Ernst & Young Audit were in the sixteenth and thirty-sixth consecutive year of their engagement, respectively.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are 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, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any Internal Audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

### Responsibilities of the Statutory Auditors relating to the audit of the 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 as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted 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 in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be 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 the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- 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;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company 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 the 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 assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

#### REPORT TO THE AUDIT COMMITTEE

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

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

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. 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 26, 2019

The Statutory Auditors

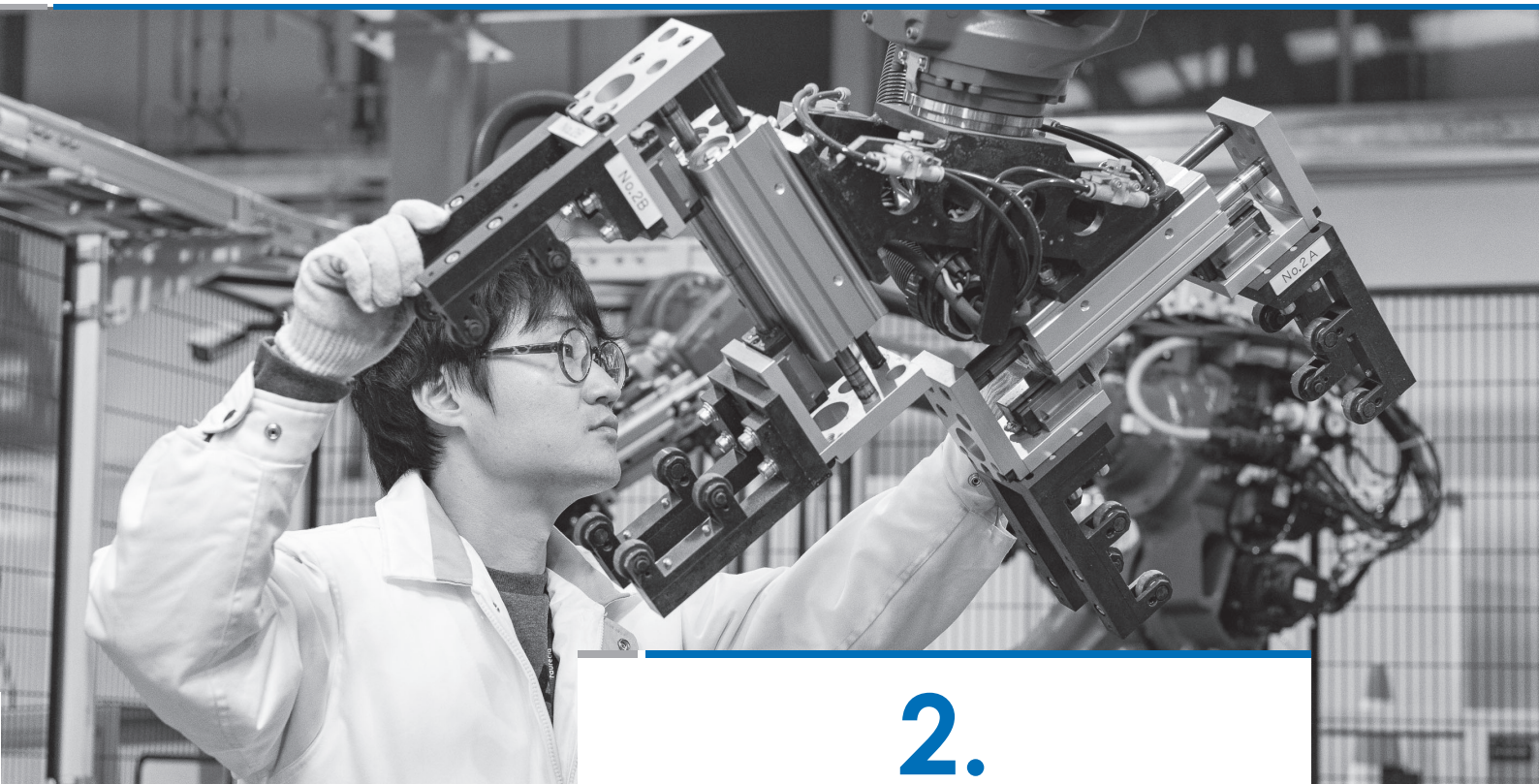
PricewaterhouseCoopers Audit

Dominique Ménard

Ernst & Young Audit

Jean-Roch Varon





## 2.

# Internal Controls & Risk Management

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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

In order to manage processing and data, Faurecia relies upon the unique Group ERP based on SAP software, which was implemented in 2007. This solution is now common to all sites and enables normalization and digitalization to occur at faster pace. All management processes (orders, inventory, flow of parts, receiving, shipping, accounting etc.) are supported by this solution.

Moreover, Faurecia relies on this base to accelerate digitalization in numerous areas such as management of workshops and transportation, measuring customer satisfaction, managing maintenance, etc. All these data represent a wealth of information that is beginning to be exploited with the help of Artificial Intelligence (AI) type tools, in order to optimize processes.

## Internal control

At the Faurecia group, internal control is a mechanism that encompasses a set of resources, behaviors, training, procedures and actions that aim to prevent risks that are likely to:

- have an impact on 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).

By helping to prevent and control risks that could negatively impact the Group in attaining its goals, the internal control and risk management system plays a key role in conducting and steering its various business activities. However, as underscored by the AMF's frame of reference, any internal control and risk management system, no matter how well conceived and applied, cannot provide an absolute guarantee that the Group will achieve its goals. In fact, inherent limits exist to any internal control and risk management system, notably due to the uncertainties of the outside world, the exercise of judgment or shortcomings that may arise due to technical or human failure.

## SCOPE

The Group's internal control system is deployed at the Company and its consolidated subsidiaries through overall integration and covers a larger scope than the procedures related to the preparation and processing of accounting and financial information.

## INTERNAL CONTROL TASKS

The main responsibilities of the Internal Control department are:

- participating in projects to improve cross-functional processes (transportation, protection of the access and rights associated with IT applications, improving IT tools, etc.);
- mobilizing the Group's co-workers around a common vision of the primary risks and making them aware of the inherent risks of their business activity;
- training on internal control, some of which are now offered by Faurecia University, Faurecia's internal training center, particularly e-learning modules. As of October 2017, the "basic" module is mandatory for all Group executives;

- preparation for COSO certification, which is an internal control standard defined by the Committee of the Sponsoring Organization of the Treadway Commission. In 2018, Faurecia's primary participants in internal control prepared the COSO certificate;
- self-assessment campaigns touching all corporate management cycles (business management, direct and indirect purchases, inventory management, management of property, plant and equipment, salary management, tracking of standard costs, information system management, management of expats and other personnel transfers, etc.). A self-assessment questionnaire addressing the most important control items for operational sites (plants and R&D centers) was disseminated in 2017, in order to help these sites strengthen their internal control system (methods of proof, identification of weaknesses and corresponding action plans, local governance). In 2018, the scope of self-assessment extended to the head office and administrative centers to provide Faurecia's business activities with comprehensive coverage;
- regular communication with operational entities, functional departments and the Executive Committee to make all business lines aware of current topics (fraud, improvement actions, best practices, etc.);

Internal control representatives are present at several levels of the organization (Group, Business Groups, Divisions, shared financial service centers) in order to support the approach without taking on the responsibilities of operations management.

## PROCEDURES

Internal control is based on a set of principles and procedures: 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 defines six cross-functional general principles for managers in certain key areas: Acquire a new program; Assess Managers and Skilled Professionals; Decide on Capital Expenditures; Decide on Exceptional Items; Manage Managers and Skilled Professionals Compensation; Staff Managers and Professional positions;
- the Faurecia Core Procedures (FCP) are set out within nine processes developed by each Group division respecting a common general framework and apply to all subsidiaries controlled by the Group. They are regularly updated and continually enhanced. The nine processes are as follows:
  - Production Control and Logistics,
  - Purchasing,

- Quality and HSE (Health, Safety and Environment),
- PMS (Program Management System) and Engineering,
- Sales and Marketing,
- Communication,
- Finance,
- Human Resources,
- Information Technology.

Faurecia's Alert Management System (AMS) immediately informs Business Group management teams and, if necessary, the Group Executive Committee of any problems encountered in production and program management. This system also ensures a prompt and structured response including problem solving which the organization capitalizes.

## GOVERNANCE

Internal control reports on its work and sustains the connection between the disciplines in the form of the Internal Control Governance Committee, which holds monthly meetings chaired by the Group Chief Financial Officer. This committee also includes the Deputy Chief Financial Officer, the Director of Internal Audit, the Chief Compliance Officer, the General Counsel, the Risk Manager and the Chief Financial Officers of the Business Groups.

Its work is also regularly reviewed by the Audit Committee of the Board of Directors and the Executive Committee.

## Internal Audit

The Internal Audit department assesses the effectiveness of the internal control and governance mechanism and checks that Group procedures are in compliance with local laws and regulations. It uses the Group's risk mapping to shape its tasks.

The Internal Audit department is under the responsibility of the Group Chief Financial Officer, with an option to directly alert the Group Chief Executive Officer and the Chairman of the Audit Committee. Once per year, it submits the audit 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 department

### RISK MANAGEMENT

Risk management is handled by the Group Risk Committee, which is chaired by the Group Chief Financial Officer. The main tasks of the Risk Committee are to update risk mapping, ensure that the corresponding prevention plans are established and implemented and, more broadly, ensure that risks are monitored regularly.

The Risk Committee meets quarterly and is chaired by the Group Chief Financial Officer. The Deputy Chief Financial Officer, the Director of Internal Audit, the Chief Compliance Officer, the Risk Manager, the General Counsel and the Head of Internal Control are also members of this committee. Depending on the agenda, the risk prevention plan coordinators are also invited to attend meetings.

The Risk Committee's work is also reviewed at least once a year by the Audit Committee and the Executive Committee. The risks monitored by this committee are, in particular, associated with personal safety, quality, program management, IT systems, the reliability of supplies, asset protection and fire risk, exposure of industrial sites to certain types of natural disasters, international exposure of employees to health and safety risks, the reliability of financial information, compliance, the environment. In addition to an annual review of the entire risk management system, the Audit Committee conducts an in-depth review of a specific risk during each of its meetings.

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.

In 2018, the Group launched a risk assessment campaign with Group management, working with Internal Audit, to challenge the current risk mapping and identifying potential emerging risks. This approach made it possible to identify new potential risks and establish the Group's risk universe, with the goal of aligning all lines of defense on a single risk baseline.

The ERM program has also been translated into five Faurecia Core Procedures; the related process, known as the ERM System, is constructed in a step-by-step approach and provides the method that must be followed by each risk coordinator and the functions responsible for risks.

Since 2017, the issues monitored by the Risk Committee have been recorded in a risk register, and since 2018, this risk register is accessible in a dedicated tool where information may be shared in real time with different lines of defense.

### COMPLIANCE PROGRAM

#### Organization

The Compliance and Risk department was created in 2015. Its matrix structure relies on functional and operational resources, which allows for wide distribution of its annual plan. The compliance manager, with her deputy risk manager, determines program priorities, which arise from the risk analysis of the previous compliance plan. Regional Compliance Officers (RCOs) oversee the compliance program on the regional level (in regions where the Group conducts business: North America-Mexico, South America, Asia and EMEA (Europe, Middle East, Africa)). The compliance team also relies on a network of contact people, called Compliance Leaders, in each operational division of the Business Groups. As part of the identification and monitoring of non-compliance risks, the compliance team works closely with the risk officer and members tasked with the audit and internal controls.

#### Frame of Reference

Faurecia is a signatory of the United Nations Global Compact. Consequently, the Group is committed to aligning its operations and strategy with ten universally accepted principles in the areas of human rights, labor standards, the environment, and anti-corruption. This commitment is reasserted in Faurecia's Code of Ethics, which 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 dialogue, skills development, ethics and rules of conduct. It is part of the Faurecia Core Procedures (FCP), and aims to develop accountability and employee empowerment.

Furthermore, the Group has an anti-corruption Code of Conduct and a best practices guide concerning anti-competitive practices. As a result, internal rules are widely disseminated to employees. These rules cover, in particular, the following subjects: policy on gifts and hospitality; donations and sponsorships; managing conflicts of interest (via an electronic tool); the "golden rules" of competition law.

Internal rules exist related to the risk tracking system for Faurecia's third parties and their co-contractors, where applicable.

### Training & Communication

In order to maintain the Group's strong culture of ethics and compliance, the Compliance department introduced a training program tailored to risks that targeted populations may pose.

The training and communication program on ethical rules and compliance relies on various internal communication mechanisms. A solid base of mandatory training courses on-line (MOOCs) exists. The pedagogical approach promotes interactive training using short videos and animations. Moreover, the Group has prepared and disseminated practical guides.

Periodic hard-copy and electronic reviews as well as blogs and intranet communities are a source of diverse opportunities for the Group to communicate widely about Faurecia's internal rules.

Moreover, RCOs and Compliance leaders regularly organize, at industrial sites and within divisions of the Business Groups, on-site training or communication sessions to ensure a close culture of ethics and compliance. These training sessions also occur, in particular, in the context of audit duties conducted by the Internal Audit.

### Governance

Activities conducted by the Group to prevent breaches, including the risk of corruption, as well as areas for improvement are presented and discussed regularly in various bodies where the compliance function is involved.

On the Group level, the Chief Executive Officer chairs a quarterly committee, which is steered by the compliance function. The primary activities and strategic decisions of the ethics and compliance program are discussed and approved within this body.

The Group's Chief Financial Officer chairs the quarterly Risk Committee, which is steered by the Risk department. The primary risks identified and monitored by the compliance function are presented and discussed in this committee.

Furthermore, Compliance leaders facilitate quarterly Compliance Committees, which are chaired by the manager of each of the Business Groups. They deploy and facilitate the

compliance program at each level of the Group's activities in conjunction with priorities defined at the Group level.

Finally, each RCO oversees a quarterly Compliance Committee to present the actions and results of the compliance program at his or her region level.

### WHISTLE-BLOWING PROCEDURE

Faurecia implemented a whistle-blowing system ("Speak up"), revamped as part of its compliance with the Sapin II and Duty of Care laws (see Section 3.2.2). Any Group employee is thus called to express his or her concerns or signal a violation of the Code of Ethics, the anti-corruption Code of Conduct, internal policies and procedures or the law, and to report it to the Company's Management:

- either by an internal whistle-blowing procedure

Any Group employee may share his or her concerns or indicate non-ethical behavior to his or her direct supervisor, to someone in Human Resources or a compliance team member;

- or by a dedicated whistle-blowing hotline

Any Group employee has the option of using the dedicated whistle-blowing hotline. This channel may, in particular, be used for the most serious cases mentioned above. This mechanism offers enhanced protection through "Legal Confidentiality." The dedicated whistle-blowing hotline is accessible at a internet site: <http://faurecia.ethicspoint.com/>

### 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 the main risks

The table below presents a summarized view of the primary risks and the associated control systems.

Risk	Primary risk control systems	Section
<b>Operational and industrial risks</b>		2.2.1
Risk associated with the automotive supplier business	<ul style="list-style-type: none"> <li>■ Diversity of sales by region, by brand and vehicle model</li> <li>■ Constant monitoring of the competition</li> <li>■ Innovation and investment in Research &amp; Development</li> <li>■ Forward management method enabling fine-tuning of the means of production</li> </ul>	2.2.1.1
Supplier failure	<ul style="list-style-type: none"> <li>■ Recourse to many local suppliers in different countries</li> <li>■ Systematic assessment of risks of any new order via a dedicated committee</li> <li>■ Awareness of geopolitical, social, ethical, economic and financial risks</li> <li>■ Constant monitoring of operational and financial performance</li> <li>■ Operational support of suppliers (logistics, quality, international development...)</li> </ul>	2.2.1.2
Program management	<ul style="list-style-type: none"> <li>■ Existence of a standard (PMCS) organizing the succession of steps for the duration of a program</li> <li>■ Systematic risk assessment using 28 criteria from the initial phase</li> <li>■ Monthly review of programs and monitoring of action plans</li> <li>■ Regular audit of each development center</li> </ul>	2.2.1.3
Product Quality and Safety <b>EFPD</b>	<ul style="list-style-type: none"> <li>■ IATF 16949 Certification</li> <li>■ Existence of a designated Quality Control department at all levels of the organization</li> <li>■ Measuring customer satisfaction</li> <li>■ Whistle-blowing procedure and culture of documentation and conflict resolution (QRCL,...)</li> <li>■ World Journal of Quality</li> <li>■ Specialized and independent auditors</li> </ul>	2.2.1.4
Safety in the workplace <b>EFPD</b>	<ul style="list-style-type: none"> <li>■ Existence of an HSE network at all levels of the organization</li> <li>■ Systematic analysis of accidents</li> <li>■ Mandatory training in HSE rules</li> <li>■ Regular audit of all sites and systematic in the event of an alert</li> <li>■ Ergonomic analysis of all workstations</li> </ul>	2.2.1.5
Security and Continuity of information systems <b>EFPD</b>	<ul style="list-style-type: none"> <li>■ Strategic plan dedicated to Information Systems risks</li> <li>■ Regular audit of sensitive applications</li> <li>■ Precise methodology for management of computer projects</li> <li>■ Existence of a "Security Operation Center" (SOC)</li> <li>■ GDPR compliance program</li> </ul>	2.2.1.6
Fire or explosion	<ul style="list-style-type: none"> <li>■ Industrial risk prevention policy based on an internal standard involving 20 check points</li> <li>■ Periodic audits conducted by the insurer and issuance of an RHP label</li> <li>■ Incorporation of the topic into the early stages of projects</li> <li>■ Systematic analysis and sharing of incidents</li> </ul>	2.2.1.7
Sites environmental impact and climate change <b>EFPD</b>	<ul style="list-style-type: none"> <li>■ Analysis and control of local environmental risks based on ISO 14001</li> <li>■ Monthly "Environment &amp; Energy" Committee presided by the Group's HSE department</li> <li>■ Network of HSE Managers at all levels including each Faurecia site</li> <li>■ HSE requirements integrated into the <i>Faurecia Excellence System</i> (FES)</li> <li>■ Regular internal FES audit of sites</li> </ul>	2.2.1.8
Natural events	<ul style="list-style-type: none"> <li>■ Systematic verification of natural risks when there's an industrial project</li> <li>■ Comprehensive diagnosis of our existing industrial facilities</li> <li>■ Specific audit of most vulnerable sites carried out by technical experts</li> <li>■ Existence of a surveillance and real-time warning system</li> </ul>	2.2.1.9
External Growth	<ul style="list-style-type: none"> <li>■ Strategic priorities set by the Board of Directors</li> <li>■ Control and allocation of necessary resources by a dedicated team</li> <li>■ This team involved in the life of entities concerned and takes part in decision-making bodies</li> <li>■ Constitution of necessary provisions</li> </ul>	2.2.1.10



## 2 Internal Controls & Risk Management

Description of the main risks

Risk	Primary risk control systems	Section
Talents attraction and retention <b>EFPD</b>	<ul style="list-style-type: none"> <li>■ Partnerships with more than 100 post-secondary institutions</li> <li>■ Integration program directed specifically at new hires</li> <li>■ Policy of internal mobility (including abroad)</li> <li>■ Regular review of compensation policy</li> <li>■ Quantitative indicators through dedicated reporting</li> </ul>	2.2.1.11
Social dialogue <b>EFPD</b>	<ul style="list-style-type: none"> <li>■ Existence of a European Committee</li> <li>■ Integral part of the duties of site HR manager</li> <li>■ Annual survey of employee satisfaction, including social climate</li> </ul>	2.2.1.12
<b>Financial and market risks</b>		2.2.2.
Interest rate risk	<ul style="list-style-type: none"> <li>■ Centralized management of interest-rate hedges</li> <li>■ Decisions taken by a monthly committee on market risks</li> <li>■ Existence of a hedge policy implemented to limit the impact of short-term variations in interest rates on the Group's earnings</li> </ul>	2.2.2.1
Currency risk	<ul style="list-style-type: none"> <li>■ Centralized management of currency hedging</li> </ul>	2.2.2.2
Liquidity risk	<ul style="list-style-type: none"> <li>■ Coverage of part of Faurecia's liquidity requirements through receivables sale programs</li> <li>■ Regular issuance of commercial paper</li> <li>■ Diversified financial resources</li> </ul>	2.2.2.3
Risk related to raw materials	<ul style="list-style-type: none"> <li>■ Negotiations with customers and strict inventory management</li> <li>■ Raw material price fluctuations mainly passed on to customers on a "pass through basis"</li> </ul>	2.2.2.4
Customer credit risk	<ul style="list-style-type: none"> <li>■ Specific reporting on customer receivables</li> </ul>	2.2.2.5
<b>Legal, regulatory, and reputational risks</b>		2.2.3
Litigation	<ul style="list-style-type: none"> <li>■ Regular monitoring through dedicated reporting</li> <li>■ Adequate provisioning</li> </ul>	2.2.3.1
Duty of care and responsible purchasing <b>EFPD</b>	<ul style="list-style-type: none"> <li>■ "Buy Beyond" sustainable <i>buying policy</i></li> <li>■ Systematic CSR analysis of suppliers and new programs</li> <li>■ Required minimum level score</li> <li>■ Quality Audit of our suppliers covering all CSR aspects</li> <li>■ Existence of a whistle-blowing system</li> </ul>	2.2.3.2
Intellectual Property	<ul style="list-style-type: none"> <li>■ Internal network of experts and specialists</li> <li>■ Global network of external advisors</li> <li>■ Performing patent searches and searches on old technologies</li> <li>■ Centralized Control of Technical and Legal Matters</li> </ul>	2.2.3.3
Regulatory developments	<ul style="list-style-type: none"> <li>■ Network of legal, tax and financial experts</li> <li>■ Constant monitoring of laws and regulations in France and abroad</li> </ul>	2.2.3.4
Business ethics <b>EFPD</b>	<ul style="list-style-type: none"> <li>■ Global network of "compliance officers"</li> <li>■ Training &amp; raising employee awareness</li> <li>■ Code of Ethics/internal procedures</li> <li>■ Existence of a whistle-blowing system</li> </ul>	2.2.3.5

Note: The abbreviation **EFPD** indicates that this risk presents extra-financial challenges, which are described in detail in Section 4 CSR. Identification of the primary CSR risks & opportunities is based on a CSR risk mapping produced by the Group as a complement to the Group risk mapping. A risk universe (and the associated descriptions) was thus defined during a process that included consultations with internal and external stakeholders. Identified risks were rated by stakeholders. The risks selected are those with high criticality during this rating phase and were approved by the Group's Executive Committee in December 2018.

## 2.2.1. Operational and industrial risks

### 2.2.1.1. 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 2018, the Faurecia group's four largest automaker customers accounted for 61.3% of value-added sales (VW: 18.6%; Ford: 16.2%; PSA 13.9% and Renault-Nissan: 12.6%).

The Group also relies on the diversification of its sales by region by vehicle brand and model.

In addition, each Business Group monitors the competition on an ongoing basis so that it can respond in the best possible way to calls to tender from automakers and, in particular, to their specific demands for the supply of complex equipment.

In this regard, Faurecia stays competitive through innovation and efficiency in product development. As a result, gross R&D expenditures totaled €1,093.2 million in 2018 (6.2% of value-added sales). The share of innovation grew over the same period. It amounted to €188 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.

### 2.2.1.2. Supply failure

#### 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 2018, out of total purchases (production and indirect, excluding monoliths) of €9,184 million, corresponding to about 2,500 main suppliers:

- purchases from the ten biggest suppliers of each of the Business Groups together accounted for 30% of total purchases and 16% of value-added sales. Purchases from the five biggest suppliers of each of the Business Groups together accounted for 20% of total purchases and 11% of value-added sales. In this same year, purchases from the biggest supplier of each of the Business Groups together accounted for 7% of total purchases and 4% 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. Furthermore, any new order to a supplier is a result of a decision by a sourcing committee after an a review including a risk assessment of this supplier. The supply panel's policy is, additionally, monitored by a specialist product family purchasing organization.

### 2.2.1.3. Program management

#### 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. Programs deemed "high risk" are also subject to review by the Group's Executive Management.

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.

### 2.2.1.4. Product quality and safety EFPD

#### 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. In this respect, the Group is, among other things, exposed to warranty claims, particularly as part of vehicle recall campaigns.

#### RISK MANAGEMENT

The Faurecia group manages 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. In 2018, the Group strengthened its measurement of Customer Satisfaction in two major areas. The first was the implementation of an application allowing Faurecia's Customers to evaluate the performance of every function. The second area consisted of integrating the overall rating of each of our customers into Faurecia's internal reporting. 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.

Beginning in 2018, Faurecia is organizing annually "The World Day of Quality" at all of its sites in order to increase appreciation of the commitment to Quality vis-à-vis Customers, stockholders and employees.

The Group's industrial management has an auditing structure that is independent of the operational organizations of the Business Groups, 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 enforcement of Faurecia's operational excellence system (FES). 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.

Furthermore, the Group's industrial department also conducts assessments and/or provides specific coaching in case of significant deviations in quality performance on the affected sites. A report and corrective action plan are submitted to Executive Management.

### 2.2.1.5. Safety in the workplace **EFPD**

#### IDENTIFICATION OF RISK

As part of Faurecia's production activities, personnel are exposed to a variety of risks, including accidents, occupational illnesses or illnesses related to the workplace environment in general that may affect their health or physical safety.

#### RISK MANAGEMENT

Safety in the workplace is one of the key elements of the excellence initiative embodied by the Faurecia Excellence System (FES). Faurecia's policy on health and safety in the workplace at the day-to-day level centers around two main goals: safeguarding staff health and improving staff safety in the workplace.

The change in the frequency rate of work-related accidents is analyzed in order to measure the effectiveness of actions carried out in this area. After each accident, a "Quick Response Continuous Improvement" (QRCI) analysis is performed using a problem-solving method based on best practices in terms of solving quality problems to ensure that the primary causes of the accident are understood, that corrective actions have been effective and that preventative measures are implemented and shared across the various sites.

As such, Faurecia provides specialized internal training to its network of employees, including temporary employees, in 13 mandatory HSE rules and 13 logistical HSE recommendations. The training includes well-targeted theory and practice modules with practical scenarios which allow employees to learn or improve their knowledge of the HSE rules. The 13 mandatory HSE rules relate to personal safety. These rules were implemented at all Faurecia sites. Any plant reporting a serious HSE alert or an abnormally high work-related accident rate is audited by the Group's Quality department.

An unsatisfactory audit systematically results in a report being sent to the Group's Chief Executive Officer. Faurecia ensures that these rules are applied at all other sites by means of Faurecia Excellence System (FES) production audits.

Moreover, in order to reduce occupational illnesses related to musculoskeletal problems, Faurecia has taken steps for several years to take the strain caused by workstations into greater consideration and to remedy the situation to the extent possible. Ergonomic reviews of workstations form part of the FES and the Group systematically carries out audits at each of its production plants on an annual basis. As a result of these reviews, a variety of solutions have been implemented for manufacturing workstations. The reviews are also used to prepare a list of recommendations that are systematically taken into account during the design of products and manufacturing tools.

### 2.2.1.6. Security and Continuity of information systems **EFPD**

#### IDENTIFICATION OF RISK

Among the potential risks confronted by Faurecia would be any compromise to the availability of computer equipment used in plant production, a compromise to the confidentiality of know-how, as well as, more generally, a compromise to the integrity of information systems, particularly those contributing to business processes related to ordering, supply and invoicing. The latter use a centralized and seamless management software package (ERP) based on the SAP solution (called Faurecia Core System) for most of the Group's 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.

Among the significant emerging risks, one example is any compromise of the integrity of products and services designed for our customers, especially given the significant growth of the "Cockpit of the Future" solution.

#### RISK MANAGEMENT

Centralized management systems such as SAP and Hyperion provide means to check integrity, traceability of data and separation of tasks for all entities and domains and are subject to regular audits. Preventive and a posteriori checks make it possible to control, in particular, access to sensitive data and to ensure a strict separation of functional tasks. 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 protection of data and IT systems. In 2018, under the aegis of the new Director of Information Systems Security, a strategic plan aimed at preventing, detecting and controlling the following risks to the Security of Information Systems was devised:

- cyber intrusion, cyber espionage (intrusion into the Information System, controlling remotely, potentially followed by exfiltration of confidential data);
- cyber sabotage (compromise to the availability of data and electronic services);
- cyber crime (use of data or electronic for criminal purposes);
- non-compliance with regulations, norms or policies on applicable Information Systems Security;

In keeping with actions undertaken in 2017, the Group also continued in 2018 its actions aimed at:

- specifically protecting Industrial Information Systems;
- ensuring that a backup computing system was up and running (in the event of a major computing disaster);
- ensuring operational updates across all workstations;
- implementing an SOC (Security Operations Center) in order to detect any possible incidents involving the Security of Information Systems and treating them in a timely manner;
- controlling the connection of Board members to the systems;
- preventing data breaches of the Group's Information Systems;
- strengthening protection of portable terminals;
- strengthening the governance of Information Systems Security.

Finally, in April 2017, the Group initiated its compliance program with the General Data Protection Regulation (GDPR) applicable since May 25, 2018. The program, in particular, made it possible to map the processing of personal data within the Group, to conduct an analysis of associated risks, to define the Group's policy with respect to private life, and lastly as a priority, to ensure that any applications that may present a significant risk are in compliance. The appointment of a DPO (Data Protection Officer) also allowed for implementation of the principle "Privacy by Design" for products handling personal data.

### 2.2.1.7. Fire or explosion

#### 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

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 as well as the status and key dates of fire protection projects. The HPR performance indicator is tracked biannually by the Risk Committee.

Of Faurecia's industrial facilities, ninety-one were audited in 2018, including thirty-nine new sites. 88% 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 2019.

53% of the audited sites are classified as HPR or pre-HPR, which covers 65% 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.

An initiative aimed at substantially reducing the number of critical sites (important and insufficiently protected) is in progress as well as specific preventive measures in China.

### 2.2.1.8. Sites environmental impact and climate change **EFPD**

#### 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. Faurecia could also be exposed to operational risks related to poor energy management (generating CO<sub>2</sub> emissions) or poor management of raw materials or waste.

#### RISK MANAGEMENT

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.

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.

Since June 2017, Faurecia expanded the role of the Environmental Committee to problems concerning energy efficiency in order to share best practices in reducing consumption, promoting synergies between different entities of the Group and anticipating future regulations.

The amount of investments reported by the sites for environmental protection, noise reduction and equipment compliance is indicated in Section 4.2.1.3 of this Registration Document.

The amount of the provisions for environmental risks is indicated in Section 4.2.1 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 2.3).

Environmental risk analysis and control are based on ISO 14001. The numerical data on the ISO 14001 certified sites are indicated in Section 4.2 of this Registration Document. 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.

### 2.2.1.9. 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

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 determine the location of new sites.

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.

Among sites within the scope of reporting, 45 sites were identified in a flood risk zone, 10 sites were exposed to risk of tropical storms and 57 sites were in an average or high-risk seismic zone.

Fourteen "flood risk" and eight "seismic risk" site audits were done in 2018. 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, 3,600 warning messages were issued by natural event surveillance services, including eighty-eight level 5 (the highest level), which included such events as typhoons MANGKHUT in China, SOULIK in South Korea and Japan and floods in France in January 2018. Thanks to the warning system and activation of emergency plans at production plants, the consequences of these exceptional meteorological events were minimized. Sites demonstrated great resilience, like the Beaulieu site in France, which was able to restart production 30 hrs. after a flood thanks to the mobilization of Faurecia's employees.

### 2.2.1.10. External growth

#### 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 completed may not be confirmed within the anticipated time frames and/or the levels expected and, consequently, may affect the Faurecia's financial position.

#### RISK MANAGEMENT

The Board of Directors determines the Group's major priorities and strategies. Executive Management oversees this strategy and allocates the resources necessary to carry it out. The policy of external growth is supported by the team in charge of Business Development, under the responsibility of the Group's

executive Vice-President in charge of strategy. This team is also very closely involved in the life of the entities resulting from growth transactions (joint ventures, acquisitions) and thus takes part in their decision-making bodies.

Moreover, Faurecia sets aside any provisions that may prove to be required under applicable accounting standards, in particular, concerning the impairment of assets.

### 2.2.1.11. Talents attraction and retention EFPD

#### IDENTIFICATION OF RISK

Taking into account the competitive and changing environment in which Faurecia operates, the Group could face difficulties to attract and retain the (often new) skills required for growth and production of its products and services.

#### RISK MANAGEMENT

In 2018, Faurecia continued to focus on recruiting recent graduates and early-career skilled professionals in order to ensure that the Group recruits and retains the talent of the future. Therefore, the Group established preferential partnerships with more than 100 schools, post-secondary institutions and universities in the many countries where the Group operates. All new hires benefit from a personal induction program enabling them to find out more about the Company, its values, strategy and organization. Within this framework, Faurecia also offers its employees many international assignments as well as the opportunity to take part in international projects. To prepare the managers of tomorrow, talent identification 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. The Group uses VIE (International Volunteer Program) as a key driver to achieve its young graduate recruitment goals. The number of VIE employees has been constantly increasing for several years now. Moreover, the Group's compensation policy is subject to an annual review by specialized firms in order to ensure, in particular, competitiveness with the local market. Compensation depends on several elements related to individual performance, but also to team performance. The variable portion of compensation rises increasingly with the level of responsibility exercised.

These various subjects are monitored through dedicated Key Performance Indicators (KPI).

### 2.2.1.12. Social dialogue EFPD

#### IDENTIFICATION OF RISK

The absence or poor management of social dialogue could have an impact on the Group's performance and the well-being of its employees.



**RISK MANAGEMENT**

Development of economic and social dialogue is a matter of particular attention within the Faurecia group. In this context, the Group is in fact committed to communicating in a regular and structured manner to the various employee representative bodies about its accomplishments, profits and more generally about its strategy. Whenever possible, priority is also given to research and concluding agreements in the various areas where employee commitment is a gauge for success in the

implementation of projects. A European Works Council, created in 2003, is the preferred forum for communication with staff representatives. Moreover, management of social dialogue is an integral part of the HR manager's task. Lastly, each year Faurecia organizes a comprehensive survey of satisfaction where it collects employee opinions on many subjects, including the social climate. These surveys are then returned to each site with an action plan, where applicable.

**2.2.2. Financial and market risks**

Given its level of gross 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.

The main components of long-term fixed rate debt are:

- bonds at 3.625% maturing in June 2023, issued in April 2016 for a total amount of €700 million;
- bonds at 2.625% maturing in June 2025, issued in March 2018 for a total amount of €700 million.

Certain tranches of the *Schuldscheindarlehen* for €700 million issued in December 2018 (see the description of this transaction in Note 26.3 of the Notes to the consolidated financial statements, paragraphs on "Financing the acquisition of Clarion Co. Ltd").

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

As a significant part of the borrowings (syndicated credit facility – if drawn, short-term loans, commercial paper as applicable) are at variable rates. The aim of the Group's interest rate hedging policy is to reduce the impact on earnings from changes in short-term rates. The Group's interest rate position based on the nature of the instruments used and the sensitivity of interest expense to short-term rates are disclosed in Note 30.2 to the consolidated financial statements.

Before taking into account the impact of interest rate hedges, 37.7% of the Group's financial debt were at variable rates as of the end of December 2018, compared with 24.1% as of year-end 2017. The variable-rate financial debt primarily consists of short-term debt.

**2.2.2.2. 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.

**2.2.2.3. 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 2016 and 2018, Faurecia made two bond issues, each €700 million, reaching maturity on June 15, 2023, and June 15, 2025. 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, 2018 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

As is noted in Note 26.3 to the consolidated financial statements, as of December 31, 2018, Faurecia was compliant with the financial ratio required by the syndicated credit facility:

Ratio	Limit	Carrying amount as of 31/12/2018
Net Debt*/EBITDA**	< 2.50	0,22

\* Consolidated net debt.

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

### FINANCING OF THE ACQUISITION OF CLARION CO. LTD (SEE DETAILS IN NOTE 26.3 OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS)

On October 26, 2018, Faurecia announced its intention to launch a friendly takeover bid for Clarion Co. Ltd, a Japanese company listed on the Tokyo Stock Exchange and in which Hitachi, Ltd held a 63.80% stake. The amount of this acquisition was approximately €1.1 billion.

In order to secure funding for this acquisition, repayment of certain Clarion debts and integration costs, Faurecia used a €1.3 billion bridge loan from one of its primary banks. As of December 31, 2018, this bridge loan was not drawn. It was partially refinanced by the €700 million private placement under German law (*Schuldscheindarlehen*).

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 €992.2 million as of December 31, 2018 (see Note 18 to the consolidated financial statements), including €977.3 million from receivables that were sold and derecognized (see Note 18 to the consolidated financial statements).

Finally, in 2018 Faurecia regularly issued commercial paper to investors, mainly in France, with maturities up to one year.

As of December 31, 2018, Faurecia had diversified funds with staggered maturities until 2025. At this time, the weighted average maturity of the Group's main long-term financial resources (namely, the bonds maturing in 2023 and 2025, the syndicated credit facility and the other main long-term borrowings, including the *Schuldscheindarlehen*), is 4.9 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

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.

with a stable outlook and Fitch Ratings upgraded its rating to BB+ with a stable outlook.

These credit ratings, as well as the outlook, remained unchanged following the announcement by Faurecia of its intention to acquire Clarion Co., Ltd, on October 26, 2018.

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.

#### 2.2.2.4. 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 2018, direct plastics and steel purchases accounted for approximately 15.0% 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 0.3% impact on operating income (expressed as a percentage of total sales).

### 2.2.2.5. 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, 2018, late payments represented €152.4 million, or 0.9% of consolidated sales for the year.

Details of trade accounts receivable and other receivables are provided in Note 18 to the consolidated financial statements.

## 2.2.3. Legal, regulatory, and reputational risks

### 2.2.3.1. Litigation

#### IDENTIFICATION OF RISK

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

On the status of these inquiries:

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

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

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

As of the date of this Registration Document there were no others 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.

On September 26, 2018, the Court of Cassation acknowledged the withdrawal of the appeal lodged by Faurecia and its former

Chairman and Chief Executive Officer, Yann Delabrière, against the decision of the Court of Appeal of Paris on 30 June 2016 rendered on the decision by the Enforcement Committee of the French Financial Markets Authority (AMF) for having failed to meet certain obligations pertaining to information related to the Company's objectives for 2012.

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, 2018, consolidated financial statements gives a description of claims and litigation currently in process and indicates the total amount of provisions for litigation.

### 2.2.3.2. Duty of care and responsible purchasing **EFFD**

#### IDENTIFICATION OF RISK

The Group accords particular importance to the risks related to fundamental rights (child labor, forced labor, non-respect for union freedom, environmental damages...) vis-à-vis its activities, all of its suppliers and subcontractors. Questioning the Group's

integrity on these issues could have significant consequences to its reputation, business activity and financial position.

### RISK MANAGEMENT

The Group's Purchasing department established a policy of sustainable buying, called "Buy Beyond," which reflects the Group's commitment to comply with the requirements of the Law 2017-399 of March 27, 2017, related to the duty of care. This policy consists, in particular, of systematically review suppliers that are part of our production process prior to their selection. For existing suppliers, selection among the main suppliers is done. This analysis is conducted through our partner Ecovadis and addresses the following areas:

- Fair Business Practices: assessment of the organization's ability to implement tangible actions to ensure data protection, fight against corruption, fraud, anti-competitive practices, money laundering and to avoid conflicts of interest;
- Labor Practices: assessment of the organization's level of maturity in terms of the actions on employee health and safety, working conditions, social relations, forced labor and child labor, discrimination and respect for fundamental rights;
- Environment and Sustainable Procurement: assessment of the formalized policy, verification mechanisms and certification obtained.

A scoring is requested for the year 2018 to make the supplier eligible and a minimum threshold of 30 will be requested for 2019. Moreover, supplier quality audits, which are a prerequisite to joining Faurecia's panel of suppliers, also include CSR issues.

Faurecia is committed to building close, long-term relationships with its suppliers, based on mutual growth and benefit. It requires its suppliers to abide by the Buy Beyond purchasing policy by enforcing, within their own organization and their own global supply chain, the Code of Conduct for Suppliers and Subcontractors, which was implemented by Faurecia in 2013 and which is always included in the mandatory bidding documents sent to suppliers.

Lastly, the Group has an external whistle-blowing system that makes it possible to report any breaches related to human rights and fundamental freedoms, or to individual health and safety as well as the environment.

### 2.2.3.3. Intellectual Property

#### 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, as well as 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 and designs for 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, designs and models or trademarks without its authorization, or it may file challenges or actions for invalidation against third-party patents whose issue the Group does not deem justified.

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.

### 2.2.3.4. Regulatory developments

#### 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.).

### 2.2.3.5. Business ethics EFPD

#### IDENTIFICATION OF RISK

The Group places particular importance to the risk related to any breach of business ethics. Questioning the Group's integrity on these issues could have significant consequences to its reputation, business activity and financial position.

### RISK MANAGEMENT

The Faurecia group's ethical commitments are formalized and detailed in the Code of Ethics, which establishes the essential rules of conduct and ethics applicable to all personnel as well

as its partners. The Code of Ethics, translated into different languages used by the Group, is provided to each new employee and is available on the intranet. Each employee and director of the Group is responsible for complying with the Code of Ethics and ensuring its dissemination to, and its compliance by, co-workers.

Since 2015, the Group has a Compliance department under the responsibility of the Chief Compliance Officer and her or her deputy, and which relies upon regional compliance managers in North America, Mexico, Asia and the European, Middle Eastern and African zone. It also relies on a network of compliance leaders, who are contact people in each operational division of the Business Groups.

In 2016, the Compliance department launched an on-line training program with the "Ethics MOOC" intended for the Group's community of Managers and Skilled Professionals

(M&P) as well as the "Antitrust MOOC" and "Internal Control Basics." Deployment and monitoring of these training courses continued in 2018.

In 2018, how-to guides on reporting and managing conflicts of interest and on the internal whistle-blowing procedure on allegations of noncompliance with the Code of Ethics were issued.

More specifically, a risk management program related to anti-competitive practices was rolled out across the Group with deployment of a guide dedicated to electronic or physical training with at-risk populations in the various countries where the Group operates.

The Group has a whistle-blowing system, which was reviewed as part of its compliance with the GDPR and the Sapin II law, and which allows any employee or partner to flag a potential breach of rules defined in the Code of Ethics.

## 2.3. Insurance and coverage of risks

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.

### 2.3.1. Fire, property damage and business interruption insurance

**Faurecia has taken out a fire, property damage and business interruption insurance policy with a co-insurance group of major insurers led by Allianz.**

The Group was recently affected by several major losses:

- January 2017: major claim for a supplier failure related to a fire at the Recticel plant in Czech Republic: the destruction of molds severely disrupted production for several customers. This claim was closed in November 2017 with a co-insurance payment of €20 million;
- January 2018: The Doubs river overflowed, flooding the FCM plant in Beaulieu. The flood damaged numerous machines, destroyed inventories and led to a production stoppage of about 24 hrs. The claim is being processed for an amount of about €4.8 million less deductible;
- May 2018: an explosion at the Meridian plant at Eaton Rapids in Michigan, which produces magnesium parts, disrupted several GM, Chrysler, BMW, and Mercedes Benz customers for almost a month and led to a loss in profits for Faurecia. The claim is being processed for an amount of about €7 million less deductible.

These claims led to, on July 1, 2018, less favorable contractual conditions, which run until July 1, 2020:

- increase in the premium by +10%;
- maintenance of the loss guarantee, but an increase in the deductible from €1 million to €3 million for any customer or supplier failure.

In 2018, the Group's expenses to cover damages to goods and operating losses resulting from these damages were about €8.7 million, including taxes.

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.

Following the Recticel and Beaulieu losses, two prevention initiatives were introduced:

- implementation with purchases of an assessment routine and reduction of fire or natural risks on critical supplier sites;
- technical and economical assessment of the costs of securing sites exposed to a high risk of flooding.

Damage insurance is supplemented by builder's risk insurance and insurance covering the transportation of goods or equipment and political risk.

Transport insurance was renewed with Allianz in 2017.

### 2.3.2. Liability insurance

Since January 1, 2013, Faurecia's liability has been covered by a coinsurance group led by AXA. Liability insurance covers operating liability, product liability after delivery, including the risk of product recall. Liability insurance takes the form of a Master policy combined with local policies taken out in countries where Faurecia has subsidiaries.

Several claims were filed in the United States and in Europe between 2014 and 2018; most of them are still under investigation. Following an accident in the United States, a

surge in claims for physical injuries 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 2018, the Group paid approximately €7.3 million (inclusive of all tax) in premiums for its civil liability policies.

### 2.3.3. Insurance related to information systems

On January 1, 2017, Faurecia took out a cyber risk policy from CHUBB and AXA that covers potential business interruption

following a paralysis of the information systems and Faurecia's civil liability in the event of a claim following a cyber event.



# 3

## Governance and capital stock

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## 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](http://www.medef.fr)).

#### 3.1.1.1. Composition and 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 accordance with Article L. 225-27-1 of the French Code of commerce, in accordance with the procedures described in Article 12 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, the ongoing terms of office ending 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, 2018, Faurecia's Board of Directors had 15 members:

	Age*	Gen-der	Nationality	Number of shares*	Number of corporate offices *** in listed companies (excluding Faurecia)	Date of 1 <sup>st</sup> appointment	End of term	Length of time on Board**	Committees*
<b>1. EXECUTIVE CORPORATE OFFICER</b>									
Mr. Patrick KOLLER Chief Executive Officer and Board member	59 years	M	French/ German	59,475	1	May 30, 2017	GM in 2021 to approve the financial statements for 2020	2 years	-
<b>2. INDEPENDENT BOARD MEMBERS</b>									
Mr. Michel de ROSEN Chairman of the Board of Directors	67 years	M	French	5,944	2	May 27, 2016	GM in 2020 to approve the financial statements for 2019	3 years	Chairman of the Governance
Mr. Éric BOURDAIS DE CHARBONNIÈRE	79 years	M	French	500	0	GM of Feb. 8 2010	GM in 2019 to approve the financial statements for 2018	9 years	Member of the Governance Committee
Mrs. Odile DESFORGES	68 years	W	French	500	4	May 27, 2016	GM in 2020 to approve the financial statements for 2019	3 years	Chairwoman of the Audit Committee
Mr. Hans-Georg HÄRTER	73 years	M	German	726	0	May 26, 2010	GM in 2019 to approve the financial statements for 2018	9 years	Member of the Management Committee
Mrs. Linda HASENFRATZ	52 years	W	Canadian	500	2	May 26, 2011	GM in 2020 to approve the financial statements for 2019	8 years	Chairwoman of the Management Committee
Mrs. Penelope HERSCHER	58 years	W	American	500	3	May 30, 2017	GM in 2021 to approve the financial statements for 2020	2 years	Member of the Management Committee
Mrs. Valérie LANDON	56 years	W	French	500	1	October 12, 2017	GM in 2021 to approve the financial statements for 2020	1 year and 7 months	Member of the Audit Committee
Mrs. Bernadette SPINOY	56 years	W	Belgian	1,000	1	May 27, 2014	GM in 2019 to approve the financial statements for 2018	5 years	Member of the Governance Committee
<b>3. BOARD MEMBERS AFFILIATED WITH THE SHAREHOLDER PSA</b>									
Mrs. Olivia LARMARAUD	60 years	W	French	20	0	May 27, 2016	GM in 2020 to approve the financial statements for 2019	3 years	Member of the Audit Committee
Mr. Grégoire OLIVIER	58 years	M	French	100	0	October 10, 2018	BD of GM in 2019 to approve the financial statements for 2018	7 months	-
Mr. Robert PEUGEOT	68 years	M	French	500	4	May 29, 2007	GM in 2021 to approve the financial statements for 2020	12 years	Member of the Management Committee
Mr. Philippe de ROVIRA	45 years	M	French	20	0	BM of July 19, 2018	GM in 2021 to approve the financial statements for 2020	10 months	Member of the Governance Committee
<b>4. BOARD MEMBER REPRESENTING EMPLOYEES</b>									
Mr. Daniel BERNARDINO	48 years	M	Portuguese	-	0	November 1, 2017	October 31, 2021	1 years 6 months	-
Mr. Emmanuel PIOCHE	53 years	M	French	-	0	November 1, 2017	October 31, 2021	1 years 6 months	-

\* As of December 31, 2018.

\*\* As of May 28, 2019, the date of the next Annual General Meeting.

\*\*\* Excluding permanent representative function.



The following changes were made to the composition of the Board of Directors during the year:

Date	Departure	Appointment	Reappointment
May 29, 2018	Mr. Jean-Pierre CLAMADIEU	-	-
July 19, 2018	Mr. Jean-Baptiste CHASSELOUP DE CHATILLON	-	-
July 19, 2018	-	Mr. Philippe de ROVIRA (replacing Mr. Jean-Baptiste CHASSELOUP de CHATILLON)	2021 AGM to approve the financial statements for 2020
September 27, 2018	Mr. Carlos TAVARES	-	-
October 10, 2018	-	Mr. Grégoire OLIVIER (replacing Mr. Carlos TAVARES)	2019 AGM to approve the financial statements for 2018

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.

### 3.1.1.1.1. Governance structure

#### Separation of the positions of the Chairman of the Board of Directors and the Chief Executive Officer

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.

At its meeting on April 13, 2016, the Board of Directors 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.

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.

#### Role of the Chairman of the Board of Directors

Under the terms of the internal rules of the Board of Directors, the role of the Chairman 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.

He must:

- promote the highest standards of integrity, probity and corporate governance across the Group, particularly at the Board level, thus ensuring the effectiveness thereof;
- manage the relations between Board members and the Chairs of the committees and, in this respect:
  - promote effective working relations and open communication, and foster an environment that enables constructive discussions and the sharing of information between 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, regularly informed by the Chief Executive Officer about significant events concerning the Company's strategy, in line with the objectives set by the Board of Directors, as well as about major external growth projects, significant financial transactions, societal actions, or appointments of Business Group managers and other key positions within the Company. The Chairman receives from the Chief Executive Officer all information necessary to coordinate the work of the Board of Directors and its committees;
- coordinate or conduct specific projects. In particular, at the request of the Chief Executive Officer, the Chairman may represent the Company before stakeholders, public authorities, financial institutions, major shareholders and/or key business partners.

In 2018, 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;
- steering the assessment and the selection process of an external firm to perform this exercise;

- reviewing developments in governance-related issues in order to take into account legislative and regulatory changes;
- monitoring the Group's strategic activities with the Chief Executive Officer.

#### 3.1.1.1.2. Diversity policy within the Board of Directors

##### Principles

According to its internal rules, the Board of Directors ensures that the necessary measures are taken to diversify its composition, in accordance with the AFEP-MEDEF Governance Code of listed corporations and applicable regulations.

The Governance Committee, which is responsible for making recommendations to the Board of Directors regarding the appointment and reappointment of Board members, takes the following criteria into account:

- the independence of Board members;
- the need for Board members to have the necessary expertise and experience to carry out their duties successfully;
- gender balance on the Board of Directors;
- international diversity so as to reflect the Group's global footprint; and
- the complementary nature of the skills required for the work of the Board of Directors.

In order to evaluate the skills and profiles required of the membership of the Board of Directors, the Committee refers to a skills matrix (see below), and to the principles set out above when new candidates are being sought, also taking account of the most appropriate size of the Board of Directors.

## Implementing the diversity policy within Faurecia's Board of Directors

### Skills

The table below summarizes the principal areas of expertise and experience of the Board members as of December 31, 2018:

	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. Éric BOURDAIS DE CHARBONNIÈRE	x		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. Valérie LANDON			x	x					
Mrs. Olivia LARMARAUD	x			x	x				
Mr. Grégoire OLIVIER	x		x		x			x	x
Mr. Robert PEUGEOT	x	x	x	x	x			x	
Mr. Emmanuel PIOCHE	x				x				
Mr. Michel de ROSEN			x	x	x			x	x
Mr. Philippe de ROVIRA	x		x	x	x				
Mrs. Bernadette SPINOY			x	x	x	x			

### Balanced representation of men and women

As of December 31, 2018, the Board of Directors had six women members.

On that date, the composition of the Board was therefore consistent with the provisions on gender balance on Boards of Directors and equal opportunity as stipulated by the law of January 27, 2011. Board members representing employees within the meaning of Article L. 225-27-1 of the French Code of commerce are not taken into account in this calculation.

### Employee representation

As of December 31, 2018, 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.

Since January 1, 2019, one of these Board members is a member of the Management Committee and the other Board member is a member of the Audit Committee.

### Independence

As of December 31, 2018, the Board of Directors had eight independent Board members.

### Future changes to the Board of Directors

At the General Meeting of May 28, 2019, the nominations of Yan Mei, Peter Mertens and Denis Mercier will be submitted to shareholders for approval.

These nominations will improve the skills of the Board of Directors in the following areas:

- the German and international automotive industry;
- the Asian market;
- leadership, crisis management and digitization.

The profiles of these three candidate Board members are set out in Section 5.4.

### 3.1.1.1.1.3. Independence of members of the Board of Directors

The composition of the Board of Directors complies with the AFEP-MEDEF Code which provides that, in controlled companies, at least one third of Board members must be independent. Board members representing employees are not included when calculating this percentage.

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.

The independence criteria provided for in the AFEP-MEDEF Code are reflected in the internal rules of the Board of Directors and 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 independent status of each of its members at least once a year and the independence of each new member upon their appointment.

Regarding more specially the business relationship criteria, 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, 2019 and on the recommendation of the Governance Committee which met on February 13, 2019, 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.

### 3 Governance and capital stock

Corporate governance

The conclusions reached by the Board of Directors at its February 15, 2019 meeting as a result of the review are reflected in the summary table below:

#### Independence of Board members\*

	Eric BOURDAIS DE CHARBONNIERE	Odile DESFORGES	Hans-Georg HÄRTER	Linda HASENFRAZ	Penelope HERSCHER	Patrick KOLLER	Valérie LANDON	Olivia LARMARAUD	Grégoire OLIVIER	Robert PEUGEOT	Michel de ROSEN	Philippe de ROVIRA	Bernadette SPINOY
<b>Criteria</b>													
Employee or corporate officer, during the past five years, of a company owning directly or indirectly more than 10% of the shares	No	No	No	No	No	Yes	No	Yes	Yes	Yes	No	Yes	No
Cross-directorships	No	No	No	No	No	No	No	No	No	No	No	No	No
Significant business relationship and executive management position	No	No	No	No	No	No	No	No	Yes	No	No	Yes	No
Family relationship	No	No	No	No	No	No	No	No	No	No	No	No	No
Statutory Auditors	No	No	No	No	No	No	No	No	No	No	No	No	No
Term of office more than 12 years	No	No	No	No	No	No	No	No	No	No	No	No	No
Status of non-executive corporate officer	-	-	-	-	-	-	-	-	-	-	No	-	-
<b>Situation of the Board member</b>	✱	✱	✱	✱	✱	■	✱	■	■	■	✱	■	✱

✱ Independent ■ Not independent.

\* 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, 2018 Faurecia's Board of Directors was made up of 8 independent Board members out of 13, i.e. more than one third of Board members were independent.

#### 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 explicitly attributed to shareholder's meetings and within the limits of the business purpose, the Board considers any questions affecting the proper operation of the Company, and Board decisions settle matters concerning it. The Chairman consults it on all Company and Group strategic decisions.

The 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.

The internal rules are made available to shareholders at the Company's registered office and also online at [www.faurecia.com](http://www.faurecia.com).

The internal rules provide for the following tasks to be performed by the Board of Directors:

- determining strategic priorities: determination and monitoring of the implementation of decisions regarding the Company's main strategic, economic, financial, technological and environmental 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-option of, and proposals to appoint or reappoint, Board members, appointment or reappointment of the Chairman,
  - preparation and regular monitoring of the succession plan for executive and non-executive corporate officers,
  - 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 option plans, performance share plans and any other type of long-term compensation, and approval of beneficiaries thereof,
  - authorization of regulated agreements and undertakings within the meaning of French law,
  - notice prior to the acceptance of a new term of office in a listed company by an executive corporate officer,
  - 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,
  - monitoring of the implementation of the policy on nondiscrimination and diversity within the Company's management bodies in accordance with the AFEP-MEDEF Code and applicable regulations;
- 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 and the regular review of opportunities and risks (financial, legal, operational, social and environmental),
  - supervising the introduction of a system to prevent and detect corruption and influence peddling.

In this respect, risk monitoring and management 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 provide that each Board member must inform the Board of Directors of any specific conflict of interests, even if it is only potential, and refrain from voting on the relevant resolution and attending Board meetings during the period in which they find themselves in a situation of a conflict of interests, or even resign from their position as a Board member. In case of non-compliance with these rules of abstention or withdrawal, the Board member could be held liable. In case of conflict of interest, the Board member concerned will not receive documentation relating to the Board meeting(s) in question.

No such situations arose in 2018.

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 her/him 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 validly 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 validly 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, 2018, 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 handles 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, Group Leadership Committee);
- 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 2018

The table below indicates the attendance of each Member at the meetings of the Board and its committees, as applicable, in 2018.

	Board of Directors						Individual attendance rate %
	Feb. 15	April 19	Jul. 19	Sept. 10	Oct. 10	Dec. 19	
Daniel BERNARDINO	X	X	X	X	X	X	100%
Eric BOURDAIS DE CHARBONNIERE	X	X	X	X	X	X	100%
Jean-Baptiste CHASSELOUP DE CHATILLON	X	X	X	-	-	-	100%
Jean-Pierre CLAMADIEU	X	X	-	-	-	-	100%
Odile DESFORGES	X	X	X	X	X	X	100%
Hans-Georg HÄRTER	X	X	X	X	X	X	100%
Linda HASENFRATZ	X	X	X	X	X	Abs.	83.33%
Penelope HERSCHER	X	X	X	X	X	X	100%
Patrick KOLLER	X	X	X	X	X	X	100%
Valérie LANDON	X	X	X	X	X	X	100%
Olivia LARMARAUD	X	X	X	X	X	X	100%
Grégoire OLIVIER	-	-	-	-	X	X	100%
Robert PEUGEOT	X	X	X	X	X	X	100%
Emmanuel PIOCHE	X	X	X	X	X	X	100%
Michel de ROSEN	X	X	X	X	X	X	100%
Philippe de ROVIRA	-	-	-	X	X	X	100%
Bernadette SPINOY	X	X	X	X	X	X	100%
Carlos TAVARES	X	Abs.	X	X	-	-	75%
<b>OVERALL ATTENDANCE RATE (%)</b>	<b>100%</b>	<b>93.75%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>93.33%</b>	<b>97.83%</b>

	Audit Committee							Individual attendance rate %
	Feb. 13	Feb. 22	April 17	Jun. 4	Jul. 18	Oct. 5	Dec. 17	
Odile DESFORGES	X	X	X	X	X	X	X	100%
Valérie LANDON	X	X	X	X	X	X	X	100%
Olivia LARMARAUD	X	X	X	X	X	X	X	100%
<b>OVERALL ATTENDANCE RATE (%)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	

	Governance Committee					Individual attendance rate %
	Feb. 8	April, 13	Jul. 16	Oct. 10	Dec. 17	
Eric BOURDAIS DE CHARBONNIERE		X	X	X	X	100%
Jean-Baptiste CHASSELOUP DE CHATILLON		X	X	X	-	100%
Jean-Pierre CLAMADIEU		X	X	-	-	100%
Michel de ROSEN		-	-	X	X	100%
Philippe de ROVIRA		-	-	-	X	100%
Bernadette SPINOY		X	X	X	X	100%
<b>OVERALL ATTENDANCE RATE (%)</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	

	Management Committee				Individual attendance rate %
	Feb. 12	April 13	Jul. 16	Dec. 14	
Hans-Georg HÄRTER	X	X	X	X	100%
Linda HASENFRATZ	X	X	X	X	100%
Penelope HERSCHER	X	X	X	X	100%
Robert PEUGEOT	X	X	X	X	100%
<b>OVERALL ATTENDANCE RATE (%)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	

#### 3.1.1.1.4.1. The Board's work in 2018

The Board of Directors met six times in 2018.

The overall attendance rate was 97.83%.

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 15, 2018	<p><b>Financial statements and other issues of a financial nature</b></p> <ul style="list-style-type: none"> <li>■ Review and approval of the 2017 parent company financial statements and the consolidated financial statements;</li> <li>■ Proposal to pay a cash dividend of €1.10;</li> <li>■ Approval of the press release reporting the results for 2017 and full-year guidance for 2018;</li> <li>■ Authorization of a bond issue with a maximum value of €750 million.</li> </ul> <p><b>Strategy</b></p> <ul style="list-style-type: none"> <li>■ Update on strategic projects.</li> </ul> <p><b>Compensation</b></p> <ul style="list-style-type: none"> <li>■ Setting the amount of the variable compensation payable to Patrick Koller as Chief Executive Officer for 2017;</li> <li>■ Setting the criteria for determining the variable compensation payable to Patrick Koller as Chief Executive Officer for 2018;</li> <li>■ Setting the fixed compensation payable to Patrick Koller as Chief Executive Officer for 2018;</li> <li>■ Acknowledgment of the fulfillment of the 2017 supplementary pension scheme annuities for members of the Executive Committee;</li> <li>■ Acknowledgment of the achievement of the internal performance condition contained in Performance Shares Plan No. 7;</li> </ul> <p><b>Governance</b></p> <ul style="list-style-type: none"> <li>■ Conversion of Faurecia into a European company: agreement on the conversion agreement and draft bylaws;</li> <li>■ Acknowledgment of the resignation Jean-Pierre Clamadieu with effect from the General Meeting of May 29, 2018, and decision to change the membership of the Governance Committee from the same date;</li> <li>■ Review of the results of the assessment of the work of the Board of Directors and its committees for 2017;</li> <li>■ Assessment of the Board members' independence status;</li> <li>■ The decision to propose an increase in the total amount of attendance fees from the 2018 fiscal year;</li> <li>■ Decision to implement the so-called intercontinental attendance fee for Board members residing outside France;</li> </ul> <p><b>General Meeting</b></p> <ul style="list-style-type: none"> <li>■ Review of the first draft of the resolutions to be submitted to the General Meeting of May 29, 2018;</li> <li>■ Review of the Risks and CSR sections of the 2017 Registration Document.</li> </ul>	100%

Date	Main items discussed	Attendance rate
April 19, 2018	<p><b>Financial statements and other issues of a financial nature</b></p> <ul style="list-style-type: none"> <li>■ Review of sales for the first quarter of 2018 and approval of the related press release (including full-year guidance for 2018);</li> <li>■ Review of forecasts for the 1<sup>st</sup> half of 2018;</li> <li>■ Update on the <i>Capital Markets Day</i> on May 15, 2018;</li> </ul> <p><b>Strategy</b></p> <ul style="list-style-type: none"> <li>■ Update on strategic projects with particular focus on Cockpit of the Future-related projects and potential targets, including the Japanese company, Clarion.</li> </ul> <p><b>Risk review</b></p> <p><b>Governance</b></p> <ul style="list-style-type: none"> <li>■ Composition of the Board of Directors: review in preparation for the General Meeting of May 28, 2019.</li> </ul> <p><b>Compensation</b></p> <ul style="list-style-type: none"> <li>■ Specific review of <i>ex-ante and ex-post Say on Pay</i> mechanisms applicable to the Chief Executive Officer and Chairman of the Board;</li> <li>■ Acknowledgment of the achievement of the external performance condition contained in Performance Shares Plan No. 7.</li> </ul> <p><b>General Meeting</b></p> <ul style="list-style-type: none"> <li>■ Convening the Combined General Meeting of May 29, 2018, agreeing the agenda and resolutions submitted to shareholders for approval;</li> <li>■ Adoption of the 2017 Registration Document.</li> </ul> <p><b>Other topics</b></p> <ul style="list-style-type: none"> <li>■ Decision to continue the liquidity contract subject to renewal of the share buyback authorization by the General Meeting of May 29, 2018.</li> </ul>	93.75%
July 19, 2018	<p><b>Financial statements and other issues of a financial nature</b></p> <ul style="list-style-type: none"> <li>■ Review and approval of the consolidated financial statements for the first half of 2018 and the half-yearly management report;</li> <li>■ Approval of the press release reporting the half-year results for 2018 and full-year guidance for 2018;</li> <li>■ Review of forecasts for the 2<sup>nd</sup> half of 2018;</li> <li>■ Call for tenders for the renewal of the Statutory Auditors: choice of two firms whose appointment will be submitted for the approval of the General Meeting on May 28, 2019;</li> <li>■ Authorization to implement the share buy-back program on the basis of the 12<sup>th</sup> resolution of the General Meeting of May 29, 2018.</li> </ul> <p><b>Strategy</b></p> <ul style="list-style-type: none"> <li>■ Update on strategic projects with a particular focus on progress with discussions with the shareholder of the Japanese company, Clarion.</li> </ul> <p><b>Governance</b></p> <ul style="list-style-type: none"> <li>■ Acknowledgment of the resignation of Jean-Baptiste Chasseloup de Chatillon and the co-option of Philippe de Rovira;</li> <li>■ Review of the independence of Philippe de Rovira;</li> <li>■ Decision to change the membership of the Governance Committee;</li> <li>■ Decision to appoint a Board member representing employees to the Management Committee and Audit Committee and effective date of their appointment.</li> </ul> <p><b>Compensation</b></p> <ul style="list-style-type: none"> <li>■ Nature of the shares due to be issued in the context of the vesting date of Performance Shares Plan No. 6;</li> <li>■ Decision to award a Performance Share Plan Nos. 10 and 10b: approval of plan rules and list of beneficiaries.</li> </ul> <p><b>Other topics</b></p> <ul style="list-style-type: none"> <li>■ Renewal of the authorization given to the Chief Executive Officer to grant sureties, endorsements and guarantees.</li> </ul>	100%

Date	Main items discussed	Attendance rate
September 10, 2018	<a href="#">Review of the potential acquisition of Clarion and the authorization to complete this transaction.</a>	100%
October 10, 2018	<p><a href="#">Financial statements and other issues of a financial nature</a></p> <ul style="list-style-type: none"> <li>■ Review of sales for the 3<sup>rd</sup> quarter of 2018 and approval of the related press release (including full-year guidance for 2018).</li> </ul> <p><a href="#">Strategy</a></p> <ul style="list-style-type: none"> <li>■ Update on the proposed acquisition of Clarion;</li> <li>■ Review of the most significant trends in the automotive sector;</li> <li>■ Review of Faurecia's strategic and commercial priorities;</li> <li>■ Specific update on the situation in China;</li> <li>■ Special update on Faurecia Convictions in the area of CSR.</li> </ul> <p><a href="#">Governance</a></p> <ul style="list-style-type: none"> <li>■ Acknowledgment of the resignation of Carlos Tavares and co-option of Grégoire Olivier;</li> <li>■ Review of the independence of Grégoire Olivier;</li> <li>■ Composition of the Board of Directors: review in preparation for the General Meeting of May 28, 2019;</li> <li>■ Approval of the launch of the assessment of the operation of the Board and its committees in 2018 carried out by a consultant, and involving an assessment of the individual contribution of each Board member;</li> <li>■ Decision to transfer the registered office with effect from November 1, 2018.</li> </ul> <p><a href="#">Other topics</a></p> <ul style="list-style-type: none"> <li>■ Review, in accordance with Article L. 225-37-1 of the French Code of commerce, of the issue of equal opportunities and equal pay.</li> </ul>	100%
December 19, 2018	<p><a href="#">Financial statements and other issues of a financial nature</a></p> <ul style="list-style-type: none"> <li>■ Review of results forecasts for 2018;</li> <li>■ Approval of the 2019 budget;</li> <li>■ Authorization of a bond issue with a maximum value of €700 million;</li> <li>■ Authorization to implement the share buy-back program on the basis of the 12<sup>th</sup> resolution of the General Meeting of May 29, 2018.</li> </ul> <p><a href="#">Strategy</a></p> <ul style="list-style-type: none"> <li>■ Progress report on the Clarion acquisition process.</li> </ul> <p><a href="#">Governance</a></p> <ul style="list-style-type: none"> <li>■ Annual review of regulated agreements and undertakings;</li> <li>■ Composition of the Board of Directors: review in preparation for the General Meeting of May 28, 2019;</li> <li>■ Amendment of the internal rules of the Board of Directors and of the Audit Committee;</li> <li>■ Acknowledgment of the definitive conversion of Faurecia into a European company.</li> </ul>	93.33%

### 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)).

The Committee must not include individuals with cross-directorships (within the meaning of Article 14.1 of the AFEP-MEDEF Code).

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.

There were no changes to the composition of the Audit Committee during the year. As of December 31, 2018, the Audit Committee has three members:

- Odile Desforges, Chairwoman;
- Valérie Landon;
- Olivia Larraud.

The Committee therefore has two independent members, including its Chair, who, among others, also chairs Safran's Audit and Risk 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.

Since January 1, 2019 Emmanuel Pioche, Board member representing employees, has joined the Committee.

#### **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 and non-financial information related to the statement of performance contained in the management report and the role the Committee played in this process.

In this regard, the Committee must:

- i. review the financial statements and related management reports;
- ii. ensure the relevance, permanence and proper application of the accounting policies used in the preparation of the financial statements, primarily by monitoring their preparation and assessing the validity of the methods selected for processing major transactions;
- iii. monitor the preparation of the financial information and, where necessary, formulate recommendations to safeguard its integrity;
- iv. during the review of the financial statements, examine the major transactions likely to give rise to a conflict of interests;
- v. ensure the adequate processing of major transactions at the Faurecia group level;
- vi. review the consolidation scope and, where necessary, the reasons for excluding certain companies therefrom;
- vii. monitor the statutory 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 Committee's review of the financial statements must be supported by (i) a presentation by management describing exposure to risks, including those of a social and environmental nature, and the Company's off-balance-sheet commitments and (ii) a presentation by the Statutory Auditors highlighting the main items in both the results of the statutory audit, particularly adjustments arising from the audit and significant internal control weaknesses identified during the work, and the accounting options selected.

**Relationship with Statutory Auditors**

- The Committee manages the Statutory Auditors selection process and submits to the Board of Directors recommendations on the Statutory Auditors to be appointed or reappointed by the General Meeting, in accordance with Article 16 of Regulation (EU) No. 537-2014 dated April 16, 2014. It develops the Statutory Auditors selection principles and procedure (in particular through a call for tender, if necessary). It oversees any call for tender and approves its technical 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 systems for internal control and systems to manage risks, including those risks of a social and environmental nature, and, where appropriate, Internal Audit systems, concerning the procedures for the preparation and processing of accounting, financial and non-financial information related to the declaration of performance contained in the management report, without prejudice to its independence.
- The Committee must ensure the existence of internal control and risk management systems, the deployment and implementation thereof, and the implementation of corrective actions in the event of material weaknesses or misstatements of which it must inform the Board of Directors.

In this context, the Committee is kept informed of the main findings of the Statutory Auditors and internal auditors. Therefore:

- i. the Statutory Auditors inform the Committee of any material weaknesses identified in the course of their work, concerning the procedures for the preparation and processing of accounting and financial information;
  - ii. the Committee hears the directors of Internal Audit and Risk Management and advises on the organization of their departments. It must be informed of the Internal Audit Program and receive Internal Audit reports or periodic summaries of these reports.
- At least once per year, the Committee must make a presentation to the Board of Directors on risk monitoring and control.
  - The Committee is also required to formulate recommendations to the Board of Directors to assist in the preparation of the Chairman's report on internal control and risk management procedures.

### Budget and planning

- The Committee examines and makes recommendations to the Board of Directors for the annual budget and carries out periodic reviews of the Group's business and budget execution.
- It reviews planning documents and related reports.

### Financial position, financing and security issues

- The Committee carries out periodic reviews of the Group's financial and cash position as well as its material 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 2018

In 2018, the Audit Committee met six 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 13, 2018 (for report and recommendations to the Board of Directors' meeting on February 15, 2018)	<p>Review of 2017 parent company and consolidated financial statements and the consolidated management report</p> <p>Review of the proposal to pay a dividend</p> <p>Review of the draft press release on the 2017 financial statements and full-year guidance for 2018</p> <p>Presentation of the additional report from the Statutory Auditors required by the order of March 17, 2016 and on their 2017 fees</p> <p>Review of the Group's cash position and update on banking covenants as of December 31, 2017</p> <p>Review of the option to repay in advance an existing bond and launch of a new bond for a maximum amount of €750 million</p> <p>Review of a specific risk: cyber security</p> <p>Update on the call for tenders for the renewal of the Statutory Auditors in preparation for the General Meeting of May 28, 2019</p> <p>Review of the Risks and CSR sections of the 2017 Registration Document.</p> <p>Review of the first draft of the resolutions to be submitted to the General Meeting of May 29, 2018</p>	100%
April 17, 2018 (for report and recommendations to the Board of Directors' meeting on April 19, 2018)	<p>Review of sales for the 1<sup>st</sup> quarter of 2018 and the related press release (including full-year guidance for 2018)</p> <p>Review of forecasts for the 1<sup>st</sup> half of 2018</p> <p>Discussions in preparation for <i>the Capital Markets Day</i> on May 15, 2018</p> <p>Risk review</p> <p>Review of Internal Control department activity in 2017 and 2018 work</p> <p>Review of the Statutory Auditors' Audit Plan for 2018</p> <p>Update on the continuation of the liquidity contract</p> <p>Update on the call for tenders for the renewal of the Statutory Auditors in preparation for the General Meeting of May 28, 2019</p> <p>Review of the final version of resolutions for submission to the General Meeting of May 29, 2018</p>	100%
June 4, 2018 (for report and recommendations to the Board of Directors' meeting on July 19, 2018)	<p>Call for tenders for the renewal of the Statutory Auditors: interviewing of firms selected</p>	100%
July 18, 2018 (for report and recommendations to the Board of Directors' meeting on July 19, 2018)	<p>Review of the 2018 half-year financial statements and the half-year management report</p> <p>Review of the press release on the 2018 half-year financial statements and full-year guidance for 2018</p> <p>Review of forecasts for the 2nd half of 2018</p> <p>Review of Internal Control department activity</p> <p>Review of a specific risk: antitrust law</p> <p>Nature of the shares due to be issued in the context of the vesting date of Performance Shares Plan No. 6</p> <p>Statutory Auditors</p> <ul style="list-style-type: none"> <li>■ Call for tenders for the renewal of the Statutory Auditors: final selection for proposal to the Board of Directors;</li> <li>■ Update on non-audit services supplied by the Statutory Auditors midway through the year</li> </ul> <p>Review of the Committee's 2019 timetable and work plan</p>	100%
October 5, 2018 (for report and recommendations to the Board of Directors' meeting on October 10, 2018)	<p>Review of the acquisition financing for Clarion</p>	100%

Date	Main items discussed	Attendance rate
December 17, 2018 (for report and recommendations to the Board of Directors' meeting on December 19, 2018)	Review of results forecasts for 2018 Review of the 2019 budget Statutory Auditors' presentation of the work carried out in 2018 and their work on the hard close audit Review of the launch of a bond issue with a maximum value of €700 million Review of the implementation of the share buy-back program Review of Internal Control department activity Review of Internal Audit department 2019 work plan Review of Compliance department activity Amendments to the internal rules of the Audit Committee and the charter covering non-audit services Report on non-audit services provided by the Statutory Auditors in 2018 and setting the budget for 2019	100%

### 3.1.1.1.4.3. 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 cross-directorships (within the meaning of Article 14.1 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:

Date	Departure	Appointment
May 29, 2018	Mr. Jean-Pierre CLAMADIEU (Chairman)	-
May 29, 2018		Mr. Michel de ROSEN (Chairman)
July 19, 2018	Mr. Jean-Baptiste CHASSELOUP de CHATILLON	-
October 10, 2018	-	Mr. Philippe de ROVIRA

As of December 31, 2018, the Governance Committee has four members:

- Michel de Rosen, Chairman;
- Éric Bourdais de Charbonnière;
- Philippe de Rovira;
- Bernadette Spinoy.

It was thus made up of three independent Board members and chaired by one of them, Michel de Rosen. In accordance with the AFEP-MEDEF Code, the Committee did not include any executive corporate officers.

As of the same date, the Committee had no Board members representing employees.

Given the resignation of Jean-Pierre Clamadieu from his role as a Board member with effect from the end of the GM on May 29, 2018, the Governance Committee has been 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:

<p><b>Governance structure</b></p>	<ul style="list-style-type: none"> <li>■ 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;</li> <li>■ 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;</li> <li>■ Reviewing the issues related to the Company's governance structure submitted to it by the Chairman of the Board of Directors;</li> <li>■ Formulating recommendations to the Board of Directors related to the creation, composition, tasks and operation of committees of the Board of Directors.</li> </ul>
<p><b>Selection, appointment and succession of Board members and of the Chairman of the Board of Directors;</b></p>	<ul style="list-style-type: none"> <li>■ 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;</li> <li>■ Preparing a succession plan for Board members so that it can advise the Board in particular on succession in the event of unforeseen vacancies of one or several Board members;</li> <li>■ Formulating recommendations to the Board of Directors related to the appointment and reappointment of the Chairman of the Board of Directors;</li> <li>■ Preparing a succession plan for the Chairman so that it can advise the Board in particular on succession in the event of an unforeseen vacancy.</li> </ul>
<p><b>Compensation of Board members and the Chairman of the Board of Directors</b></p>	<ul style="list-style-type: none"> <li>■ 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;</li> <li>■ Formulating recommendations to the Board of Directors related to the Chairman of the Board of Directors' compensation components.</li> </ul>
<p><b>Governance assessment</b></p>	<ul style="list-style-type: none"> <li>■ 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;</li> <li>■ Reviewing the independence status of each of the Board members on an annual basis, prior to the publication of the Company's Registration Document.</li> </ul>
<p><b>Ethics and compliance</b></p>	<ul style="list-style-type: none"> <li>■ Examining the Company's ethics and compliance policy with respect to best governance practices.</li> </ul>

### 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 2018

In 2018, 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 8, 2018 (for report and recommendations to the Board of Directors' meeting on February 15, 2018)	<p>Review of the results of the assessment of the work of the Board of Directors and its committees in 2017</p> <p>Assessment of the Board members' independence status</p> <p>Composition of the Board of Directors:</p> <ul style="list-style-type: none"> <li>■ acknowledgment of the resignation of Jean-Pierre Clamadieu after the General Meeting of May 29, 2018;</li> <li>■ consideration of the composition of the Governance Committee.</li> </ul> <p>Attendance fees:</p> <ul style="list-style-type: none"> <li>■ review of the total amount of attendance fees from the 2018 fiscal year;</li> <li>■ review of the implementation of the so-called intercontinental attendance fee for Board members residing outside France.</li> </ul> <p>Review of the first draft of governance-related resolutions for submission to the General Meeting of May 29, 2018</p>	100%
April 13, 2018 (for report and recommendations to the Board of Directors' meeting on April 19, 2018)	<p>Consideration of the composition of the Board of Directors in preparation for the General Meeting of May 28, 2019</p> <p>Review of <i>ex-ante and ex-post Say on Pay applicable to the Chairman of the Board of Directors</i></p> <p>Review of the final version of governance-related resolutions for submission to the General Meeting of May 29, 2018</p> <p>Review of the governance section of the Registration Document and of the skills matrix</p> <p>Update on the conversion of Faurecia into a European company</p>	100%
July 16, 2018 (for report and recommendations to the Board of Directors' meeting on July 19, 2018)	<p>Composition of the Board of Directors:</p> <ul style="list-style-type: none"> <li>■ consideration of the composition of the Board of Directors in preparation for the General Meeting of May 28, 2019;</li> <li>■ proposal to co-opt Philippe de Rovira as a Board member, replacing Jean-Baptiste Chasseloup de Chatillon, who resigned;</li> <li>■ review of the independence of Philippe de Rovira;</li> <li>■ review of the participation of Board members representing employees on committees.</li> </ul> <p>Update on the conversion of Faurecia into a European company</p> <p>Review of the Committee's 2018 timetable and work plan</p>	100%
October 10, 2018 (for report and recommendations to the Board of Directors' meeting on October 10, 2018)	<p>Composition of the Board of Directors:</p> <ul style="list-style-type: none"> <li>■ consideration of the composition of the Board of Directors in preparation for the General Meeting of May 28, 2019;</li> <li>■ proposal to co-opt Grégoire Olivier as a Board member to replace Carlos Tavares who resigned;</li> <li>■ review of the independence of Grégoire Olivier.</li> </ul> <p>Review of the external assessment of the operation of the Board and its committees in 2018 carried involving an assessment of the individual contribution of each Board member</p>	100%
December 17, 2018 (for report and recommendations to the Board of Directors' meeting on December 19, 2018)	<p>Composition of the Board of Directors:</p> <ul style="list-style-type: none"> <li>■ review of potential Board member profiles;</li> <li>■ review of the diversity policy applicable to the Board of Directors.</li> </ul> <p>Attendance fees: review of estimated amount due for 2018</p> <p>Acknowledgment of the definitive conversion of Faurecia into a European company</p> <p>Amendment of the internal rules of the Board of Directors and of the Audit Committee.</p>	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.

There were no changes to the composition of the Management Committee during the year. Accordingly, as of December 31, 2018, 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 executive corporate officers.

Since January 1, 2019 Daniel Bernardino, Board member representing employees, has joined the Committee.

##### 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:

<b>Selection of the Chief Executive Officer</b>	<ul style="list-style-type: none"> <li>■ Formulating recommendations to the Board of Directors related to the appointment and reappointment of the Chief Executive Officer;</li> <li>■ Preparing a succession plan for the Chief Executive Officer so that it can advise the Board on succession in particular in the event of an unforeseen vacancy.</li> </ul>
<b>Selection of the Deputy Chief Executive Officers</b>	<ul style="list-style-type: none"> <li>■ Formulating recommendations to the Board of Directors related to the appointment and reappointment of the Deputy Chief Executive Officers;</li> <li>■ 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.</li> </ul>
<b>Compensation of members of the Executive Management</b>	<ul style="list-style-type: none"> <li>■ 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;</li> <li>■ Formulating recommendations to the Board of Directors on the achievement of the criteria for the variable component for Executive Management members;</li> <li>■ 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;</li> <li>■ Ensuring that the commitments falling under the regulated agreements procedure strictly comply with applicable regulations.</li> </ul>
<b>Long-term compensation policy (long term incentive plans)</b>	<ul style="list-style-type: none"> <li>■ Discussing the general policy for awarding stock subscription or purchase options, performance shares and any other type of long-term compensation;</li> <li>■ 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;</li> <li>■ Formulating recommendations to the Board of Directors related to the award of stock subscription or purchase options, performance shares and any other type of long-term compensation to executive corporate officers and issuing opinions on the lists of other prospective beneficiaries.</li> </ul>
<b>Performance, selection and compensation of members of management (other than members of Executive Management)</b>	<ul style="list-style-type: none"> <li>■ Carrying out an annual review of the performance of Group managers (Executive Committee and <i>Senior Management</i>);</li> <li>■ Carrying out an annual review of the selection and succession plans for members of the Executive Committee;</li> <li>■ Reviewing the compensation of members of the Executive Committee on an annual basis.</li> </ul>

## 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 2018

In 2018, the Committee met four times with an attendance rate of 100%.

The main items discussed at these meetings were as follows:

Date	Main items discussed	Attendance rate
February 12, 2018 (for report and recommendations to the Board of Directors' meeting on February 15, 2018)	<p>Compensation:</p> <ul style="list-style-type: none"> <li>■ review of Patrick Koller's variable compensation as Chief Executive Officer for 2017;</li> <li>■ review of Patrick Koller's fixed compensation as Chief Executive Officer for 2018;</li> <li>■ review of the targets used to determine Patrick Koller's variable compensation as Chief Executive Officer for 2018.</li> </ul> <p>Review of the fulfillment of the 2017 supplementary pension scheme annuities for members of the Executive Committee;</p> <p>Review of the achievement of the internal performance condition contained in Performance Shares Plan No. 7.</p> <p>Review of the first draft of the resolutions to be submitted to the General Meeting of May 29, 2018</p>	100%
April 13, 2018 (for report and recommendations to the Board of Directors' meeting on April 19, 2018)	<p>Performance shares:</p> <ul style="list-style-type: none"> <li>■ review of the achievement of the internal performance condition contained in Performance Shares Plan No. 7;</li> <li>■ information about exemptions from the continued employment condition granted by the Chief Executive Officer;</li> <li>■ report on the future Performance Shares Plan No. 10;</li> </ul> <p>Report on compensation for Executive Committee members;</p> <p>Review of <i>ex-ante and ex-post Say on Pay</i> applicable to the Chief Executive Officer;</p> <p>Review of the final version of resolutions for submission to the General Meeting of May 29, 2018.</p>	100%
July 16, 2018 (for report and recommendations to the Board of Directors' meeting on July 19, 2018)	<p>Half-yearly review of 2018 qualitative targets attached to the Chief Executive Officer's variable compensation</p> <p>Performance Shares Plans Nos. 10 and 10b: review of plan rules and list of beneficiaries</p> <p>Review of the Committee's 2018 timetable and work plan</p>	100%
December 14, 2018 (for report and recommendations to the Board of Directors' meeting on December 19, 2018)	<p>Review of the Executive Committee: composition, development and succession plan for the Chief Executive Officer</p> <p>Review of the <i>Group Leadership Committee</i>: composition and development</p> <p>Chief Executive Officer's variable compensation:</p> <ul style="list-style-type: none"> <li>■ monitoring 2018 qualitative targets;</li> <li>■ review of an initial proposal for 2019 qualitative targets.</li> </ul> <p>Reminder of existing, duly authorized, regulated agreements in relation to the Chief Executive Officer's compensation</p>	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 conducts a detailed assessment with the help of an external consultant.

The last such assessment was performed for 2015 and, therefore, an external consultant was again called upon to conduct the assessment in 2018.

The external consultant was selected on the basis of a call for tenders.

This assessment was conducted between November 2018 and January 2019 on the basis of individual interviews. It also included an assessment of the individual contribution made by each Board member. Each Board member was interviewed by the consultant and will have a personal feedback session with the Chairman of the Board of Directors and the consultant.

The results of this assessment were presented to the Governance Committee on February 13, 2019 and to the Board of Directors on February 15, 2019.

The principal findings of this exercise were as follows:

- the performance of the Board of Directors is constantly improving: the dynamics of discussions with management and the content of their exchange are of a high quality;
- the roles of Chairman and Chief Executive Officer have been separated and each role is clearly defined.

The main areas for improvement are as follows:

- continue the "executive sessions" (sessions without the Group's management) and add a session solely for independent Board members;
- expand the review of succession plan and risk assessments and discussions on strategy. In this context, it has been decided to organize two sessions dedicated to strategic issues: a session devoted to the industry's long-term trends and a session devoted to medium-term strategic plan; and
- organize more informal meetings between Board and Executive Committee members.

**3.1.1.1.6. SUMMARY OF COMPLIANCE WITH THE RECOMMENDATIONS OF THE AFEP-MEDEF CODE**

As of the end of the 2018 fiscal year, Faurecia did not entirely comply with the recommendations contained in the AFEP-MEDEF Code on the following issues.

<b>AFEP-MEDEF Code recommendation</b>	<b>Reasons for non-compliance</b>
Recommendation 17.1 It is recommended that there be a Board member representing employees on the Compensation Committee	As of December 31, 2018, none of the committees had Board members representing employees as members. It had in fact been decided when they were appointed as Board members that they have a period of adjustment before they joined a committee. On January 1, 2019, each of them joined a committee namely, the Management Committee and the Audit Committee.

## 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, 2018 is provided in Section 3.1.1.1.1 above.

#### Expertise, positions and corporate offices

The business address of Board members is that of Faurecia.

#### Daniel BERNARDINO



**Date of birth:** August 9, 1970

**Nationality:** Portuguese

**Number of Faurecia shares:** -

**Board member representing employees**

**Date of first appointment:** November 1, 2017

**Date of expiry of term of office:** October 31, 2021

**Member of the Management Committee** (as of January 1, 2019)

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.

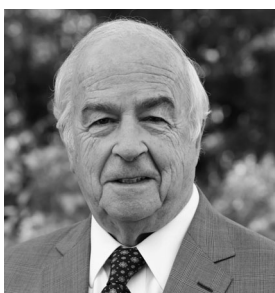
**Other positions and corporate offices in 2018 outside of Faurecia**

-

**Positions and corporate offices held within the last five years and which have expired (2014-2018)**

■ Member of Faurecia's European Works Council.

#### Éric BOURDAIS DE CHARBONNIÈRE



**Date of birth:** July 1, 1939

**Nationality:** French

**Number of Faurecia shares:** 500

**Board member**

**Date of first appointment:** February 8, 2010

**Date of expiry of term of office:** 2019 GM

**Member of the Governance Committee**

Mr. Éric Bourdais de Charbonnière joined JP Morgan in 1965, and held 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.

**Other positions and corporate offices in 2018 outside of Faurecia**

-

**Positions and corporate offices held within the last five years and which have expired (2014-2018)**

■ Member of the Supervisory Board of ODDO et Cie (France) and member of the Audit Committee.

**Odile DESFORGES**



**Date of birth:** January 24, 1950  
**Nationality:** French  
**Number of Faurecia shares:** 500

**Board member**  
**Date of first appointment:** May 27, 2016  
**Date of expiry of term of office:** 2020 GM  
**Chairwoman of the Audit Committee**

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 exercised her rights to retire on July 2012.

She was made a *Chevalier de l'Ordre National du Mérite* and a *Chevalier de la Légion d'Honneur* by the French government.

**Other positions and corporate offices in 2018 outside of Faurecia**

**French listed companies**

- Board member and member of the Audit Committee of Dassault Systèmes;
- Board member and Chairwoman of the Audit and Risks Committee of Safran;
- Board member of Imerys.

**French unlisted companies**

-

**Foreign listed companies**

- Board member and member of the Audit Committee, the Nomination Committee and the Management Development and Remuneration Committee of Johnson Matthey Plc. (Great Britain)

**Foreign unlisted companies**

-

**Positions and corporate offices held within the last five years and which have expired (2014-2018)**

- Board member and member of the Appointments and Compensation Committee of Sequana (France), from 2012 to May 2016

## Hans-Georg HÄRTER



**Date of birth:** May 2, 1945

**Nationality:** German

**Number of Faurecia shares:** 726

**Board member**

**Date of first appointment:** May 26, 2010

**Date of expiry of term of office:** 2019 GM

**Member of the Management Committee**

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.

**Other positions and corporate offices in 2018 outside of Faurecia****French listed companies**

-

**French unlisted companies**

-

**Foreign listed companies**

-

**Foreign unlisted companies**

- Founder of HGH Consulting (Germany);
- Member of the Supervisory Board of KlingelInberg AG (Switzerland);
- Member of the Europe Advisory Board of Bain Capital LLC. (USA).

**Positions and corporate offices held within the last five years and which have expired (2014-2018)**

- Member of the Advisory Committee of Unterfränkische Überlandzentrale e.G. (Germany) (until August 31, 2018);
- Board member of Axega GmbH (Germany) (until December 31, 2018);
- Chairman of the Supervisory Board of Knorr-Bremse AG (Germany) (until August 31, 2018);
- Chairman of the Board of Directors of Deutz AG (Germany) (until December 31, 2018);
- 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 Hiltel International (Germany).

**Linda HASENFRATZ**



**Date of birth:** June 16, 1966

**Nationality:** Canadian

**Number of Faurecia shares:** 500

**Board member**

**Date of first appointment:** May 26, 2011

**Date of expiry of term of office:** 2020 GM

**Chairwoman of the Management Committee**

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.

**Other positions and corporate offices in 2018 outside of Faurecia**

**French listed companies**

-

**French unlisted companies**

-

**Foreign listed companies**

- Chief Executive Officer and Board member of Linamar Corporation (Canada);
- Board member of Canadian Imperial Bank of Commerce (CIBC) (Canada).

**Foreign unlisted companies**

- Member of the Board of Governors, Royal Ontario Museum (Canada);
- Chairwoman of the business Council of Canada; formerly the Canadian Council of Chief Executives (Canada) until 28 January 2019, then Director as from this date;
- Member of the Catalyst Canadian Board of Advisors (Canada);
- Board member of Association of Equipment Manufacturers (USA).

**Positions and corporate offices held within the last five years and which have expired (2014-2018)**

- Board member of Original Equipment Suppliers Association (USA)

## Penelope HERSCHER



**Date of birth:** July 15, 1960

**Nationality:** American

**Number of Faurecia shares:** 500

### Board member

**Date of first appointment:** May 30, 2017

**Date of expiry of term of office:** 2021 GM

### Member of the Management Committee

Mrs. Penelope Herscher sits on the Board of Directors of Lumentum Operations LLC. (formerly JDSU) where she chairs the Compensation Committee and is a member of the Governance Committee.

She has also been a Board member of Verint since April 2017 and a member of the Governance Committee.

In January 2018, she became a Board member of Pros, where she is a member of the Governance and Compensation Committees and, in August 2018, became a Board member of Delphix, an unlisted company.

Until April 2018, she was a Board member of the listed company Rambus, Inc., where she chaired the Strategy Committee and the Compensation Committee and was a member of the Governance Committee.

From March 2016 to October 2017, she chaired the Board of Savonix, Inc., a start-up in the digital health domain.

Until July 31, 2017, 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).

### Other positions and corporate offices in 2018 outside of Faurecia

#### French listed companies

-

#### French unlisted companies

-

#### Foreign listed companies

- Board member of Lumentum Operations LLC;
- Board member of Verint (since May 2017);
- Board member of Pros (since January 2018).

#### Foreign unlisted companies

- Board member of Delphix (since August 2018).

### Positions and corporate offices held within the last five years and which have expired (2014-2018)

- Board member of Rambus, Inc. (from 2006 to April 2018);
- Chairman, of the Board of Directors of FirstRain, Inc. (from October 2015 to 31 July 2017);
- Chairman of the Board of Directors of Savonix, Inc. (US private company) (from March 2016 to October 2017);
- President and CEO of FirstRain, Inc. (from 2004 to 2015) (from 2004 to 2015).

**Patrick KOLLER**



**Date of birth:** January 2, 1959

**Nationality:** Franco-German

**Number of Faurecia shares:** 59,475

**Board member**

**Date of first appointment:** May 30, 2017

**Date of expiry of term of office:** 2021 GM

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.

**Other corporate office within Faurecia**

- Chief Executive Officer

**Other positions and corporate offices in 2018 outside of Faurecia**

**French listed companies**

- Board member of Legrand S.A.

**French unlisted companies**

-

**Foreign listed companies**

-

**Foreign unlisted companies**

-

**Others**

- Board member (donors' committee) of the Collège de France Foundation

**Positions and corporate offices (held within Faurecia group), in the last five years and which have expired (2014-2018)**

- Deputy Chief Executive Officer and Chief Operating Officer until June 30, 2016;
- Vice-Chairman of the Board of Directors of Faurecia (China) Holding Co., Ltd (China) until March 12, 2015;
- General Manager of Faurecia Components Pisek, S.r.o. (Czech Republic) until April 21, 2015;
- General Manager of Faurecia Plzen (Czech Republic) until April 21, 2015;
- Member of the Supervisory Board of Faurecia Automotive GmbH (Germany) until May 31, 2015;
- Representative of Faurecia Investments, Board member and Vice-Chairman of the Board of Directors of Faurecia Azin Pars Company (Iran) until September 15, 2015;
- Member of the Board of Directors of Faurecia NHK Co., Ltd (Japan) until April 28, 2015;
- Member of the Supervisory Board of Faurecia Automotive Polska S.A. (Poland) until March 30, 2015;
- Chairman of the Supervisory Board of Faurecia Walbrzych S.A. (Poland) until March 30, 2015;
- Chairman of the Supervisory Board of Faurecia Grojec R&D Center S.A. (Poland) until March 30, 2015;
- Chairman and Chief Executive Officer of Faurecia Asientos Para Automovil España, S.A. (Spain) until November 30, 2015;
- Vice-Chairman of the Board of Directors of Teknik Malzeme Ticaret Ve Sanayi Anonim Sirketi (Turkey) until March 26, 2015;
- General Manager of Faurecia Automotive Seating, LLC (USA) until March 4, 2015;
- Board member of Faurecia Madison Automotive Seating, Inc. (USA) until March 2, 2015;
- 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.



## Valérie LANDON



**Date of birth:** August 17, 1962

**Nationality:** French

**Number of Faurecia shares:** 500

#### Board member

**Date of first appointment:** October 12, 2017

**Date of expiry of term of office:** 2021 GM

#### Member of the Audit Committee

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 the Credit Suisse as an investment banker. She held various positions, serving in particular as Head of Investment Banking & Capital Markets for France, Belgium and Luxembourg.

#### Other positions and corporate offices in 2018 outside of Faurecia

##### French listed companies

- Independent Director of Albioma, member of the Audit, Accounts and Risk Committee, member of the Commitments Committee.

##### French unlisted companies

-

##### Foreign listed companies

- Vice Chairman Investment Banking & Capital Markets at Credit Suisse.

##### Foreign unlisted companies

-

#### Positions and corporate offices held within the last five years and which have expired (2014-2018)

- Member of the European Advisory Board of Catalyst (from 2010 to 2016).

**Olivia LARMARAUD**



**Date of birth:** April 22, 1958  
**Nationality:** French  
**Number of Faurecia shares:** 20

**Board member**  
**Date of first appointment:** May 27, 2016  
**Date of expiry of term of office:** 2020 GM

**Member of the Audit Committee**

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.

**Other positions and corporate offices in 2018 outside of Faurecia**

**French listed companies**

- Head of Consolidation and Accounting Standards of PSA Peugeot Citroën (France).

**French unlisted companies**

- Board member and Chairwoman of the Audit Committee of SNEF (France) since July 2015;
- Board member of Delachaux S.A. and Chair of the company's and Delachaux group's Audit Committee since November 2018.

**Foreign listed companies**

-

**Foreign unlisted companies**

- Member of the IFRS Advisory Council since January 2017.

**Positions and corporate offices held within the last five years and which have expired (2014-2018)**

- 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.

## Grégoire OLIVIER



**Date of birth:** October 19, 1960

**Nationality:** French

**Number of Faurecia shares:** 100

**Board member**

**Date of first appointment:** October 10, 2018

**Date of expiry of term of office:** 2019 GM

Mr. Grégoire Olivier has been General Secretary of Groupe PSA since January 2018, and a member of the Executive Committee.

He is a graduate of *École Polytechnique*, holds an engineering degree from *École des Mines de Paris* and an MBA from the University of Chicago.

After holding several positions within Pechiney and Alcatel between 1991 and 2001, he led Sagem between 2001 and 2006. He was appointed Chairman and Chief Executive Officer of Faurecia in 2006. He joined Groupe PSA in 2007 as a member of the Managing Board and Executive Vice President of the Automobile Programs and Strategy department and became Executive Vice-President, China and ASEAN. In September 2016 he joined the Executive Committee and became Executive Vice-President of Mobility Services.

**Other positions and corporate offices in 2018 outside of Faurecia****French listed companies**

- General Secretary of Groupe PSA and member of the Executive Committee.

**French unlisted companies**

- Board Member Automobiles Peugeot (since February 2018);
- Permanent Representative of Peugeot S.A., Board member of Automobiles Citroën (since February 2018).

**Foreign listed companies**

-

**Foreign unlisted companies**

- Board member of PCMA Holding B.V. – Netherlands – (since July 2018);
- Board member of Peugeot Citroën Automoviles Espana S.A. – Spain – (since June 2018).

**Positions and corporate offices held within the last five years and which have expired (2014-2018)**

- Member of the Managing Board, Executive Vice-President, China and ASEAN, Groupe PSA (2010-2016);
- Executive Vice-President of Mobility Services, Groupe PSA (September 2016-January 2018);
- Board member of DPCA, CAPSA;
- Board member of EYSA-PSA Smart City Mobility Services S.A. -Spain- (2016-2018).

## Robert PEUGEOT



**Date of birth:** April 25, 1950  
**Nationality:** French  
**Number of Faurecia shares:** 500

**Board member**  
**Date of first appointment:** May 29, 2007  
**Date of expiry of term of office:** 2021 GM  
**Member of the Management Committee**

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, of which he conducted the development.

He was made *Chevalier de l'Ordre National du Mérite* (2000) and a *Chevalier de la Légion d'Honneur* (2010) by the French Government.

### Other positions and corporate offices in 2018 outside of Faurecia

#### French listed companies

- Chairman and CEO of FFP S.A.;
- Permanent representative of FFP S.A. on the Peugeot S.A. Supervisory Board;
- Member of the Hermès International S.C.A. Supervisory Board;
- Permanent Representative of F&P SAS on the Board of Safran S.A.

#### French unlisted companies

- Board member of Établissements Peugeot Frères S.A.;
- Board member of Tikehau Capital Advisors SAS;
- Permanent representative of FFP Invest SAS, as Chairman and member of the Supervisory Board of Financière Guiraud SAS (France);
- General Manager of SC Rodom;
- General Manager of Sarl CHP Gestion;
- Permanent representative of FFP S.A., as President of FFP Invest SAS (France);
- Permanent representative of Maillot I, Board member of SICAV ARMENE;
- Member of the Soparexo S.C.A. Supervisory Board;
- Chairman of F&P SAS.

#### Foreign listed companies

- Board member of Sofina S.A. (Belgium);
- Board member of DKSH S.A. (Switzerland).

#### Foreign unlisted companies

- Board member of FFP Investment UK Ltd (Belgium).

### Positions and corporate offices held within the last five years and which have expired (2014-2018)

- Permanent representative of FFP Invest SAS on the Board of Directors of Sanef S.A. (France);
- Member of the Supervisory Board 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 of Zodiac Aerospace (France);
- Board member of Sanef (France);
- Board member of Imerys (France);
- Board member of Holding Reinier SAS;
- Permanent representative of FFP Invest on the Supervisory Board of IDI Emerging Markets S.A. (Luxembourg).

## Emmanuel PIOCHE



**Date of birth:** December 4, 1965

**Nationality:** French

**Number of Faurecia shares:** -

**Board member representing employees**

**Date of first appointment:** November 1, 2017

**Date of expiry of term of office:** October 31, 2021

**Member of the Audit Committee** (as of January 1, 2019)

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.

**Other positions and corporate offices in 2018 outside of Faurecia**

-

**Positions and corporate offices held within Faurecia group, in the last five years and which have expired (2014-2018)**

- 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**



**Date of birth:** February 18, 1951  
**Nationality:** French  
**Number of Faurecia shares:** 5,944

**Board member**  
**Date of first appointment:** May 27, 2016  
**Date of expiry of term of office:** 2021 GM  
**Chairman of the Board of Directors**  
**Date of appointment:** May 30, 2017  
**Chairman of the Governance Committee**

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. In 2008, he became Chairman and Chief Executive Officer of SGD.

He joined 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.

**Other positions and corporate offices in 2018 outside of Faurecia**

**French listed companies**

- Chairman of the Board of Directors of Pharnext S.A.;
- Board member of DBV Technologies (Non-executive Chairman of the Board of Directors since March 5, 2019).

**French unlisted companies**

-

**Foreign listed companies**

-

**Foreign unlisted companies**

-

**Others**

- Member of the High Committee of Corporate Governance of AFEP-MEDEF

**Positions and corporate offices held within the last five years and which have expired (2014-2018)**

- 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.

## Philippe de ROVIRA



**Date of birth:** June 8, 1973

**Nationality:** French

**Number of Faurecia shares:** 20

**Board member**

**Date of first appointment:** July 19, 2018

**Date of expiry of term of office:** 2021 GM

**Member of the Governance Committee**

Philippe de Rovira is Chief Financial Officer of Groupe PSA, Member of the Executive Committee.

He graduated from ESSEC Business School.

He began his career in Groupe PSA in 1998 as an internal auditor, following which he held a number of financial or commercial positions including Head of Group Control. From August 1, 2017 to August 1, 2018 he was Vice President Finance, Chief Financial Officer and Member of the Management Board of Opel Automobiles GmbH.

**Other positions and corporate offices in 2018 outside of Faurecia**

**French listed companies**

- Chief Financial Officer of Groupe PSA, Member of the Executive Committee.

**French unlisted companies**

- Chairman of Autobiz;
- Board member of Automobiles Citroën;
- Board member of Banque PSA Finance.

**Foreign listed companies**

-

**Foreign unlisted companies**

- Board member of PSA International S.A.

**Positions and corporate offices held within the last five years and which have expired (2014-2018)**

- Vice President Finance, Chief Financial Officer and Member of the Management Board of Opel Automobiles GmbH (August 2017-August 2018).



**Bernadette SPINOY**



**Date of birth:** January 25, 1962  
**Nationality:** Belgian  
**Number of Faurecia shares:** 1,000

**Board member**  
**Date of first appointment:** May 27, 2014  
**Date of expiry of term of office:** 2019 GM  
**Member of the Governance Committee**

Mrs. Bernadette Spinoy has been Chief Executive Officer of Total Belgium since October 2018.

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. From September 2014 to September 2018, she was Head of HSE, Total group.

**Other positions and corporate offices in 2018 outside of Faurecia**

**French listed companies**

-

**French unlisted companies**

-

**Foreign listed companies**

- Board member of ETEX (Belgium).

**Foreign unlisted companies**

- Chief Executive Officer of Total Belgium.

**Positions and corporate offices held within the last five years and which have expired (2014-2018)**

- Head of HSE, Total group (September 2014-September 2018);
- Board member of the Fondation FONCSI (*Fondation pour une culture de sécurité industrielle*), – France – (2016).

## 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, 2018, 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, 2018, corporate officers held the following interests on the basis of a capital stock of €966,250,607 divided into 138,035,801 shares representing 202,700,644 theoretical voting rights and 201,783,484 exercisable voting rights.

## Shares held by corporate officers

	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%
Odile DESFORGES	500	0.00%	600	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	59,475	0.04%	74,425	0.04%	0.04%
Valérie LANDON	500	0.00%	500	0.00%	0.00%
Olivia LARMARAUD	20	0.00%	40	0.00%	0.00%
Grégoire OLIVIER	100	0.00%	200	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	5,944	0.00%	6,044	0.00%	0.00%
Philippe de ROVIRA	20	0.00%	20	0.00%	0.00%
Bernadette SPINOY	1,000	0.00%	2,000	0.00%	0.00%
<b>TOTAL</b>	<b>70,285</b>	<b>0.05%</b>	<b>87,581</b>	<b>0.04%</b>	<b>0.04%</b>

## Conflicts of interest

The Board's internal rules provide that each Board member must inform the Board of Directors of any specific conflict of interests, even if it is only potential, and refrain from voting on the relevant resolution and attending Board meetings during the period in which they find themselves in a situation of a conflict of interests, or even resign from their position as a

Board member. In case of non-compliance with these rules of abstention or withdrawal, the Board member could be held liable. In case of conflict of interest, the Board member concerned will not receive documentation relating to the Board meeting(s) in question.

No such situations arose in 2018.

Board members have also replied to a questionnaire sent to them by the Company which, in particular, asked about conflicts of interest.

Therefore, to the best of the Company's knowledge and as of the date 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;
- there was no arrangement or agreement entered into with the principal shareholders under whose terms one of the Board members or Executive Management was appointed to their role;
- no restriction has been agreed to by members of the Board of Directors or of Executive Management regarding the disposal of their equity investments 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 5.6 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.

The following transactions were carried out by corporate officers in 2018 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 the declaration	Transaction venue	Unit price	Amount of transaction
Michel de ROSEN	2018DD586093/ December 3, 2018	Equities	Acquisition	November 28, 2018	December 3, 2018	Euronext Paris	€36.8491	€100,192.70

Philippe de Rovira also bought 20 Faurecia shares on August 29, 2018.

### 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

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.

public incrimination and/or sanction by statutory or regulatory authorities.

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. On May 29, 2018, the maximum annual amount of attendance fees was set at €700,000 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 per meeting	Attendance fee for Board members not residing in France
Board of Directors	€12,000	€3,000	€3,000 per Board meeting attendance
Committees			-
■ Member	€10,000	€2,500	-
■ Chairman	€15,000	€3,500	-

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.

Board members received gross attendance fees in respect of 2017 and 2018 in the amounts detailed in the table below:

**Table No. 3 (the AFEP-MEDEF Code and AMF Recommendation No. 2009-16)**

Board members <i>(gross amounts in €)</i>	Amounts of attendance fees paid for 2017	Of which variable portion paid for 2017	Amounts of attendance fees paid for 2018	Of which variable portion paid for 2018
Daniel BERNARDINO	5,400	3,000	45,000	33,000
Éric BOURDAIS de CHARBONNIÈRE	47,000	25,000	52,500	30,500
Jean-Baptiste CHASSELOUP de CHATILLON	0	0	0	0
Jean-Pierre CLAMADIEU	56,000	29,000	29,000	19,000
Yann DELABRIÈRE	0	0	-	-
Odile DESFORGES	51,500	27,000	66,000	39,000
Lee GARDNER	10,800	6,000	-	-
Hans-Georg HÄRTER	49,500	27,500	65,000	43,000
Linda HASENFRATZ	62,500	35,500	65,000	38,000
Penelope HERSCHER	38,700	25,500	62,000	40,000
Patrick KOLLER	0	0	0	0
Valérie LANDON	10,400	5,500	73,000	51,000
Olivia LARMARAUD	0	0	0	0
Ross McINNES	25,300	13,000	-	-
Amparo MORALEDA	36,600	19,500	-	-
Grégoire OLIVIER	-	-	0	0
Robert PEUGEOT	46,500	24,500	50,000	28,000
Emmanuel PIOCHE	5,400	3,000	30,000	18,000
Michel de ROSEN	19,800	11,000	0	0
Philippe de ROVIRA	-	-	0	0
Bernadette SPINOY	47,000	25,000	58,500	36,500
Carlos TAVARES	0	0	0	0
<b>TOTAL</b>	<b>512,400</b>	<b>280,000</b>	<b>596,000</b>	<b>376,000</b>

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 2018 Registration Document.

No compensation other than the attendance fees mentioned above was paid to any of its Board members (except for the Board members representing employees) 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 19, 2018, 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**

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.

#### **Compensation payable to the Chairman of the Board of Directors**

The elements of the compensation paid, or awarded, to Mr. Michel de Rosen for the year ended December 31, 2018, 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 2018**

The annual fixed compensation of Michel de Rosen for 2018 is set 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.

##### **Fixed compensation from 2019**

The Chairman will receive a fixed compensation.

At the recommendation of the Governance Committee of February 13, 2019, the Board of Directors of February 15, 2019, set the annual fixed compensation for Mr. Michel de Rosen at €300,000, unchanged from 2018.

From 2019, a portion of this compensation will be paid as a benefit in kind relating to the time of the personal assistant provided to the Chairman dedicated to his activities other than those in relation to his chairmanship of Faurecia.

The amount of his fixed compensation and of this benefit in kind will amount to a total of €300,000 in 2019 (corresponding to the fixed compensation for 2018).

##### **Other components of compensation**

- Benefits in kind:
  - The Chairman is entitled to a personal assistant for activities other than those in relation to his Chairmanship of Faurecia (as of 2019).
  - The Chairman is entitled to a company car.
- The Chairman does not receive attendance fees.
- The Chairman 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	Fiscal year 2018
Compensation for the year (see Table 2)	302,076	304,982.40
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		-
<b>TOTAL</b>	<b>302,076</b>	<b>304,982.40</b>

## SUMMARY OF COMPENSATION PAYABLE TO MR. MICHEL DE ROSEN

**Table No. 2 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)**

(gross in €)	Fiscal year 2018	
	Amount due	Amount paid
Fixed compensation	300,000	300,000
Annual variable compensation	-	-
Multi-annual variable compensation	-	-
Exceptional compensation	-	-
Attendance fees	-	-
Benefits in kind	4,982.40	4,982.40
<b>TOTAL</b>	<b>304,982.40</b>	<b>304,982.40</b>

**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		No		No		No		No

### Compensation of the Chief Executive Officer

The elements of the compensation paid, or awarded, to Mr. Patrick Koller for the year ended December 31, 2018, 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 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 for 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 of Directors of February 15, 2018, laid down the rules for determining Mr. Patrick Koller's variable compensation for 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 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 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% weighting for 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% weighting for this criterion), with particular attention given to 11 programs identified as being at risk; and
- *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 for the achievement of the quantitative targets of between 0.70 and 1.20.

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, 2019, on the recommendation of the Management Committee which met on February 15, 2019, 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 2018 variable compensation as Chief Executive Officer as follows:

		Weighting of targets	Maximum as % of target	Achieved target (%)	Corresponding amount in €	
<b>Quantitative targets</b>	Operating Income	40%	150%	110%	363,000	
	<b>From 0 to 150% of 100% of the fixed annual compensation if the levels of achievement of these targets set with reference to the 2018 budget are reached</b>	Free cash flow	60%	150%	133%	658,350
	<b>TOTAL QUANTITATIVE</b>	<b>100%</b>	<b>150%</b>	<b>124%</b>	<b>1,021,350</b>	
<b>Qualitative targets</b>	Strategy execution	40%	120%	120%	75,580	
	<b>Multiplier effect (ranging from 0.70 to 1.20) of the achievement of the quantitative targets, which may increase or decrease variable compensation</b>	Managing program launches	30%	120%	115%	56,685
		Being Faurecia	30%	120%	120%	56,685
	<b>TOTAL QUALITATIVE</b>	<b>100%</b>	<b>120%</b>	<b>118.5%</b>	<b>188,950</b>	
<b>TOTAL VARIABLE COMPENSATION</b>		<b>180%</b>	<b>146.7%</b>	<b>1,210,300</b>		



With regards to **strategy execution**, the Board of Directors of February 15, 2019 highlighted:

- the acquisition in progress and integration of Clarion;
- the completion of several other acquisition transactions (Hug Engineering, Parrot Automotive, Coagent Electronics);
- the implementation of *New Value Spaces* and of its order book representing 7% of the overall order book; and
- significant developments in the implementation of a strategic ecosystem with the creation of joint ventures, in particular with Liuzhou Wuling Automotive Industry Co., and the conclusion of strategic partnerships (Accenture, FAW group, HELLA) and investments in start-ups (Enogia, Powersphyr, Promethient, SUBPAC).

In terms of **managing program launches**, the Board of Directors of February 15, 2019, noted that 220 launches were completed in 2018 with no substantial variances, and that only one program at risk remained compared with 11 at the beginning of the year, owing to the implementation of the prevention plan.

Lastly, with regards to **Being Faurecia**, the convictions were approved and presented to the Board of Directors. For each conviction, the indicators, targets and the 2020 plan were approved. A Head of Sustainable Development and a Deputy Chief Compliance Officer have been recruited. The communications plan for the 2019 deployment has been prepared and the general sustainable development approach approved.

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 28, 2019.

### Fixed compensation from 2019

The Chief Executive Officer will receive a fixed compensation.

For information purposes, it is specified that on the recommendation of the Management Committee of February 15, 2019, the Board of Directors decided to increase the Chief Executive Officer's annual fixed compensation as Chief Executive Officer from €825,000 to €900,000 with effect from July 1, 2019, an increase of approximately 9%.

The Board of Directors set this compensation by assessing several factors:

- the Group's excellent performance in 2018 and fulfillment of the financial targets set for the fiscal year, which is reflected in the creation of value for the Group's partners and shareholders, despite an unfavorable economic context in the second half of the year;
- the continuing transformation of the Group with the integration of new high value technological activities and in particular the creation of a fourth Business Group, Faurecia Clarion Electronic Systems, following the acquisition of Clarion.

The Board of Directors, wishing to ensure that the compensation of its Chief Executive Officer is competitive, also took into account the results of a comparative study, covering France and Europe, carried out by external consultants on the basis of a group of industrial companies that are comparable in terms of sales, market capitalization and employee numbers.

The annual fixed compensation as decided by the Board of Directors corresponds to the median compensation paid by industrial companies listed in Paris.

### Variable compensation for 2019

On the recommendation of the Management Committee, which met on February 15, 2019, the Board also set the rules for determining the Chief Executive Officer's variable compensation for 2019 in its meeting of February 15, 2019.

The Board decided that the Chief Executive Officer'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, 2019 are linked to the operating income and free cash flow:

- the operating income set by reference to the 2019 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 net cash flow set by reference to the 2019 budget will give right to a variable compensation ranging from 0 to 150% (maximum percentage) of the fixed compensation. The net cash flow will be taken into account for 60%.

Qualitative targets have also been set in addition to quantitative targets:

- integration of Clarion (this criterion has a weighting of 50%). This will largely be a case of implementing a clear structure and associated accountabilities, identifying and securing talented people, identifying synergies, completing the integration plan in the second half of 2019 and to implement th budget;
- strategy execution (this criterion has a weighting of 50%). This will largely be a case of focusing on the growth, of the order book, and in particular the one of the New Value Spaces, and monitoring the corporate, social and environmental convictions announced by Faurecia in 2018.

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

- The Chief Executive Officer is entitled to a company car.
- The Chief Executive Officer does not receive any attendance fees as a Board member.
- The Chief Executive Officer has no multi-year compensation. Consequently, Table 10 (AFEP-MEDEF Code) does not apply.
- The Chief Executive Officer will be a beneficiary of an annual performance share plan, whose terms and conditions are described on page 220.

The Board also decided that the Chief Executive Officer would retain 30% of his share 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 19, 2018, 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.

- Finally, the Chief Executive Officer will be the beneficiary of a termination payment approved by the Board of Directors of July 25, 2016, in accordance with the procedures in Article 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 (5<sup>th</sup> 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 2017	Fiscal year 2018
Compensation for the year (see Table 2)	2,056,818	2,035,300
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 (set out in Table 6)	1,369,437	1,237,788
Value of other long-term compensation plans	-	-
<b>TOTAL</b>	<b>3,426,255</b>	<b>3,378,300</b>

## SUMMARY OF MR. PATRICK KOLLER'S COMPENSATION

**Table No. 2 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)**

(gross in €)	Fiscal year 2017		Fiscal year 2018	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	750,000	750,000	825,000	825,000
Annual variable compensation	1,293,750 <sup>(1)</sup>	962,161.20 <sup>(2)</sup>	1,210,300 <sup>(3)</sup>	1,293,750 <sup>(4)</sup>
Multi-annual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind	13,068 <sup>(5)</sup>	13,068	14,400 <sup>(6)</sup>	14,400
<b>TOTAL</b>	<b>2,056,818</b>	<b>1,725,229.20</b>	<b>2,035,300</b>	<b>2,133,150</b>

(1) Amount due for 2017 and paid in 2018.

(2) Amount paid for 2016.

(3) Amount to be paid subject to the approval of the GM 28 May 2019.

(4) Amount paid for 2016.

(5) Entitlement to a vehicle.

(6) Entitlement to a vehicle.

### STOCK 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 2018. Consequently, Table 4 (the AFEP-MEDEF Code and AMF Recommendation No. 2009-16) does not apply.

### STOCK OPTIONS EXERCISED BY MR. PATRICK KOLLER DURING THE FISCAL YEAR

No stock options were exercised by Mr. Patrick Koller in 2018. 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 2018.

**Table No. 6 (AFEP-MEDEF Code and AMF recommendation No. 2009-16)**

	Number and date of plan	Maximum number of shares granted during the relevant period <sup>(1)</sup>	Valuation of shares according to the method used for the consolidated financial statements	Acquisition date	Vesting date	Performance conditions
<b>Plan No. 10 <sup>(2)</sup></b>	Plans No.10 o 1 July 19, 2018	27,000	1,237,788	07/19/2022	07/19/2022	<ul style="list-style-type: none"> <li>■ Net income after tax of the Group as of December 31, 2020, 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;</li> <li>■ The growth between 2017 and 2020 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.</li> </ul>
<b>TOTAL</b>	-	<b>27,000</b>	<b>1,237,788</b>	-	-	-

(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 2018 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 the fiscal year	Vesting conditions
	Plan No. 6 of July 28, 2014	18,525	Mr. Patrick Koller must retain at least 30% of the shares vested under each plan. This percentage threshold obligation for each plan will cease to apply once Mr. Patrick Koller owns a number of shares that corresponds to three years gross base compensation, factoring in all the plans already vested, and will again become applicable in the event that Mr. Patrick Koller no longer holds the target number of shares corresponding to this level of base gross compensation.
<b>TOTAL</b>	-	<b>18,525</b>	

The total number of performance shares outstanding as of December 31, 2018 which may vest to Mr. Patrick Koller, minus the number of shares already vested (i.e., a total of 145,138 shares, of which 23,643 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
Position: Chief Executive Officer since July 1, 2016				
End of term: Mr. Patrick Koller's term of office as Chief Executive Officer is unlimited	No*	Yes	Yes	No

\* Mr. Patrick Koller's employment contract was terminated on July 1, 2016, when he was appointed Chief Executive Officer.

The Board of Directors held on 25 July 2016 authorized the grant of a termination indemnity to Mr. Patrick Koller as Chief Executive Officer.

The termination indemnity is subject to the following conditions:

1. the termination indemnity will be due to Mr. 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 by Mr. Patrick Koller ;
2. no termination indemnity will be due if Mr. Patrick Koller resigns or retires;
3. the termination indemnity is subject to the following performance conditions:
  - a. achieving positive operation income over each of the three financial years prior to the end of Mr. Patrick Koller's term of office as Chief Executive Officer;
  - b. achieving positive net cash flow over each of the three financial years prior to the end of Mr. Patrick Koller's term of office as Chief Executive Officer;

4. the amount of the termination indemnity would be equal to 24 months of Mr. Patrick Koller's reference compensation (fixed compensation and target variable compensation) if the two conditions set out above are met over each of the three financial years in question, which in practical terms amounts to meeting six criteria;
5. should one of the six criteria not be met in a given year, the termination indemnity would be reduced by one-sixth and therefore could be equal to zero if none of the six criteria are met;
6. should Mr. Patrick Koller's term of office as Chief Executive Officer be less than three years, the termination indemnity would be calculated using the same method, but the number of criteria would be adjusted to take into account the actual duration of his term of office.

#### PENSION SCHEMES FOR 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
<b>Applicable law</b>	Article 83 of the French General Tax Code	Article 39 of the French General Tax Code	Article 39 of the French General Tax Code
<b>Scheme entry conditions and other conditions giving entitlement to benefit from it</b>	One year's seniority in the Group at the time of retirement	Having an employment contract or a position a corporate officer and five years' seniority in the Group at the time of retirement	<ul style="list-style-type: none"> <li>■ Having an employment contract (active or suspended) or a position as a corporate officer in France</li> <li>■ Three-year seniority within Faurecia's Executive Committee as from January 1, 2015</li> </ul>
<b>Method for determining the reference compensation used to calculate entitlements</b>	Contributions to Tranche A and Tranche B of the current year (amount of contributions paid by the Company in 2018: €7,549.08)	Average Tranche C compensation over the past three years	Average total compensation over the past three years (fixed + variable), excluding special compensation
<b>Vesting formula</b>	1% of the compensation in Tranche A and 6% of the compensation in Tranche B	1% of the compensation in Tranche C and performance conditions linked to the degree of achievement of variable compensation targets	Depending on Faurecia's performance, from 1% to 3% of total compensation (fixed + variable), excluding special compensation
<b>Ceiling, amount or terms and conditions for determining it</b>	Not applicable	According to the leaving age, between 65-70% of the average salary of the last three years	<ul style="list-style-type: none"> <li>■ Eight times the annual French social security ceiling</li> <li>■ The total retirement amounts paid by Faurecia must be less than 25% of the reference compensation</li> <li>■ The replacement rate across all pension schemes (mandatory and specific) must also be less than 45%</li> </ul>
<b>Funding of rights</b>	Outsourced	Outsourced	Outsourced
<b>Estimated amount of the pension at the end of fiscal year</b>	€4,567 per annum	€31,791 per annum*	€335,834 per annum**
<b>Associated tax and payroll expenses</b>	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, 2018, it included the following members:

**Patrick Koller**

Chief Executive Officer

**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

**François Tardif**

Executive Vice-President, Faurecia China

**Hagen Wiesner**

Executive Vice-President, Group Operations

### 3.1.2.2. Executive Committee compensation

The total amount of compensation paid during fiscal year 2018 to the Executive Committee members in office at December 31, 2018, including the Chief Executive Officer, was €11,286,938.

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 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 2018 reflects only a half year of variable compensation, corresponding to the second half of 2017, which was paid in February 2018. The variable compensation for 2018 will be paid in early 2019.

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, 2018, plan Nos. 7, 8, 9, 10 and 10b are ongoing. They were granted by the Board of Directors' decisions of July 28, 2014, July 23, 2015, July 25, 2016, July 20, 2017 and July 19, 2018.

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 Group Leadership Committee

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.

Faurecia's Group Leadership Committee (known, prior to January 1 2018, as Senior Management) consists of all the aforementioned management teams along with the Executive Committee and the key headquarters managers of the manufacturing and quality staff and from the Human Resources and Finance departments.

As of December 31, 2018, Faurecia's Group Leadership Committee had 258 members. 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. For operation management, the targets are based at the Group's level for 100%.

Since 2018, a multiplying factor has been added in order to increase the variable compensation by maximum 1.2 on the basis of individual weighted targets.

Members of this team also benefit from the performance share plan instituted by the Board of Directors. As of December 31, 2018, plan Nos. 6, 7, 8, 9 and 10b are on-going. They were granted by the Board of Directors' decisions of July 28, 2014, July 23, 2015, July 25, 2016, July 20, 2017 and July 19, 2018.



## 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, 2018, 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, 2018 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 12/31/2018	Shares	% capital stock	Theoretical voting rights*	% theoretical voting rights	Voting rights exercisable at the General Meeting*	% voting rights at the General Meeting
Peugeot S.A.	63,960,006	46.34	127,920,012	63.11	127,920,012	63.39
Faurecia Actionnariat Corporate Mutual fund	333,480	0.24	640,598	0.32	640,598	0.32
Corporate officers	70,285	0.05	87,581	0.04	87,581	0.04
Treasury stock	917,160	0.66	917,160	0.45	0	0
<i>o/w liquidity contract</i>	191,500	0.14	191,500	0.09	0	0
Other shareholders (registered and bearer)	72,754,870	52.71	73,135,293	36.08	73,135,293	36.24
<b>TOTAL</b>	<b>138,035,801</b>	<b>100%</b>	<b>202,700,644</b>	<b>100%</b>	<b>201,783,484</b>	<b>100%</b>

\* Calculations based on information from the Caceis Corporate Trust Register on December 31, 2018.

The following disclosures were made to the Company in 2018 concerning the crossing of legal thresholds.

Shareholder name	References and date of the AMF decision/notice	Date crossed	Upwards/downwards	Threshold	Number of shares afterwards	% capital stock afterwards	% voting rights afterwards
BlackRock, Inc.	218C0664/March 29, 2018	March 27, 2018	Upward	5% of capital stock	6,905,561	5.003%	3.41%
BlackRock, Inc.	218C0670/March 29, 2018	March 28, 2018	Downward	5% of capital stock	6,846,543	4.96%	3.38%
BlackRock, Inc.	218C0703/April 10, 2018	April 6, 2018	Upward	5% of capital stock	7,017,662	5.08%	3.46%
BlackRock, Inc.	218C0713/April 11, 2018	April 10, 2018	Downward	5% of capital stock	6,895,768	4.00%	3.40%
BlackRock, Inc.	218C0724/April 13, 2018	April 11, 2018	Upward	5% of capital stock	7,123,347	5.16%	3.51%
BlackRock, Inc.	218C0755/April 19, 2018	April 18, 2018	Downward	5% of capital stock	6,892,846	4.99%	3.40%
BlackRock, Inc.	218C0772/April 20, 2018	April 19, 2018	Upward	5% of capital stock	6,999,193	5.07%	3.45%
BlackRock, Inc.	218C0791/April 25, 2018	April 23, 2018	Downward	5% of capital stock	6,898,426	4.99%	3.40%
BlackRock, Inc.	218C0794/April 26, 2018	April 24, 2018	Upward	5% of capital stock	7,041,037	5.10%	3.47%
BlackRock, Inc.	218C0798/April 26, 2018	April 25, 2018	Downward	5% of capital stock	6,790,465	4.92%	3.35%
BlackRock, Inc.	218C0924/May 25, 2018	May 23, 2018	Upward	5% of capital stock	6,964,840	5.05%	3.44%
BlackRock, Inc.	218C0953/May 29, 2018	May 25, 2018	Downward	5% of capital stock	6,687,876	4.85%	3.30%
BlackRock, Inc.	218C1213/July 5, 2018	July 4, 2018	Upward	5% of capital stock	6,948,852	5.03%	3.43%
BlackRock, Inc.	218C1323/July 20, 2018	July 18, 2018	Downward	5% of capital stock	6,861,622	4.97%	3.38%
BlackRock, Inc.	218C1377/August 1, 2018	July 30, 2018	Upward	5% of capital stock	7,129,612	5.17%	3.52%

### 3 Governance and capital stock

Capital stock and shareholder structure

The following disclosures were made to the Company in 2018 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
AXA Investment Managers	March 7, 2018	Downward	2% of capital stock	2,615,369	1.89%	1.29%
Amundi	June 18, 2018	Upward	2% of capital stock	2,762,051		
Amundi	June 19, 2018	Downward	2% of capital stock	2,756,374		
Amundi	July 2, 2018	Upward	2% of capital stock	3,044,933		
Amundi	December 12, 2018	Downward	2% of capital stock	2,752,402	1.99%	
Amundi	December 13, 2018	Upward	2% of capital stock	2,789,754	2.02%	

To the best of the Company's knowledge, as of December 31, 2018, 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 30, 2017, and May 29, 2018, and how they were used during 2018.

Type of authorization	Amount in €/par value	Term	Use in 2018
<b>General Meeting of May 30, 2017</b>			
<b>Twentieth resolution</b> Delegation of authority to the Board of Directors to issue ordinary shares and/or securities giving access to ordinary shares and/or the allocation of a debt security with preferential subscription rights (including capital increases through the capitalization of profits, premiums and reserves)	<ul style="list-style-type: none"> <li>■ €250 million</li> <li>■ €1 billion for debt securities (ceiling common to the twenty-first and twenty-second resolutions of this same meeting)</li> </ul>	26 months	No
<b>Twenty-first resolution</b> Delegation of authority to the Board of Directors to issue ordinary shares and/or securities giving access to ordinary shares and/or the allocation of a debt security without preferential subscription rights by means of a public offering	<ul style="list-style-type: none"> <li>■ €95 million (ceiling common to the twenty-second resolution)</li> <li>■ €1 billion in the case of debt securities</li> </ul>	26 months	No
<b>Twenty-second resolution</b> Delegation of authority to the Board of Directors to issue ordinary shares and/or securities giving access to ordinary shares and/or the allocation of a debt security without preferential subscription rights in the context of a private placement	<ul style="list-style-type: none"> <li>■ €95 million (ceiling common to the twenty-first resolution)</li> <li>■ €1 billion in the case of debt securities</li> </ul>	26 months	No
<b>Twenty-third resolution</b> 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

Type of authorization	Amount in €/par value	Term	Use in 2018
<b>Twenty-fourth resolution</b> Delegation of authority to the Board of Directors to decide upon a capital increase reserved for employees in accordance with the provisions of Article L. 3332-19 of the French Labor Code by issuing shares 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
<b>General Meeting of May 29, 2018</b>			
<b>Fourteenth resolution</b> Authorization to the Board of Directors to award free shares	With a maximum limit of 2 million shares on the date of the Board of Directors' decision and within the limit, within the aforementioned total amount, of 10% for awards made to executive and non-executive corporate officers	26 months	Authorization used by the Board of Directors of July 19, 2018 which awarded a maximum of 557,290 shares

### 3.2.1.2. Potential capital stock

As of December 31, 2018, 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 Group Leadership Committee of around 258 people as at December 31, 2018, 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 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 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.

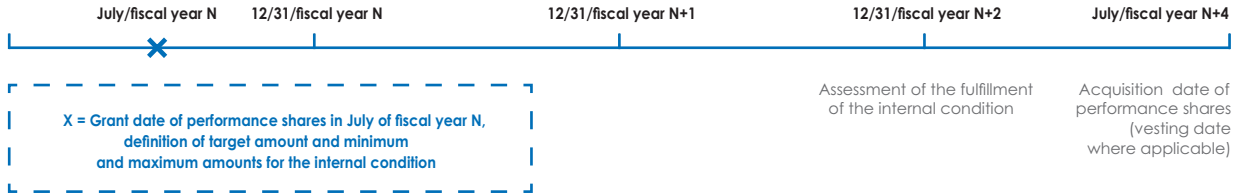
# 3

## Governance and capital stock

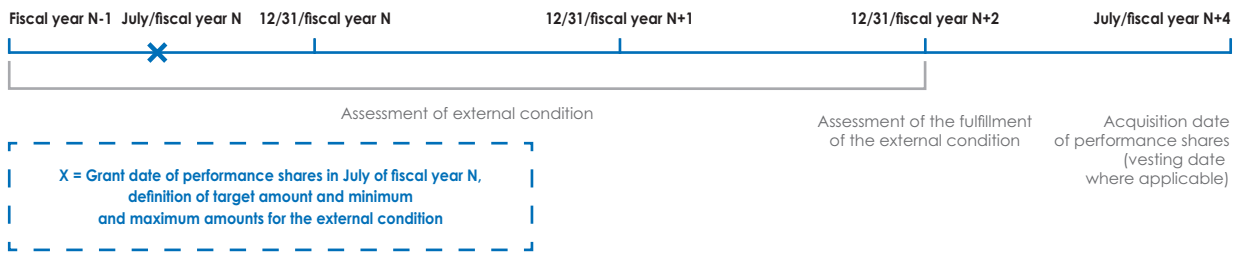
Capital stock and shareholder structure

### 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 conditions	Minimum	Target	Maximum	Comments
<b>Plan No. 1 of June 23, 2010</b>	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 awarded to beneficiaries employed at the vesting date.
<b>Plan No. 2 of July 21, 2010</b>	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.
<b>Plan No. 3 of July 25, 2011</b>	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 conditions	Minimum	Target	Maximum	Comments
<b>Plan No. 4 of July 23, 2012</b>	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 12 comparable international automotive equipment 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 external condition will be completely fulfilled if Faurecia's net income 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 conditions	Minimum	Target	Maximum	Comments
<b>Plan No. 5 of July 24, 2013</b>	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 awarded to beneficiaries in employment at 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 12 comparable international automotive equipment 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.	



### 3 Governance and capital stock

Capital stock and shareholder structure

Plans	Performance conditions	Minimum	Target	Maximum	Comments
<b>Plan No. 6 of July 28, 2014</b>	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 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 2013 and fiscal year 2016, assessed against the weighted growth of a reference group comprised of 12 comparable international automotive equipment 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 conditions	Minimum	Target	Maximum	Comments
<b>Plan No. 7 of July 23, 2015</b>	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 external 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 12 comparable international automotive equipment 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 external condition will be completely fulfilled if Faurecia's net income is 5 points higher than 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.	

### 3 Governance and capital stock

#### Capital stock and shareholder structure

Plans	Performance conditions	Minimum	Target	Maximum	Comments
<b>Plan No. 8 of July 25, 2016</b>	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.	The internal condition was reached at 93%. The external condition was reached at 130%. The conditions of the plan are then fulfilled up to 108%. The verification of the presence condition will be performed at the end of the vesting period on July 25, 2020.
	External condition (40%): Faurecia's growth in net earnings per share measured between the 2015 and 2018 fiscal years and compared with the weighted growth of a reference group made up of twelve comparable international automotive suppliers over the same period.	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 external condition will be completely fulfilled if Faurecia's net income is 5 points higher than 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 conditions	Minimum	Target	Maximum	Comments
<b>Plan No. 9 of July 20, 2017</b>	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%): Faurecia's growth in net earnings per share measured between the 2016 and 2019 fiscal years and compared with the weighted growth of a reference group made up of twelve comparable international automotive suppliers over the same period.	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.

### 3 Governance and capital stock

Capital stock and shareholder structure

Plans	Performance conditions	Minimum	Target	Maximum	Comments
<b>Plan No. 10 of July 19, 2018</b>	<p>Internal condition (60%): Group net income after tax (excluding exceptional tax credits) at December 31, 2020, 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.</p>	<p>Group net income after tax at December 31, 2020, equal to 91% of that of the 2020 medium-term plan.</p>	<p>Group net income after tax at December 31, 2020, in line with that of the 2020 medium-term plan.</p>	<p>Group net income after tax at December 31, 2020, equal to 110% of that of the 2020 medium-term plan.</p>	
	<p>External condition (40%): Faurecia's growth in net earnings per share measured between the 2017 and 2020 fiscal years and compared with the weighted growth of a reference group made up of twelve comparable international automotive suppliers over the same period.</p>	<p>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.</p>	<p>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</p>	<p>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.</p>	<p>Plan in vesting period.</p>

## DETAILED HISTORY OF PERFORMANCE SHARE PLANS

Table No. 9 of the AFEP-MEDEF Code and table No. 10 of AMF recommendation No. 2009-16

Information on awards of performance shares	Plan No. 1 of July 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 of July 21, 2010	■ GM May 26, 2011 ■ BM of July 25, 2011	■ GM May 26, 2011 ■ BM of 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	933,400	1,049,100
Maximum total number of shares that may be granted to Yann Delabrière	37,050	37,050	52,000	52,000
Total maximum number of shares that may be granted to Michel de ROSEN	Not applicable	Not applicable	Not applicable	Not applicable
Total maximum number of shares that may be granted to Patrick KOLLER*	14,950	14,950	19,500	19,500
Target number of shares awarded during the fiscal year	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 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	<ul style="list-style-type: none"> <li>■ 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</li> <li>■ 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.</li> </ul>

### 3 Governance and capital stock

#### Capital stock and shareholder structure

Information on awards of performance shares	Plan No. 1 of July 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, 2018	707,200	0	0	0
Accumulated number of shares canceled or forfeited at December 31, 2018**	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 awards 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 of July 24, 2013	■ GM May 30, 2013 ■ BM of July 28, 2014	■ GM May 27, 2015 ■ BM of July 23, 2015	■ GM May 27, 2016 ■ BM of 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
Total maximum number of shares that may be granted to Michel de ROSEN	Not applicable	Not applicable	Not applicable	Not applicable
Total maximum 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 of the plan beneficiaries, working and tax resident in France and abroad	July 28, 2018 for all of the plan beneficiaries, working and tax resident in France and abroad	July 23, 2019 for all of the plan beneficiaries, working and tax resident in France and abroad	July 25, 2020 for all of the plan beneficiaries, working and tax resident in France and abroad
Vesting date	July 24, 2017 for all of the plan beneficiaries, working and tax resident in France and abroad	July 28, 2018 for all of the plan beneficiaries, working and tax resident in France and abroad	July 23, 2019 for all of the plan beneficiaries, working and tax resident in France and abroad	July 25, 2020 for all of the plan beneficiaries, working and tax resident in France and abroad



**Information on awards of performance shares**

	<b>Plan No. 5 of July 24, 2013</b>	<b>Plan No. 6 of July 28, 2014</b>	<b>Plan No. 7 of July 23, 2015</b>	<b>Plan No. 8 of July 25, 2016</b>
Performance conditions	<ul style="list-style-type: none"> <li>■ 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</li> <li>■ 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 12 comparable international automotive equipment suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>■ Net income before tax of the Group as of December 31, 2016, 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</li> <li>■ 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 12 comparable international automotive equipment suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>■ 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</li> <li>■ 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 12 comparable international automotive equipment suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>■ 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</li> <li>■ 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 12 comparable international automotive equipment suppliers.</li> </ul>
<b>Number of shares granted at December 31, 2018</b>	<b>949,650</b>	<b>2,015</b>	<b>1,231</b>	<b>-</b>
<b>Accumulated number of shares cancelled or forfeited at December 31, 2018**</b>	<b>265,850</b>	<b>193,245</b>	<b>113,321</b>	<b>73,250</b>
<b>Shares allocated free of charge remaining at end of period</b>	<b>0</b>	<b>761,865</b>	<b>570,122</b>	<b>687,711</b>

\* Shares granted to Patrick Koller under Plan Nos. 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.

### 3 Governance and capital stock

#### Capital stock and shareholder structure

Information on the allocation of performance shares	Plan No. 9 of July 20, 2017
Date of General Meeting (GM)/Board of Directors meeting (BM)	<ul style="list-style-type: none"> <li>■ GM May 27, 2016</li> <li>■ BM of July 20, 2017</li> </ul>
Minimum number of shares granted during the relevant fiscal year	313,962
Maximum number of shares granted during the relevant fiscal year	816,300
Total maximum number of shares that may be granted to Michel de ROSEN	0
Total minimum number of shares that may be granted to Patrick KOLLER	15,154
Total target number of shares that may be granted to Patrick KOLLER	30,308
Total maximum number of shares that may be granted to Patrick KOLLER	39,400
Target number of shares awarded during the relevant fiscal year	627,924
Acquisition date	July 20, 2021
Vesting date	July 20, 2021
Performance conditions	<ul style="list-style-type: none"> <li>■ 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</li> <li>■ 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 12 comparable international automotive equipment suppliers.</li> </ul>
<b>Number of shares granted at December 31, 2018</b>	-
<b>Accumulated number of shares cancelled or forfeited as of December 31, 2018*</b>	<b>10,329</b>
<b>Shares allocated free of charge remaining at end of period</b>	<b>617,595</b>

\* Plan based on the target number.

Information on the allocation of performance shares	Plan No. 10 of July 19, 2018**
Date of General Meeting (GM)/Board of Directors meeting (BM)	<ul style="list-style-type: none"> <li>■ GM May 29, 2018</li> <li>■ BM of July 19, 2018</li> </ul>
Minimum number of shares granted during the relevant fiscal year	209,136
Maximum number of shares granted during the relevant fiscal year	543,760
Total maximum number of shares that may be granted to Michel de ROSEN	0
Total minimum number of shares that may be granted to Patrick KOLLER	10,385
Total target number of shares that may be granted to Patrick KOLLER	20,770
Total maximum number of shares that may be granted to Patrick KOLLER	27,000
Target number of shares awarded during the relevant fiscal year	418,272
Acquisition date	July 19, 2022
Vesting date	July 19, 2022
Performance conditions	<ul style="list-style-type: none"> <li>■ Net income after tax of the Group as of December 31, 2020 (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</li> <li>■ Growth in Faurecia's net earnings per share between fiscal year 2017 and fiscal year 2020, assessed against the weighted growth of a reference group comprised of 12 comparable international automotive equipment suppliers.</li> </ul>
<b>Number of shares vested at December 31, 2018</b>	-
<b>Accumulated number of shares canceled or forfeited as of December 31, 2018*</b>	<b>7,186</b>
<b>Shares allocated free of charge remaining at end of period</b>	<b>411,086</b>

\* Plan based on the target number.

\*\* The Board of Directors of 19 July 2018, based on the authorization given by the shareholders' meeting of 29 May 2018, decided to grant a complementary plan (plan 10b) to four beneficiaries (who are not corporate officers of Faurecia SE) in relation to a geographical zone of the Group, for a maximum number of shares of 12,830 and subject to specific performance conditions in relation with the said geographical zone. The other characteristics of this complementary plan and the acquisition date are the same as the ones of plan 10.

All shares allocated free of charge remaining at December 31, 2018 (2,720,697 shares) represent 1.97% of the Company's capital stock at this date.

### 3.2.1.3. Trading by the Company in its own shares during 2018 (Article L. 225-211 of the French Code of commerce)

The General Meeting of May 29, 2018, authorized the implementation of a share buy-back program, superseding that authorized in the tenth resolution of the General Meeting of May 30, 2017.

#### SHARES ACQUIRED BY THE COMPANY (EXCLUDING THE LIQUIDITY CONTRACT)

In 2018, the Company bought back 650,000 shares at an average price of €56.34 (weighted gross price) on the basis of the authorization of the General Meeting of May 29, 2018.

Trading costs amounted to €73,424 excluding VAT.

The value of these shares, measured at their purchase price, totals €36,621,586.

These 650,000 shares were purchased to cover the performance share plans.

None of these 650,000 shares was used in 2018.

#### LIQUIDITY CONTRACT

Since April 27, 2009, Faurecia has been implementing a liquidity contract that complies with the AMAFI Code of Ethics.

The current liquidity contract was signed on November 20, 2015 between Faurecia and Rothschild & Cie Banque. It was initially contracted for a duration of 12 months, starting from December 1<sup>st</sup>, 2015, renewable each year by tacit reconduction.

In 2018, under this liquidity contract, 253,416 shares were purchased, i.e., 0.18% of the Company's capital stock, for a total of €15,657,107, while 61,916 shares were sold for a total of €4,401,968.

As of December 31, 2018, assets in the liquidity account relating to the liquidity contract comprised 191,500 shares and €2,744,861 in cash.

In 2018, the capital loss made through the liquidity contract amounted to €51,519. Management fees for the liquidity contract came to €100,000 in 2018.

At December 31, 2018, the Company held 917,160 treasury shares (including 191,500 under the liquidity contract) i.e., 0.66% of the Company's capital stock on that same date.

#### 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 28, 2019, with the following terms and conditions:

#### **Resolution sixteen – 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 29, 2018 in its twelfth ordinary resolution.

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 practices permitted under the 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.

## 3 Governance and capital stock

### Capital stock and shareholder structure

The Company reserves the right to use optional mechanisms or derivatives subject to the applicable regulations.

The maximum purchase price per share is defined as €110. 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, would amount to €1,417,506,200 on the basis of the share capital on December 31, 2018 (consisting of 138,035,801 shares), taking into account the 917,160 Company treasury shares on this date.

The General Meeting grants all powers to the Board of Directors to proceed with such transactions and determine the terms and conditions applicable thereto, and to enter into any agreements and carry out any formalities required in that regard.

### 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 €)		Resulting amounts of capital stock (in €)	Resulting share premium (in €)	New number of shares
	Nominal amount	Premium			
<b>06/2014</b> 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
<b>06/2015</b> 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
<b>11/2015</b> 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
<b>12/2015</b> 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
<b>01/2016</b> 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
<b>07/2016</b> 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 December 31, 2018	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	63.11	127,920,012	63.39
Faurecia Actionnariat Corporate Mutual fund	333,480	0.24	640,598	0.32	640,598	0.32
Corporate officers	70,285	0.05	87,581	0.04	87,581	0.04
Treasury stock	917,160	0.66	917,160	0.45	0	0
<i>o/w liquidity contract</i>	191,500	0.14	191,500	0.09	0	0
Other shareholders (registered and bearer)	72,754,870	52.71	73,135,293	36.08	73,135,293	36.24
<b>TOTAL</b>	<b>138,035,801</b>	<b>100%</b>	<b>202,700,644</b>	<b>100%</b>	<b>201,783,484</b>	<b>100%</b>

\* Calculations based on information from the Caceis Corporate Trust Register on December 31, 2018.

Shareholders as of December 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
<i>o/w liquidity contract</i>	0	0	0	0	0	0
Other shareholders (registered and bearer)	72,893,556	52.81	73,320,842	36.16	73,320,842	36.31
<b>TOTAL</b>	<b>138,035,801</b>	<b>100%</b>	<b>202,758,867</b>	<b>100%</b>	<b>201,944,547</b>	<b>100%</b>

\* Calculations based on information from the Caceis Corporate Trust Register on December 31, 2017.

Shareholders as of December 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	127,340,515	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
<i>o/w liquidity contract</i>	0	0	0	0	0	0.00
Other shareholders (registered and bearer)	72,822,616	52.76	73,343,730	36.25	73,343,730	36.40
<b>TOTAL</b>	<b>138,035,801</b>	<b>100%</b>	<b>202,307,063</b>	<b>100%</b>	<b>201,499,847</b>	<b>100%</b>

\* Calculations based on information from the Caceis Corporate Trust Register on December 31, 2016.

## 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 2018, it was valued at €33.070 (December 31, 2018 closing quotation), compared with €65.130 at the 2017 closing (December 29, 2017 closing quotation). It therefore fell by 49.22% over the year, sharply penalized in the second half of the year by the automotive industry, particularly automotive equipment suppliers, being out of stock market favor. This reduction in annual terms can be compared to the CAC40

(-10.95%) and the SBF120 (-11.65%) but also, more specifically, to the Stoxx600 Auto & Parts (-28.14%) and other French automotive equipment suppliers (Plastic Omnium -46.77% and Valeo -59.03%) or foreign suppliers (Continental -46.35%, Tenneco -53.66% and Adient -80.13%).

The average price of Faurecia's share over 2018 was €58.322. The price peaked at €76.980 on May 22, 2018, and hit its lowest point of the year, €30.060, on December 11, 2018.

The average number of monthly trades was 11,177,797 shares, representing €615.71 million.

### 3.2.2.1. Share price and trading volume (source: Euronext)

2018 share price and trading volume	Price (in €)			Trading volume		Capital (in € millions)
	High	Average	Low	Close	Equities	
January	74.50	70.85	63.72	72.38	9,304,422	659.24
February	74.32	69.63	66.26	69.28	10,117,892	704.56
March	69.26	65.58	62.72	65.72	9,400,982	616.46
April	69.96	67.02	62.32	67.80	7,713,275	516.92
May	76.98	72.17	67.82	72.50	7,732,282	556.76
June	74.68	68.36	60.44	61.12	8,198,913	560.48
July	65.20	60.13	57.54	58.14	10,857,757	652.89
August	58.56	53.94	50.34	52.78	10,030,512	541.09
September	57.68	52.61	50.00	51.84	12,026,430	633.13
October	52.78	44.94	37.72	42.91	19,633,321	882.40
November	47.17	40.53	33.76	34.42	14,509,904	588.09
December	37.45	32.36	30.06	33.07	14,607,878	476.56

2017 share price and trading volume	Price (in €)			Trading volume		Capital (in € millions)
	High	Average	Low	Close	Equities	
January	42.13	39.76	36.67	40.18	11,196,029	445.17
February	43.68	41.32	37.56	41.49	12,281,034	507.47
March	44.61	42.21	40.58	44.59	10,986,745	463.74
April	45.04	43.18	40.62	44.82	10,182,739	439.70
May	47.99	46.03	43.58	46.73	13,837,171	636.90
June	49.01	46.49	43.73	44.47	12,134,198	564.01
July	49.07	46.96	44.52	46.93	10,468,299	491.54
August	49.75	48.22	46.42	48.86	7,803,920	376.31
September	59.07	55.28	48.86	58.73	11,158,818	616.81
October	62.59	60.83	58.89	62.41	12,737,402	774.85
November	65.46	63.29	60.00	64.28	16,751,317	1,060.23
December	67.49	64.79	62.23	65.13	10,281,388	666.13

### 3.2.2.2. Stock market data

	12/31/2018	12/31/2017
Stock market capitalization at end of period <i>(in € millions)</i>	4,564.8	8,990.27
Share price (in €)		
■ High	76.98	67.49
■ Low	30.06	36.67
Share price at end of period <i>(in €)</i>	33.07	65.13
Shareholders' equity per share <i>(in €)</i>	26.87	23.03
Number of shares in circulation	138,035,801	138,035,801

### 3.2.2.3. Dividends

Fiscal year	Number of shares compensated	Dividend for the year
2015	138,035,801	€0.65 per share
2016	138,035,801	€0.90 per share
2017	138,035,801	€1.10 per share
2018	138,035,801	€1.25 per share*

\* Subject to approval by the General Meeting of May 28, 2019.

### 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 figures

<i>(in €)</i>	12/31/2018	12/31/2017
Non-diluted earnings (loss) per share – Attributable to equity holders of the parent	5.11	4.37
Cash flow per share from operating activities	11.90	12.98

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. 2019 financial calendar

February 18, 2019	Before market hours	2018 annual earnings announced
April 23, 2019	Before market hours	First-quarter 2019 sales announced
May 28, 2019	10 am	General Meeting of shareholders
July 23, 2019	Before market hours	First-half 2019 interim results announced
October 17, 2019	Before market hours	Third-quarter 2019 sales announced
November 26, 2019		Investor day (Paris)

Relations between Faurecia and the financial community are described in Section 4.3.2.







# 4

## CSR

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In a world that is increasingly connected, more transparent and more aware of sustainable development issues, Faurecia is faced with unprecedented challenges. As a full member of the communities in which it carries out its businesses, the Group is firmly convinced that all companies have a strong societal duty and is committed to ensuring that the future generations benefit from its decisions today.

This chapter presents an evolution compared to the 2017 Registration Document, due to the entry into force of

the regulatory requirements related to the Extra-financial Performance Statement. For more information, please refer to the cross Reference table in Chapter 6.

This chapter also includes the regulatory requirements related to the Duty of Care, so the vigilance plan of Faurecia follows the 5-part structure detailed in Law No. 2017-399 of March 27, 2017 on the duty of care of parent companies and companies order givers.

## 4.1. Social Responsibility

Human resources represent a key success factor for Faurecia. The Group must be able to depend on competitive teams around the world to challenge the best competitors. The Group's performance is inseparable from its corporate social responsibility. With that in mind, Faurecia conducted an analysis to identify the extra financial risks and opportunities.

The Group therefore guarantees a healthy and safe work environment, by its commitment to the safety of people

working, by attracting and developing their talents and through constructive social dialogue.

It is also convinced that employee commitment and promotion of diversity are key performance levers, representing significant competitive advantages for the Group.

Corporate Social Risks and Opportunities		Indicators	2018	2017	2016
<b>Safety in the workplace</b>		FR0† (Accidents leading to lost time by millions per million hours worked) by employees and temporary workers	0.95	1	0.8
		FR1† (Accidents with or without lost time per millions of hours worked) by employees and temporary workers	2.35	1.9	1.8
<b>Talents attraction and retention</b>		Rate of managers and professionals hired recently graduate	32.4%	39.3%	39.2%
		Turnover rate of managers and professionals	9.1%	8.3%	8.4%
<b>Social dialogue</b>		Number of company agreements signed	350 (in 18 countries)	308 (in 22 countries)	345 (in 24 countries)
Employee commitment		Workers commitment index	54	-	-
		Commitment index of managers and professionals	-	61	-

### 4.1.1. Safety at work EFPD

Safety in the workplace is one of the key elements of the excellence initiative embodied by the Faurecia Excellence System (FES). It forms part of the personal respect requirement which every site must satisfy. Faurecia's policy on health and safety in the workplace at the day-to-day level centers around two main goals: safeguarding employee health and improving their safety in the workplace.

In the context of the Company's production activities, employees as well as contractors are exposed to the risk of work-related accidents. The Company is committed to implementing policies and active measures (prevention, assessment, training) in order to prevent risks that could affect employee safety, regularly monitor their proper application and measure their effectiveness.

#### 4.1.1.1. Deployment of a Safety and environmental culture

In 2018, Faurecia launched a new work safety management program, "CARE", whose goal is raising awareness and engaging all employees based on four fundamentals:

##### ■ compliance with rules:

Faurecia educates all of its employees on thirteen mandatory HSE regulations and thirteen HSE logistical recommendations through specific internal training sessions. 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. By engaging employees through the CARE program, Faurecia reminds everyone of the requirement to not deviate from rules and to complete audits at each business division level to ensure proper application;

##### ■ it takes everyone to ensure the safety of every Faurecia employee

The attitude of every employee is key to managing safety, whether it concerns lost time in the event a dangerous situation is detected, an investigation into the safety culture with any related activity, safety campaigns in every plant or even competition between teams to promote security. The mutual assistance of Faurecia's employees is crucial and will thus increase the level of everyone's safety;

##### ■ reducing risks

Faurecia's safety policy relies heavily upon prevention. The Group regularly initiates daily risk detection programs concerning work safety in all its plants. Proper application of these prevention programs is then audited by the Faurecia Excellence System <sup>(1)</sup>. Best practices are shared between different organizations in the Group;

##### ■ management's commitment

The commitment of Management is crucial to the deployment of the Group's HSE policy. A program with 14 areas for progress was created with the systematic participation of all business units. This program will be expanded throughout 2019. For example, two areas of progress aim to implement one systematic safety point at the start of each meeting, and an observation report on the HSE situation after a site visit by a Director. At its main office, Faurecia has also hired an HSE manager who leads the HSE network in the business units.

#### 4.1.1.2. Safety initiatives for safer operations

##### ■ The thirteen mandatory HSE rules:

- 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.

##### ■ The three rules about personal protective equipment:

- 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. Safety footwear and Faurecia uniforms are mandatory in all the plants. For plants with a high noise level, ear protectors, as well as safety glasses, are mandatory.

A video has been produced about the 13 mandatory HSE and the 3 PPE rules to increase awareness among Faurecia employees. This video presents practical examples of different rules, and is used during FES training (five training programs given in 2018, each with 100 people on average) for managers in all geographic regions where the Group has plants: 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.

(1) The Faurecia Excellence System (FES) governs the organization of Faurecia's production and operations. It is designed to continuously improve the quality, cost, delivery and safety performance of the Group. The FES complies with the requirements of the quality, environment and safety standards of the automotive industry (ISO/TS 16949, IATF 16949, ISO 14001, OHSAS 18001). It benefits from the capitalization of more than fourteen years of Faurecia's experience and has been continuously enriched with the best internal and external practices of lean manufacturing. The FES makes it possible to secure an appropriate operational performance of Faurecia's production sites, whatever their geographical position and their local activity specificities, thanks to common working methods and language.

Faurecia is also continuing fire safety initiatives, especially with the installation of sprinklers, which enables workforce safety to be strengthened and the risk of production downtime to be reduced in the event a fire should break out.

Analysis of accidents has shown that proven cases of fire are related to work outside of standard production processes. For this reason, the plants will now systematically review potential risks for this type of work.

Regarding initiatives to safeguard the work of contractors working at heights, 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.

#### ■ Ergonomics and working conditions

Most occupational illnesses reported by employees involve musculoskeletal disorders. To reduce this, Faurecia has taken steps for several years to consider the strain caused by workstations and to remedy the situation as much as possible.

Ergonomic analysis of workstations is part of the FES tools and this point is systematically checked during production site audits.

As a result of these reviews, a variety of solutions have been implemented for manufacturing workstations. The reviews are also used to prepare a list of recommendations that are systematically taken into account during the design of products and manufacturing tools.

A number of recommendations from professional ergonomists and Group HSE coordinators are being factored into the Program Management System (PMS).

All of the Group's operations managers and plant managers have received training in ergonomics as part of accelerating the FES deployment, which was launched during the second half of 2009 and continued since then. The goal of this program is to ensure that these managers play a real leadership role in the continuous improvement process, notably for ergonomics-related issues.

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.

For example, within the Faurecia Seating Business Group, a new ranking software tool was deployed in 2016 for analyzing dangerous gestures 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.

### 4.1.1.3. Workplace safety indicators

The change in the frequency rate of work-related accidents is analyzed in order to measure the effectiveness of actions carried out in this area. To guarantee the same level of workplace safety for all employees, temporary workers are included in the same manner as permanent staff in the following indicators:

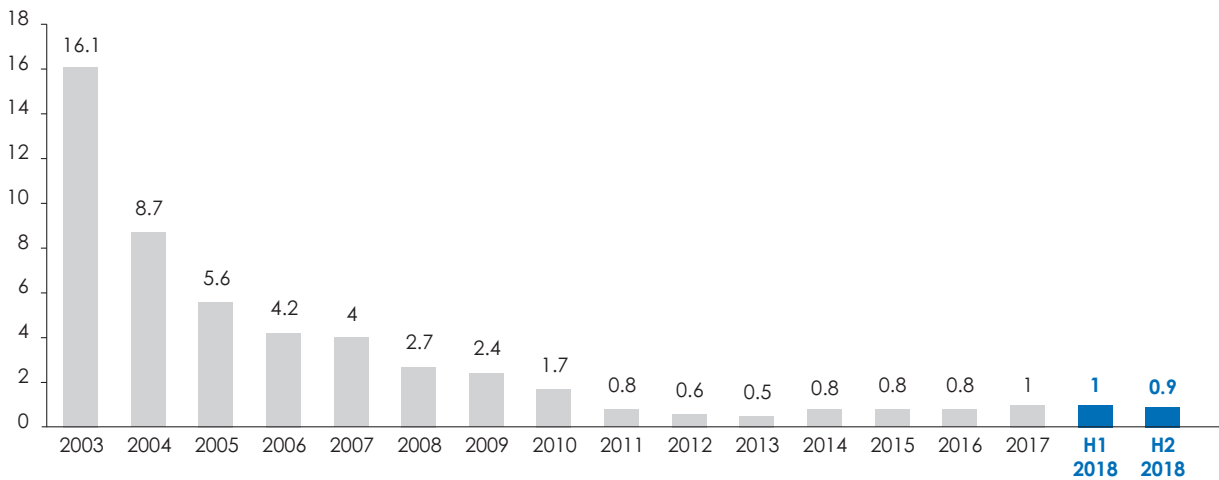
#### ■ Key performance indicators:

- FR0t: 0.95 (Accidents leading to lost time by millions per million hours worked) by employees and temporary workers. FR0t measures the number of work-related accidents involving a Faurecia employee or temporary worker, with lost time, per million hours worked;
- FR1t: 2.35 (Accidents with or without lost time per millions of hours worked) by employees and temporary workers. FR1t measures the number of work-related accidents involving a Faurecia employee or temporary worker, with or without lost time, per million hours worked.

Both indicators are calculated on a rolling six-month basis.

After each FR0t and FR1t accident, 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.

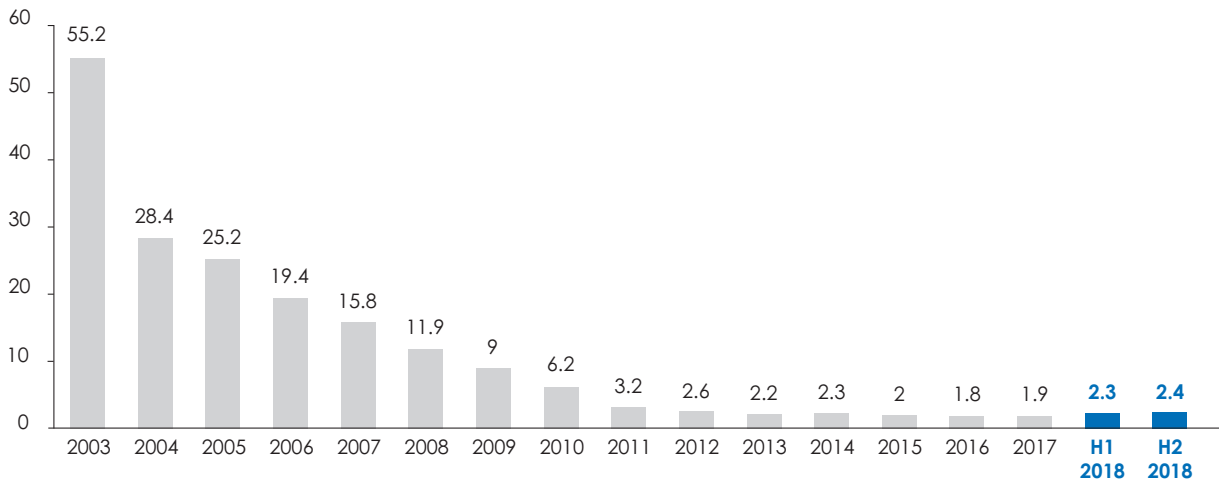
**Number of accidents with lost time per million hours worked (FR0t)**



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 2018, the FR0t accident frequency rate remained stable and Faurecia remains at the level of worldwide best practices. The CARE project goal is to return to the 2013 level, when Faurecia beat its all-time accident rate

**Number of accidents with or without lost time per million hours worked (FR1t)**



In 2018, the FR1t accident frequency rate rose slightly, but Faurecia remains in the range of the worldwide best practices.

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.

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 will complete its analysis of the average accident severity rate to have a complete understanding of accidents in order to identify action priorities in prevention.



## 4.1.2. Engaging employees

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 ability to set up the best teams of managers and skilled professionals, 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.

### ■ Key performance indicators 2018:

- 21.1 training hours on average per employee per year;
- 11.3 ideas for improvement on average per employee per year;
- worker commitment indicators in 2018: 54 (nearly 50,000 employees surveyed);
- commitment indicators for managers and skilled professionals 2017: 61 (nearly 14,000 employees surveyed);
- absenteeism: 2.7% of registered employees;
- turnover: 10% of employees with Open-ended contracts (CDI).

### 4.1.2.1. Being Faurecia: a strong company culture

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. Today, it is among the world's leading automotive suppliers with revenues of €17,524.7 million and a headcount of nearly 115,000 people in 37 countries.

During the first phase of its history, the Group focused on developing systems and processes necessary to ensure that it provides the same level of quality and operational performance to all of its customers around the world.

For several years now, the Group has entered a new phase of development, characterized by steadier growth and a greater emphasis on value creation.

Under these new circumstances, in 2018 the Faurecia group continued to advance its cultural transformation program, Being Faurecia, which was launched in 2014. Being Faurecia aims to redefine the corporate culture and its management model. The program seeks to create an environment that promotes an entrepreneurial spirit and autonomous operating teams. As part of this approach, the human resources development strategy has been recalibrated and tasks have been realigned. The priority given to internal promotion has been reaffirmed and most of the Human Resources development processes have been reviewed and improved. The goal is to strengthen understanding of the transformation issues so that each

person is better able to learn new situations in order to initiate transformation projects, while guaranteeing operational execution on a daily basis. 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 2018, new initiatives were launched within the framework of Being Faurecia. Special attention is maintained in the Corporate Training offering, whether 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. There are now 1,600 working communities across the various business lines and geographic locations.

Furthermore, the fifth 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 practices, a survey was conducted in 2018 with employees to measure the level of adherence and attachment to Being Faurecia within the teams. A high level of engagement resulted in more than an 80% response rate among the 50,000 non-management employees. The very encouraging results demonstrated significant changes, representing 65 points, an increase of 7 points over 2015 in employee attachment to Being Faurecia with growth in changes to expectations for behavior, through team involvement or improvement and simplification of processes.

To thoroughly analyze particular points of resistance reported by employees, the Executive Committee decided to continue to appoint collaborative working groups comprised of managers from different regions and functions and tasked with offering concrete recommendations for improvements. Two working groups, sponsored by a member of the Executive Committee, continued working on the following themes: improvement in attaining plant goals, better management of operational crises and improved reporting. Improvement initiatives continue to be implemented.



One consideration, initiated during 2018, concerning Corporate, Social and Environmental Responsibility, made it possible for the Executive Committee to validate six beliefs regarding the environment, innovation, performance, business ethics, diversity and communities. This first step will allow the Group, in 2019, to develop an approach based on sustainable development that aims at creating value for all stakeholders, by combining financial and extra-financial performance. In order to allow for implementation of this continuous improvement approach, a list of indicators will be posted, accompanied with progress goals. (see also the introductory chapter).

#### 4.1.2.2. Training to support the Group's transformation

Within the Group, training is an investment in support of strategic directions. In this context, the Group supports the development and employability of employees at all levels of responsibility as a part of Faurecia's rapid and ambitious transformation.

It's a key tool in the implementation of genuine continuous improvement, supported by the Faurecia Excellence System (FES), which shapes the culture of performance and constant learning. Training plans are managed on different levels within the organization according to the practices in the different countries in which the Group operates.

Faurecia uses the 70:20:10 model of learning:

- 70% of employees learn in performing their daily tasks;
- 20% while working with their co-workers and managers;
- 10% as part of organized training sessions (in class or on-line).

In this context, training activities, internal training, using adapted digital tools, workshops centered on sharing experience and skills are the preferred methods, so that Faurecia's training system is in line with the pace and demands of its business lines.

Training being at the center of each employee's development, specific actions are implemented as much to promote individual change as to increase team effectiveness.

Faurecia's training courses cover largely three key employee needs, through a 3-level structure:

- for all employees (production plants, Research Centers, administrative headquarters), there is regular organized training to support implementation of the Faurecia Excellence System. In addition the Skills Academies cover the necessary job skills in the 3 major Business Groups (Faurecia Seating, Faurecia Interiors and Faurecia Clean Mobility) and an IT Academy trains our employees in the use of the tools deployed in digital transformation applications;
- managers and skilled professionals: Faurecia University is in charge of a training system for 20,000 managers and executives covering the managerial skills required for transformation;

- on-line employees: Faurecia University organizes a digital training course offering more broadly for the 45,000 Group employees who perform jobs in which teams have a digital tool (computer or smartphone).

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.

##### 4.1.2.2.1. KEY AREAS OF TRAINING

The priorities identified in training plans are used to achieve the goals set for different business units. They are structured around the following themes:

- improving plant performance (safety, quality, costs and deadlines) and ensuring optimal production start-up;
- enhancing the attractiveness of customer offerings;
- increasing technological expertise in products and processes;
- increasing the professional qualifications of employees, fostering their career development and enhancing their employability;
- developing managerial skills in line with Faurecia's Leadership Competency Model;
- anticipating and managing identified skills requirements over the medium term;
- strengthening a shared culture focusing on value creation and entrepreneurial spirit, while respecting the fundamentals of Faurecia's internal codes (ethics and management), in particular compliance with competition law;
- ensuring the use of common working methods to increase efficiency;
- developing people's ability to work in an international setting.

##### 4.1.2.2.2. FAURECIA UNIVERSITY

At the end of 2018, to complete several years of continuous and quality investments, Faurecia University gained CLIP international accreditation granted by the European Foundation for Management Development, an agency that certifies the most stringent training standards for Business Schools and Corporate Universities. Faurecia University thus joins a group of some twenty players on the world stage, including Siemens, Cap Gemini, Engie, Telecom Indonesia, etc. which implement ambitious goals in the training of their employees.

With more than 9,000 employees trained, the year 2018 was once again a year of extensive deployment for Faurecia University in the interests of best serving the needs for developing

managers. The three regional campuses (Europe, Asia, North America) continued to fulfill their mission of rolling out Corporate training and creating specific programs for each region. In addition to the Nanterre campus, the network of universities and their dedicated facilities in Auburn Hills (Michigan, USA), Puebla (Mexico) and in Shanghai (China) fulfilled their mission of supporting employees.

#### ■ Role and responsibilities of Faurecia University

Faurecia University aims to support the development of managerial skills and offer a firm foundation for the cultural transformation undertaken by the Company. Its role is also key in the commitment of employees so that they remain loyal to the transformation undertaken. To do this, Faurecia University supports managers throughout their careers so that they are able to satisfy their need to grow within the strategic process of the Company's transformation, by:

- ensuring their full integration into the Group's culture;
- helping them to acquire functional skills necessary for their professional growth;
- offering training to help them acquire and improve their managerial skills and to develop their leadership skills;
- preparing them for key positions (plant manager, program manager, R&D manager);
- anticipate taking responsibility in positions of leadership.

#### ■ Mode of governance

Faurecia University has an Advisory Board comprising the members of the Group's Executive Committee. The Advisory Board met twice in 2018. 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.

#### ■ A firmly established training offer equal to the best practices of major international groups

Training courses cover the major leadership and functional skills (sales, purchasing, HR, etc..) and operational skills through several programs:

- Leadership Development, initiated in 2016, had an increasing impact on 1400 managers in 2018 (compared with 700 managers in 2016). It covers a full range of leadership skills broken down by themes and levels of responsibility. This effort was recognized as being at the best practice level worldwide in terms of quality and scope, making the Group a major player in the transformation of the automotive industry;
- the DRIVE program, which involves two 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 program has benefited from the growing experience of trainers from our partner, Impact International (a renowned English firm that specializes in managerial training), as well as the regular involvement of dozens of Faurecia managers, who have enhanced

this training by sharing testimonials and stories about their experiences. The quality of presenters, the in-depth work combining e-learning, courses and collaborative learning situations, have made it possible for these training sessions to become a key transit point for Group managers, ensuring their successful roll out on the campus in Nanterre (France), Auburn Hills (USA), Puebla (Mexico) and also in India, Poland and Brazil;

- the IGNITE program, conceived and implemented with the London Business School, was rolled out for all executives, who were able to follow a basic module focused on "transformation." Another module on "team management" had increased success and has already reached 30% of managers. Finally, a module on innovation in Silicon Valley benefited 50 key managers, and made it possible in particular to increase our teams' capacity for growth and creativity. These modules gave executives the tools to deepen their ability to operate in the new ecosystem of the automotive industry, whose technological wealth is expanding, and to engage their teams as their environment changes around them. The continued presence of members of Faurecia's Executive Committee, who shared their stories during training and interacted with managers, is one of the many ways in which the organization demonstrates that it is committed to and responsible for helping its managers grow;
- the C3 Program (Commercial, Competitiveness, Clients): in partnership with IESE Barcelona, which developed a program for all business executives on negotiating skills for purchasing and sales, in parallel with a progressive and significant overhaul of the training of plant managers, program teams and logistics functions, was launched in order to improve the industrial performance of our teams.

During 2018, digital training offerings saw critical success thanks to a combination of using the digital learning platform, the Learning Lab and the internal collaborative learning network Faur'us.

- THE LEARNING LAB: is an internal digital training platform open to all the Group's managers and skilled professionals. Training sessions, in the form of short, dynamically animated videos with questions, have been a success both internally and externally. Internally, multi-media access (PC, tablet and smartphone), and a library of more than 200 digital courses that use technological innovations like virtual reality, have best served the needs of varied development. Therefore: offerings cover Faurecia's fundamentals (FES, Management System Program, basic operations, gender diversity, ethics and compliance), and also leadership, management, as well as numerous domains of business transformation (digital, technology, etc.). The learning lab has become the most valuable key training tool for employees and also constitutes an important vehicle for their commitment.

The numbers bear witness to a doubling of its use in 2018: more than 43,000 managers and skilled professionals took training courses on the Learning Lab in 2018 (compared to 20,000 in 2017).

Since the opening of the Learning Lab in 2016:

- more than 6.2 million knowledge-testing questions were answered with a supported response;
- more than 810,000 videos were viewed;
- more than 250,000 hours were spent learning (includes trial and confirmation phases of learner training sessions).

Hoping to benefit from this expertise, the FIEV (Federation of Vehicle Equipment Industries, which includes 120 Business Groups) concluded a partnership with Faurecia University to help the French equipment manufacturing sector benefit from digital content created by Faurecia University. These training courses may benefit employees from businesses that are often much smaller, and which don't have the ability to develop their own digital learning tools.

- THE DIGITAL PLATORM FAUR'US further adds to the collaborative and social dimension of this learning process by significantly offering the possibility of sharing knowledge throughout the professional community. It also enables collaborative and open work methods to be spread, providing access to rich and diverse knowledge by increasing the collective effectiveness of employee work. This tool is pivotal in a worldwide group with hundreds of working communities across more than 35 countries. On a daily basis, more than 30,000 employees use this platform in their professional activities (sharing information, exchanging best practices, discussions, etc...). More than 1,600 active professional communities exist (on management and leadership, Human Resources, logistics, industrial operations, etc.) and the network generates more than 20 million interactions a year, which is a major contribution to team performance thanks to their engagement in these collaborative and instructive professional communities.

### 4.1.2.3. Employee empowerment

The continued success of the Group depends on its ability to maintain the active involvement all its employees in their daily work to build efficient and autonomous working teams. Embedded at the heart of the Faurecia's Pragmatic Operations System (FES, Faurecia Excellence System), with its goal of Total Customer Satisfaction linked with sustainable business performance, is the subsystem of Employee Empowerment (EE).

EE, which is one of the fifth subsystems of FES, is a key lever for Faurecia's management to drive performance achievement and improvement as part of the daily life of our teams. At the heart of EE are the seven EE basics: Organization structure (OHP); Daily Communication; GAP Leader & Supervisor roles; Mastery of workstations; Improvement Ideas; Task Transfer and the Training/development process.

As such, these tools give the Plant management Teams, led by the Plant Manager, pragmatic process' to engage the teams

to contribute to the operational performance of the teams. Therefore, the effective deployment of FES tools in our sites will have a direct impact on the service supplied to our clients.

As a cornerstone of the continuous improvement mindset, Employees are encouraged to actively contribute improvements ideas based on daily activity. The number of improvement ideas implemented by Group employees remains stable at 12 per employee in 2018. Ideas can cover any subject from process, safety to team improvement.

Following the success of previous year's overhaul of EE training, 2018 has seen further evolution and training of internal trainers. This support to Managers to equip them to take their people development role continues to see impact in the operational performance of the business:

- Employee Empowerment Fundamentals Program: This blended two-day training for plant management committees develops their role in the daily management of teams, clearly linking the seven EE basics to the business impact. In 2018 two train the trainer session took place giving twenty additional trainers to the regions. Targeting multiple management positions in a plant all site HR Managers 2018 saw an additional 350 trained and 2,500 since the inception of the program in 2014;
- Site Human Resources Manager Program: This blended program helps current and future Site HR Managers understand the link between their day-to-day responsibilities and Employee Empowerment. 80 HR professional benefited from it in 2018 targeting all site HR Managers (320), 2018 saw an additional 90 trained and 400 since the inception of the program in 2014;
- Our Employee Empowerment MOOC (Mass Online Open Course) of 10 modules dedicated to EE, has now had 3,000 employees participate. This program is again aimed at 3,000 managers but is open to all 45,000 people internally with a Faurecia email address;
- following the launch in 2017 of the new MOOC linking EE to impacting Plant Performance (Managing Plant Performance): 1,700 training courses have been passed. This program is aimed at an internal population of 3,000 managers, but is open to all;
- new in 2018 was a significant change to the approach to the way the Group trained the leadership teams in the mandatory annual regional FES Workshops run by the Group FES team. These regional workshops (5 in total), lasting 4 days each and covering 5,000 half day training places saw two new workshops:
  - driving plant performance (0.5 days) was an extension of the above bullet,
  - delivering Daily performance (1 day) made the clear link between the engagement of the team and business performance on a daily basis.

In 2018 a major project was launched by the CEO to significantly upgrade the FES system which strengthens the EE subsystem. Over the course of the year, a team, in excess of 100, from all levels and regions have been working on this project. Known as FES X.0., the goal is to launch in 2019 and significantly reinforce the understanding and application of FES (our DNA) in Faurecia.

#### 4.1.2.4 Development of non-management employee performance

Faurecia focus on people management and development is built into the Faurecia Excellence System (FES). Specifically within Employee Empowerment, the Group ensures:

- training at workstations;

- development Plan for current and future Team (GAP) Leaders and Supervisors;
- participation in improvement activities; and
- submitting of ideas.

Faurecia has put in place through FES individual annual performance reviews for every employee including individual development actions (except some restrictions in a small number of sites due to Union/works council requirements).

In addition the Corporate Human Resources department manage since 2012 a bi annual global exercise, with the objective to run a full employee survey to gage both people's view of the organization as well as their view of their immediate management. This is shared in each plant and Management has the goal to improve their results each survey.

### 4.1.3. Talents attraction and retention EFPD

Faurecia integrates and develops the potential of its skilled professionals and managers to improve their performance and skills and offer them attractive career paths. The effective development of engineers' and managers' potential is at the core of the Being Faurecia program. The Group seeks to continuously improve the performance of its managers and ensure their professional development so that they can realize their potential.

At the same time, the Group constantly adapts its allocation of Human Resources to meet short-term business demands and prepares for the medium-term to ensure that the Group always has best-in-class in terms of managers and technical experts, driven by the pursuit of excellent customer service.

Anticipation of business needs, short and medium term management of resources, the effectiveness of individual development of managers and skilled professionals, allows Faurecia to offer its employees opportunities in career advancement and better retain its teams, thus constantly reducing the risk of losing talent.

Effective implementation of a collective and individual resource management method is guaranteed by respect for common principles:

- investing in recruitment of employees having growth potential;
  - measuring performance in an equitable and factual manner, allowing each individual to demonstrate the ability to deliver results;
  - continually developing technical and managerial skills;
  - identifying individual potential as early as possible in order to develop the necessary skills in the medium to long term;
  - offering diverse career opportunities while considering the technical and managerial paths as equal in importance.
- **Key indicators of performance in 2018**
- 9.1% turn over resignation rate for all managers and professionals

- 32,4% of managers & professionals hired are recently graduate
- Other performance indicators:
- 48% of VIE (International Corporate Volunteer program) hired;
- 1,178 potential talents for the Group Leadership Committee (GLC), or nearly 3 potential candidates (278%) identified per position;
- 2,370 potential talents for key posts (Plant Manager or Program Manager or equivalent) or more than 1 potential candidate (144%) per position.

It should be noted that recruitment of employees with potential and the earliest recognition of the potential of each manager and skilled professional continued to grow in 2018 compared to 2017, an increase of 30% for GLC positions and 24% for other key positions.

#### 4.1.3.1. Attracting and retaining talents

Faurecia has grown substantially in recent years, and now has a headcount of just over 115,000 people, more than 20,300 of whom were managers and skilled professionals with open-ended contracts (CDI) as of the end of 2018.

In 2018, 3,127 managers and skilled professionals were recruited externally, a net increase with respect to the average of the last 4 years, which was slightly below 2,300.

In 2018, reinforcements came mainly in Asia (1,583 compared to 1,001 in 2017), the countries with the highest recruitment in the region being China (954 compared to 583 in 2017), India (520 compared to 329 in 2017).

Other regions; Europe, North America continue to strengthen in numbers equal to or slightly higher than those realized in 2017. The number of recruits has remained relatively stable in France (406 compared to 354), was slightly down in Mexico (142 compared to 183 in 2017) as well as in Germany (96 compared to 120 in 2017), and in contrast, continued to grow in the United States (435 compared to 348 in 2017)

External Recruitment for Open-ended contracts (CDI)	2018	2017	change
Asia	1,583	1,001	+582
Europe	744	684	+60
North America	581	537	+44
South America	50	40	+10
Other	169	122	+47
<b>TOTAL</b>	<b>3,127</b>	<b>2,384</b>	<b>+743</b>

43% of new employees were assigned to production, 30% to sales, R&D and program functions, and 27% to support functions.

In 2018, Faurecia continued to focus on recruiting recent graduates and early-career professionals in order to ensure that the Group recruits and retains the talent of the future. Programs and partnerships with more than 100 schools, universities and post-secondary institutions are in place in many countries where the Group operates so as to publicize internship and job opportunities among students. This is particularly true in France, with professional schools and universities such as the ESTACA, ENSAM, EDHEC, Centrale Supélec, ITECH, Kedge Business School, École Centrale Nantes.

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 56% of its skilled professionals and managers outside of Europe and carries out 66% of its recruitment outside this region. Within this framework, Faurecia can offer its people many international assignments as well as the opportunity to take part in international projects.

A stable employee base is essential for safeguarding our investment in human capital. In 2018, the turnover rate of managers and skilled professionals increased slightly (9.1% compared to 8.3% in 2017 and 8.4% in 2016). This rate remains overall stable in Europe (7.3% compared to 6.9% in 2017); however, it increased in North America (12.1% compared to 10.9% in 2017 and 11.8% in 2016), and in Asia (9.8% compared to 8.7% in 2017). These increases, mainly apparent in the United States (13.5% compared to 11.6%) and in China (9.9% compared to 8.4% in 2017), are in the context of a very competitive job market.

The resignation rate for senior management significantly decreased, falling to 1.4% in 2018 compared to 4.5% in 2017.

Resignation rate	2018	2017	change	Comments
Asia	9.8%	8.7%	+1.1	China +1.5%
Europe	7.3%	6.9%	+0.4	
North America	12.1%	10.9%	+1.2	USA +1.9
Senior Management	1.4%	4.5%	-3.1%	
<b>TOTAL</b>	<b>9.1%</b>	<b>8.3%</b>	<b>+0.8</b>	

#### 4.1.3.2. The employees of tomorrow

In 2018, 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 first project's goal is to improve gender diversity at the time of recruitment and for career development in general (see chapter on diversity).

The goal of the second project is to recruit more young graduates. Although 32.4% of new recruits to entry-level management positions were young graduates, in line with the sector average, this figure is insufficient to fuel the Group's growth with the employees of tomorrow. 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 2018, the number of international corporate volunteer (VIE) contracts continued to grow, with 282 signed, compared with 294 in 2017 and 280 in 2016. It is noteworthy that almost 48% of the young skilled professionals and managers who completed their VIE assignments in 2018 were recruited by Faurecia, mainly in France (34%), Germany (26%), and the rest of Europe (15%). Furthermore, 16 VIEs were hired in Asia and 11 in North America.



#### 4.1.3.3. Developing our talent, a powerful ambition

To prepare the managers of tomorrow, talent identification should start as early as possible.

Faurecia has more than 5,600 identified talents, a net increase in comparison to 2017 (4246). 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, 20 assessments were carried out in 2018 (total since the beginning: 276).

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 2018, 25 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. Thus, 34% of the Group's senior management is today composed of non-Europeans (18% from North America, 15% from Asia, 1% from South America) and 66% European (46% French, 11% German).

36% of managers and skilled professionals identified as potential Senior Managers come from non-European countries.

The Executive Committee strengthened its involvement in managing talent. Twice a year, the Committee now reviews the Group's top performers with a particular focus on potential executive managers. Furthermore, beyond People Reviews normally organized at the Business Group, Division and functional levels, Key Reservoir Reviews were carried out in North America, Asia and South America in order to develop internal mobility and to optimize local talent management. Since 2016, a new process called "Cross BG Point HR" was also set up at Group level in order to develop the mobility of Senior Managers between Business Groups.

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.

#### 4.1.3.4. Consolidating the Group's performance culture and having exemplary leaders

A fair, objective performance assessment is a cornerstone of employee development and a key Being Faurecia concept. This assessment leads to an annual performance review between manager and skilled professional and their supervisor. The goal, beginning with the self-assessment prepared by the employee, is both to measure attainment of individual annual goals and to assess managerial and behavioral skills. This factual, measurable assessment allows not only to identify high-performing managers and skilled professionals, but also to validate and implement actions for individual development in order to continually increase short-term performance as well as develop each person's potential over the medium to long term.

##### ■ Performance indicators 2018:

- 98.7% of managers assessed through a performance review.

In 2018, the Group launched the fourth campaign of its performance appraisal system, STAR (Setting Targets, Achieving Results) for all managers and professionals, a comprehensive approach combining three components:

- a management by objective component that aligns individual performance with business objectives;
- lastly, the managerial skills assessment makes it possible to identify each individual's strengths as well as areas where there is room for improvement to construct practical and effective individual development plans. The Code, which describes the managerial skills that must be mastered at each level of the organization, is at the center of performance management and the identification of the potential and development of future leaders;
- the assessment of behavior enables the measurement of commitment to the Group's values. They consist of three managerial values (entrepreneurship, autonomy and accountability) and three individual values (respect, exemplarity and energy). A Management Code was developed to 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.

In 2018, the quality of reviews and managerial involvement remained a goal 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 since 2017. Identifying and giving recognition to the best-performing employees is especially encouraged.

#### 4.1.3.5. Developing skills and optimizing career management

The Group's internal promotion policy revolves around offering career opportunities to employees who succeed and demonstrate their potential.

Despite a significant recruitment, the rate of vacancies filled internally for managers and skilled professionals was at an overall rate of 46.1% in 2018, a slight decrease with respect to 2017 (50.6%). The rate is 83% compared to 74% in 2017 for Senior Management positions (Top 300). These results for managerial positions were achieved through the implementation of solid planning for succession and individual development plans, based on individual reviews made at least once a year at all levels of the Company (sites, divisions, Business Groups, Group) and based on a rigorous use of Faurecia's managerial skills model.

Furthermore, the implementation of solid succession plans made it possible to develop and fill internally 81% (compared to 73% in 2017) of the required Plant Manager positions and 66% (compared to 64% in 2017) of the required Program Manager positions.

In 2018, 14.5% (compared to 15.6% in 2017) of managers and skilled professionals benefited from internally mobility.

In line with the Group's expertise management policy, Faurecia particularly rewards performance in technical and technological areas. The Group offers its experts a specific career program, which has the added advantage of allowing it to enhance business-specific skills within each product line. In 2018, Faurecia had 354 experts compared to 308 in 2017, including 48 senior experts and 4 master experts. The benchmarks for targeted fields of expertise were reviewed during 2018, in order to include competencies, in particular, in the areas of "Human Sciences" (ergonomics, on-board comfort, bio-mechanics, Neurosciences, psycho-acoustics).

#### 4.1.3.6. Compensation Policy

In order to attract, retain and motivate talent, Faurecia's compensation policy is determined in a way to ensure it is competitive with the internal compensation practices of the local market for each of the Group's business units and complies with legal regulations. To this end, each year Faurecia examines market practices with firms specialized in compensation.

For managers and skilled professionals, compensation depends on several components, in particular the level of responsibility exercised. Therefore, the greater the level of responsibility, the more variable components represent a greater portion of total compensation. For non-manager and skilled professionals, Faurecia has tools at the local level which enable it to link their contributions to the value generated.

Finally, Faurecia is committed to guaranteeing a compensation policy in line with the Group's culture and values.

##### 4.1.3.6.1. CHANGES IN COMPENSATION AND BENEFITS

The total amount of compensation paid, including social contributions, increased by 1.95% across the Group as a whole:

€3,306.7 million in 2018, compared with €3,243.4 million in 2017. Meanwhile, the number of employees at the end of the year increased by 7.6% (+11.6% % for managers and professionals).

The Group adheres to current minimum wage legislation in each country. Wage negotiations are held in the majority of countries. In 2018, worldwide, 70 agreements were concluded on salary/bonus/compensation components and 91 on profit-sharing/incentives.

##### 4.1.3.6.2. VARIABLE COMPENSATION FOR MANAGERS

At Faurecia, variable compensation systems are aligned with the Group's strategic objectives. For executives, in particular, a system of short-term, variable compensation, based essentially on business unit performance, applies in all countries in which Faurecia operates. At the end of 2018, about 4,200 executives, out of a total of more than 18,000, had open-ended contracts.

Simultaneously, in 2018, the Group implemented a local bonus policy, which applies to all countries in compliance with local regulations.

Lastly, a medium-term variable compensation plan was introduced for Managers who are members of the former Senior Management Group (now the Global Leadership Management Group) and who are not eligible in 2018 for the free shares award program. The benefits of this scheme are subject to continuing employment and performance conditions tied to the Group's net income (loss) after taxes in 2020 and to the growth in the Company's basic earnings (loss) per share between 2017 and 2020.

##### 4.1.3.6.3. STOCK SUBSCRIPTION OPTIONS AND PERFORMANCE SHARE PLANS

Faurecia has set up performance share plans for its Global Leadership Management Group, 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 29, 2018 authorized the Board of Directors to grant a maximum of 2,000,000 performance shares.

Based on this authorization, on July 19, 2018, the Board of Directors granted a maximum of 556,590 performance shares to 273 beneficiaries, including fifty-one high-potential managers. The benefits of these shares are subject to a continuing employment condition and two performance conditions: an internal requirement relating to the Group's net income (loss) after taxes in 2020, and an external requirement comparing basic earnings (loss) per Faurecia share between 2017 and 2020 with reference to a group of 12 comparable international automotive suppliers. It should be noted that the grants from the last seven plans were awarded in the same calendar period.

As at December 31, 2018, there were 2,637,293 performance shares that could be granted through July 2022 subject to the fulfillment of the corresponding performance conditions.



## ■ Focus France

### ■ Company savings plan

In France, the Group has over the past few years implemented several mechanisms to allow employees to accumulate savings.

Since 2004, employees have had access to a Group employee savings plan (PEG) open to amounts distributed under profit-sharing and incentive plans, as well as voluntary contributions.

Thirteen funds are available, including Faurecia Actionnariat, a mutual fund investing exclusively in Faurecia stock. At end-2018, total funds managed in the employee savings plan (PEG) stood at €51.3 million, of which 21% were invested in Faurecia Actionnariat (2,995 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-2018, total funds managed in the retirement savings plan (PERCO) stood at €4.8 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 €101.4 million under management.

### ■ Incentive Plans

The incentive agreements entered into by the Group's various French companies mostly establish how voluntary

incentive payouts are calculated based on two sets of indicators:

- financial indicators 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 2018, €22.6 million was paid out to employees under the incentive plan (versus €18.5 million in 2017), of which €10.02 million was invested in Group employee savings plans in France (PEG or PERCO).

### ■ Profit-sharing

The mandatory profit-sharing agreements of the various group companies stipulate, for the most part, that employee profit-sharing calculated in accordance with the legal formula must be allocated among employees prorated on the basis of their compensation for the year in question, subject to compliance with regulatory limits.

The amounts allocated to the profit-sharing reserve may be held in a no-access account or invested in the corporate mutual funds set up in connection with the Group employee savings plan (PEG) or retirement savings plan (PERCO).

In 2018, €6.2 million was paid out to employees under the profit-sharing plan (versus €7.6 million in 2017), of which €2.6 million was invested in Group employee savings plans in France (PEG or PERCO).

## 4.1.4. Social dialogue EFPD

Pursuant to the development of economic and social dialogue of the Code of Ethics, in force since 2007 and supplemented in 2014 by the Being Faurecia program, the Group's various entities continued an active policy of dialogue and negotiation with employee's representative bodies.

Considered as a true lever for improving operational efficiency and defining the Group as an integral player in sustainable development, development of economic and social dialogue is accorded special attention. In this context, the Group is committed to communicating in a regular and structured manner to the various employee representative bodies about its accomplishments, profits and more generally about its strategy. Whenever possible, priority is also given to research and concluding agreements in the various areas where employee commitment is a gauge for success in the implementation of projects.

It is also a preferred vehicle of communication to share about safety and improvement of working conditions while emphasizing concrete achievements and best practices.

### 4.1.4.1. An environment of contrasting business activity by region

In 2018, with constant change and despite the short-term difficulties of the second half of the year in Europe and Asia, Faurecia's worldwide business grew strongly with a performance level generally above the growth of automobile production across all regions.

This trend was reflected by continued growth in headcount which rose from 86,319 at the end of 2017 to 92,884 at the end of 2018 (up 7.6%).

Industrial redeployment initiatives affected 19 sites in 2018, impacting 1,364 jobs in 8 countries, mostly in Europe, Asia, North America and South America.

In this context, thanks to the commercial success of a certain number of vehicles, Europe saw its headcount grow by 5.7%, despite restructuring in Western European countries and the difficulties encountered in some Central European countries in recruiting permanent employees.

In North America, thanks to Faurecia's robustness in a region affected by lower automobile production in the 1<sup>st</sup> half and growing business with some clients, headcount grew by 2.2%.

In South America, in the context of an upswing beginning in 2017, confirmed by new orders in 2018 and a good level of business activity with major manufacturers thanks to productivity efforts achieved at various sites, the number of registered employees decreased slightly by 1.5%.

Finally, despite a clear slowdown observed at the end of the year in China, thanks to significant gains in market share, notably with Chinese automakers, and the consolidation of joint ventures with Wuling, Coagent and BYD, Faurecia continued its growth in Asia where the number of registered employees grew by 32.4%.

#### 4.1.4.2. Greater social dialogue and consultation with employee representative

Implementation of an active policy of consultation and negotiation in 2018 resulted in a record number of signed agreements. 350 agreements with facilities or companies were thus concluded in 18 countries, including 187 in particular in France, 78 in Germany, 32 in Brazil, 12 in Argentina, 7 in Mexico and 5 in the Czech Republic and Uruguay.

Among the agreements, 26% were related to employee incentive plans and profit-sharing, 20% concerned work time, 20% related to salaries and other forms of compensation and 17% dealt with working conditions.

More specifically, negotiations about the organization of work and working hours allowed sites to adapt to fluctuations in work loads due to changes in customer needs or the closing and/or start-up of new programs, in such a way to maintain or even grow, the flexibility needed to safeguard competitiveness.

In the continuum of all the agreements on competitiveness and performance since 2012, which concern 46 sites, the constant search for competitiveness is a key issue to keeping the business going or to winning new programs, thereby avoiding any new plans for industrial redeployment.

In addition, in all the countries in which it operates, the Group is keen to implement existing plans so as to reduce the impact on jobs arising from a slowdown in business. At the same time, in the event of any industrial redeployments, the Group prefers to make use of internal mobility, both on a geographical and cross-divisional level, as well as voluntary redundancy plans. In the event that a site closure is required, the Group endeavors, where this is possible, to put in place re-industrialization projects by providing financial and/or operational assistance to industrial players that are likely to propose redeployment solutions to its employees. In cases where compulsory redundancies cannot be avoided, providing support for those employees seeking redeployment is a priority.

Created in 2003, the European Works Council is a key body in the Group's economic and social dialogue, the preferred forum

for exchanges with employee representatives on the Group's strategy, results and outlook.

The European Council met in plenary session twice during the year, on April 17 and 18, 2018, in an ordinary meeting, and on November 23 in an extraordinary meeting, for the purposes of an acquisition project of the Japanese company Clarion.

The Council Board, comprising representatives of the six biggest countries in terms of headcount (i.e., France, Poland, Germany, Czech Republic, Spain and Portugal), met three times during the year. Under the existing agreement, the monthly meeting was held on site on November 28, 2018. On this occasion members of the Board visited the Faurecia Seating plant in Lozorno (Slovakia) as well as the Volkswagen assembly plant in Bratislava.

Hoping to better reflect its European dimension and strengthen its international image, Faurecia S.A., parent company of the Group, decided to adopt the corporate form of European Company (SE). For this purpose, in accordance with legal provisions, a Special Negotiating Group (GSN), composed of representatives from European countries where Faurecia group has employees, was set up in order to negotiate the establishment of a European employee representative body. This body replaces the current one created in 2003 for the purpose of sharing information, exchanging viewpoints and dialogue on the European level.

An agreement was concluded on October 22, 2018, signed by 18 of the 19 members of the GSN. It defines the areas of intervention, the operating mode and the means of implementation as part of the Comité de Société Européenne, which will be called the "Faurecia European Company Committee (FE2C)." Under terms of this agreement and as part of what has already been undertaken to date, the signatory parties agreed to maintain in the future a regular and constructive dialogue; information, and as the case may be, consultations on the European level about industrial goals, the Group's strategy and their potential impact on employment shall continue in a spirit of trusted cooperation.

This agreement stipulated that members of this body shall be named during the 1<sup>st</sup> trimester 2019 and that they shall meet for the first time during the plenary meeting of spring 2019.

Furthermore, it is expressly noted that the transformation of Faurecia into a European company has no impact on the attendance of Board members representing employees on the Board of Directors. The two Board members who have sat on Faurecia's Board of Directors since November 1, 2017, will continue to serve their 4-year term of office until it expires.

The end of 2018 also saw, after more than 18 months of work, the move by the Executive Committee, all of the Corporate teams and the Business Group management, as well as Faurecia University, to a new building located in Nanterre, near the Group's previous headquarters. More reflective of its international standing and its technological leadership, meeting the most current and demanding standards with respect to the environment, interior design and technical equipment, this building, henceforth the Group's new headquarters, was specially designed to offer its employees a pleasant and productive work setting.

### 4.1.5. Promotion of diversity

Faurecia is stepping up the promotion of diversity as a true strength and asset, generating both a positive impact on performance and also a source of innovation and motivation for all of the Group's employees. Diversity, guided on a daily basis by the Group's values, convictions and Code of Ethics, addresses all aspects whether it is origin, gender, age or disability.

Particular emphasis is brought to bear on strengthening the gender balance with the goal of increasing the presence of women as senior executives within the Group and more generally throughout the entire population of managers and skilled professionals.

**■ Goals**

The goal is to increase by 2% per year the ratio of women to men and to reach 30% by the end of 2021 as compared to 23.8% in 2018.

**■ Key performance indicators 2018:**

- 20.7% of women are members of a plant management team;
- 15.3% of women on the Group Leadership Committee (GLC);
- 23.8% of women managers and skilled professionals;
- 34% non-Europeans on the GLC.

During 2018, as part of the pursuit of deploying its "Faurecian Talent Initiatives" effort, the Group established a project on gender balance and diversity, with regard to recruitment and career development.

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 teleworking 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. Simultaneously, an effort was launched to support spouses of expatriate employees thanks to external and personalized support that helps with moving, facilitates cultural and professional adaptation and helps to find local employment;
- the talent acquisition strategy was also reviewed: country recruitment officers reviewed the list of target schools, giving preference to those with balanced gender representation. The list of Ambassadors was completed to ensure that women are sufficiently 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 ensures that diversity management is an integral part of the training delivered to managers, and it has handled the establishment of training programs targeting women in order to 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.

	2018	2017	2016
% of women on the Group Leadership Committee	15.3%	11.6%	9.2%
% of women are members of a plant Management team	20.7%	20.8%	19.7%
% of women managers and skilled professionals	23.8%	23.3%	23%

In order to adapt to new economic conditions in new markets, Faurecia reorganized the Group Leadership Committee. Thus, the ratio of women to men improved in 2018 compared to 2017.

Implemented in 2018, additional actions to speed up the promotion of Male/Female equality and diversity will bear fruit in 2019 and 2020.

## 4.1.6. Social indicators (not included in the EFPD)

This report was prepared in accordance with Decree 2002-221 dating from February 20, 2002 and in accordance with the main guidelines proposed by the "Global Reporting Initiative" and relating to corporate social data.

It meets the requirements of the legislator regarding the social data of listed companies, the wishes of the Management of the Faurecia group and the requests of the main shareholders of the Company.

In the 34 countries in which the Group is implemented, 400 reporting units have been declared to the Human Resources department. These units were defined according to an analytical breakdown of the Group's activities, allowing consolidation by product, geographical area and legal entity. Social data is then consolidated globally, by geographical area: Europe, North America, South America, Asia and other countries.

Based on the 68 indicators that were established, the reporting units answered 100 questions that were answered at the level of the Group's HR Management department.

Social reporting is articulated around two complementary axes of analysis:

A quantitative part concerning some of the main types of effects passed by gender, age and occupational category, and then by the absenteeism rate indicators, the number of applications received or training expenditure spent. The return of this information was completed on January 8, 2018 via the Group's usual consolidation system (Métis).

The scope remains in line with the statutory scope.

### Total workforce 2018 vs. 2018

	2018				2017				2018 vs. 2017			
	Registered Employees	Temporary Employees	Number of Employees	Of which % open-ended contracts (CDI)	Registered Employees	Temporary Employees	Number of Employees	Of which % open-ended contracts (CDI)	Registered Employees	Temporary Employees	Number of Employees	Of which open-ended contracts (CDI) (in points)
Europe	44,785	8,844	53,629	76,3%	43,302	11,027	54,329	73,4%	3,4%	-19,8%	-1,3%	2,9
North America	20,026	970	20,996	84,5%	19,590	1,100	20,690	85,2%	2,2%	-11,8%	1,5%	-0,6
South America	5,560	169	5,729	95,3%	5,647	248	5,895	88,6%	-1,5%	-31,9%	-2,8%	6,7
Asia	16,176	9,577	25,753	61,3%	12,221	8,495	20,716	54,8%	32,4%	12,7%	24,3%	6,5
Others	6,337	2,249	8,586	59,7%	5,559	2,086	7,645	57,6%	14,0%	7,8%	12,3%	2,2
<b>FAURECIA</b>	<b>92,884</b>	<b>21,809</b>	<b>114,693</b>	<b>74,2%</b>	<b>86,319</b>	<b>22,956</b>	<b>109,275</b>	<b>71,8%</b>	<b>7,6%</b>	<b>-5,0%</b>	<b>5,0%</b>	<b>2,4</b>

#### Number of employees:

The Group's total workforce saw growth of more than 5,400 people, or +5% in 2018, due to sustained business activity, further strengthening of skills and integration of new business activity in Europe and China.

The proportion of short-term contracts declined over the period, going from 7.2% to 6.8%. The proportion temporary employees also declined from 21.0% to 19.0%.

The proportion of open-ended employment contracts thus automatically increased from 71.8% to 74.2% through the combined effect of these two factors.

Total employment increased mainly in Asia in 2018 (+5,037 people), in North America (+306 people) as well as in other countries (+941 people

mainly in Morocco and Tunisia). It decreased in Europe (-1.3%), impacted by lesser recourse to temporary work.

#### Registered employees:

The Group's registered employees increased by 6,565 people in 2018 (+7.6%). This increase was particularly noticeable in Asia (+32.4% or +3,955 people), mainly due to the integration

of the Coagent company in China, and in Europe (+3.4% or +1,483 people) with integration of Hug Engineering and

Parott Automotive and hires in Central Europe.

#### Temporary employees:

The number of temporary employees decreased by more than 1,100 people in 2018, or -5.0% in order to improve the stability of our workforce in Central Europe and adapt to fluctuations in business activity in Western Europe.

At the end of December 2018, the percentage of temporary employees was 19.0%, 2 points lower than in 2017.

In Europe, the rate rose from 20.3% to 16.5%. It reached 15.0% at the end of 2018 in Western Europe, compared to 18.3% in Central Europe.

Reliance on temporary workers decreased across all the countries in this region.

This rate remains high in Asia (37.8%), with the proportion of temporary labor being structurally high in China.

## Registered employees 2018 vs. 2017

	2018				2017				Change '18 vs. '17
	Operators & workers	Technicians, foremen & administrative staff	Managers & skilled professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & skilled professionals	Total	
Europe	28,926	6,618	9,241	44,785	28,299	6,431	8,572	43,302	3,4%
North America	14,792	1,300	3,934	20,026	14,422	1,286	3,882	19,590	2,2%
South America	4,221	840	499	5,560	4,004	1,145	498	5,647	-1,5%
Asia	8,125	1,505	6,546	16,176	6,110	1,013	5,098	12,221	32,4%
Others	4,984	640	713	6,337	4,259	601	699	5,559	14,0%
<b>FAURECIA</b>	<b>61,048</b>	<b>10,903</b>	<b>20,933</b>	<b>92,884</b>	<b>57,094</b>	<b>10,476</b>	<b>18,749</b>	<b>86,319</b>	<b>7,6%</b>

The number of registered employees rose by 7.6% in 2018: 11.6% for managers and professionals, 4.1% for technicians, foremen and administrative staff, and 6.9% for operators and workers.

The changes concerning operators is due in particular to external growth in China and the growth of business in Central Europe and Morocco.

In Europe, the number of registered employees rose by +3.4% including +7.8% for managers and professionals, +2.2% for operators and workers, and +2.9% for technicians, foremen and administrative staff.

In Western Europe, registered employees increased by +1.1%, notably in France (+221 people), in Portugal (+201 people) and in Switzerland (+168 people), mainly due to our acquisitions of Parott Automotive and Hug Engineering.

In Central Europe, the number of registered employees jumped by 7.1%, mainly in Romania (+570 people), Slovakia (+382 people) and Poland (+208 people).

In North America, the number of registered employees rose by +2.2%, or +436 people.

The number of workers increased by 2.6%, whereas the number of technicians, foremen and administrative staff increased by 1.1% and that of managers and skilled professionals increased by 1.3%.

In South America, in the context of economic difficulties, registered employees decreased by -1.5%, mainly in Argentina.

In Asia, the number of registered employees climbed by 32.4%, mainly in China (+4,137 people), integrating the consolidation of three new joint ventures.

Numbers were up 33.0% for operators and workers, +48.6% for technicians, foremen and administrative staff and +28.4% for technicians and managers.

Other countries recorded a rise in their registered employees of 14.0%, mainly in Morocco (+672 people) and Tunisia (+349 people).

## Registered employees by type of contract 2018 vs. 2017

	2018			2017			2018 vs. 2017		
	Open-ended contracts (CDI)	Fixed-term contracts (CDD)	Total	Open-ended contracts (CDI)	Fixed-term contracts (CDD)	Total	Open-ended contracts (CDI)	Fixed-term contracts (CDD)	Total
Europe	40,945	3,840	44,785	39,884	3,418	43,302	2,7%	12,3%	3,4%
North America	17,752	2,274	20,026	17,620	1,970	19,590	0,7%	15,4%	2,2%
South America	5,460	100	5,560	5,224	423	5,647	4,5%	-76,4%	-1,5%
Asia	15,775	401	16,176	11,346	875	12,221	39,0%	-54,2%	32,4%
Others	5,129	1,208	6,337	4,400	1,159	5,559	16,6%	4,2%	14,0%
<b>FAURECIA</b>	<b>85,061</b>	<b>7,823</b>	<b>92,884</b>	<b>78,474</b>	<b>7,845</b>	<b>86,319</b>	<b>8,4%</b>	<b>-0,3%</b>	<b>7,6%</b>

Open-ended contracts rose by 8.4% (+6,587 people). Over the same period, the workforce with fixed-term contracts remained stable at more than 7,800 people.

Open-ended contracts accounted for 91.6% of the registered employees as opposed to 90.9% in 2017.

The number of Open-ended contracts increased by 4,429 in Asia (+39.0%, essentially in China) and 1,061 in Europe (+2.7%, essentially in Romania, Portugal and France) supporting the growth of business and our acquisitions in these two regions.

It also increased by +236 people in South America, mainly in Brazil, across all business activities.

The changes in North America showed contrasting trends. The number of open-ended contracts rose in the United States (+598 people) but fell in Mexico (-462 people), essentially due to the closure of our Saltillo site.

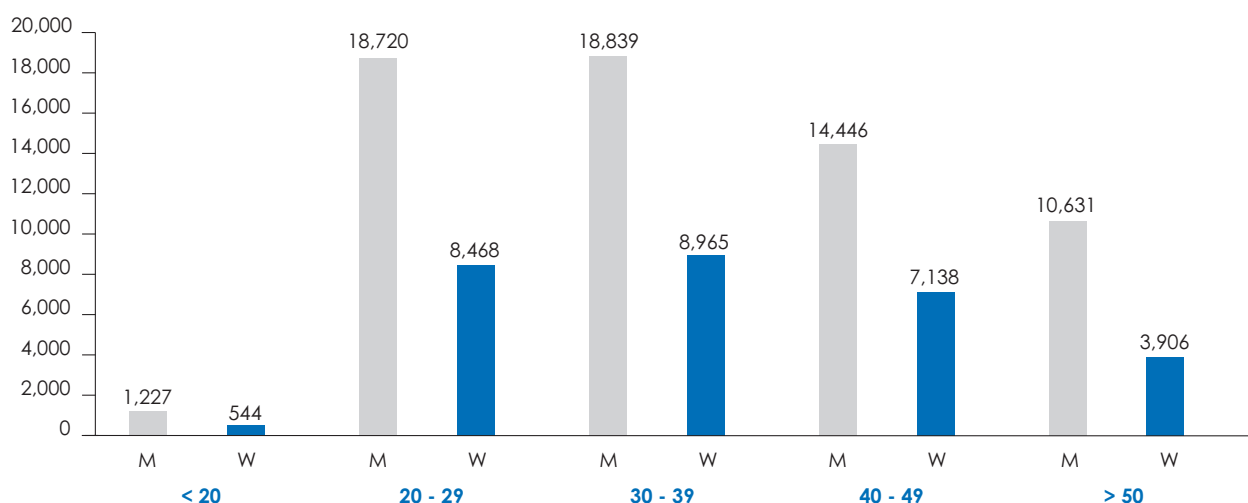
The number of fixed-term contracts declined by 0.3% compared to 2017.

They accounted for 8.4% of employees at the end of 2018, compared with 9.1% at the end of 2017.



### 2018 age pyramid by gender

Registered employees	<20		20 -29		30 -39		40 -49		> 50		Total	
	M	W	M	W	M	W	M	W	M	W	M	W
Operators & workers	1,111	478	12,664	5,815	11,011	6,087	8,917	5,416	6,503	3,046	40,206	20,842
Technicians, foremen & administrative staff	116	66	2,185	1,204	2,091	908	1,787	601	1,527	418	7,706	3,197
Managers & skilled professionals	0	0	3,871	1,449	5,737	1,970	3,742	1,121	2,601	442	15,951	4,982
<b>TOTAL</b>	<b>1,227</b>	<b>544</b>	<b>18,720</b>	<b>8,468</b>	<b>18,839</b>	<b>8,965</b>	<b>14,446</b>	<b>7,138</b>	<b>10,631</b>	<b>3,906</b>	<b>63,863</b>	<b>29,021</b>



Women accounted for 31.2% of the Group's registered employees, an increase of 1 point compared with 2017.

They accounted for 34.1% of operators and workers, 29.3% of technicians, foremen and administrative staff, and 23.8% of managers and skilled professionals at the Group level.

Faurecia is a relatively young Group with 61.1% of employees under the age of 40 and 31.7% under 30.

14,537 or 15.7% of employees are more than 50 years old, a stable ratio as compared to 2017.

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 skilled professionals accounting for 22%.

### External hires 2018 vs. 2017

Registered employees	2018			2017			2018 vs. 2017		
	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	4,987	4,158	9,145	4,550	3,585	8,135	9,6%	16,0%	12,4%
North America	2,813	8,334	11,147	2,131	7,262	9,393	32,0%	14,8%	18,7%
South America	1,190	90	1,280	1,168	374	1,542	1,9%	-75,9%	-17,0%
Asia	4,006	907	4,913	2,677	1,199	3,876	49,6%	-24,4%	26,8%
Others	1,049	1,085	2,134	479	798	1,277	119,0%	36,0%	67,1%
<b>FAURECIA</b>	<b>14,045</b>	<b>14,574</b>	<b>28,619</b>	<b>11,005</b>	<b>13,218</b>	<b>24,223</b>	<b>27,6%</b>	<b>10,3%</b>	<b>18,1%</b>

This table shows year-on-year changes in hiring, excluding the impact of transfers from fixed-term to open-ended contracts.

For all registered employees, the number of hires rose by +18.1% as compared with 2017, or +27.6% for open-ended contracts and +10.3% for fixed-term contracts.

In Europe, open-ended contract hires rose by 9.6% compared with 2017, mainly in Romania (1,427 new hires), in Poland (889 new hires) and in Czech Republic (932 new hires). Western Europe registered a volume of 1,163 new hires.

Hires on fixed-term contracts rose by 16.0% over the period in Europe.

In North America, 2,813 hires were made on open-ended contracts, compared with 2,131 in 2017 (+32.0%), mainly in the United States. Hires of fixed-term contracts rose, from 7,262 in 2017 to 8,334 in 2018, mainly in the United States, in order to respond quickly to fluctuations in business activity.

In South America, the volume of hires fell as compared to 2017 (-17.0% all contracts combined), mainly due to a net decline in fixed-term contact hires.

This change should be considered in view of the substantial slowdown in hires since 2015 in response to the economic downturn in this region.

In Asia, the number of hires on open-ended contracts jumped by 49.6%, especially in China, with more than 3,300 hires.

In other countries, hires on open-ended contracts rose from 2017. These hires primarily occurred in Morocco.

### External hires 2018 vs. 2017

Registered employees	2018				2017			
	Operators & workers	Technicians, foremen & administrative staff	Managers & skilled professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & skilled professionals	Total
Europe	6,852	1,326	944	9,122	6,092	1,125	918	8,135
North America	10,016	392	739	11,147	8,330	362	701	9,393
South America	985	245	50	1,280	1,038	464	40	1,542
Asia	2,921	406	1,586	4,913	2,500	368	1,008	3,876
Others	1,739	214	181	2,134	970	150	157	1,277
<b>FAURECIA</b>	<b>22,513</b>	<b>2,583</b>	<b>3,500</b>	<b>28,596</b>	<b>18,930</b>	<b>2,469</b>	<b>2,824</b>	<b>24,223</b>

Operators and workers represented 78.7% of hires in 2018, compared with 9.1% for technicians, foremen and administrative staff, and 12.2% for managers and skilled professionals, compared with 78.1%, 10.2% and 11.7% respectively in 2017. The 18.1% increase in external hires in 2018 encompasses a 18.9% increase for operators and workers, a 4.6% increase for technicians, foremen and administrative staff, and a 23.9% increase for managers and skilled professionals across all types of contracts. There were 3,500 managers and skilled professionals hired, 3,127 of them on open-ended contracts.

In Europe, hires of operators and workers rose by 12.5%, increasing mainly in Romania, Czech Republic and Slovakia.

Hires of technicians, foremen and administrative staff increased by 17.9%, and hires of managers and skilled professionals increased by 2.8% (mainly in Portugal and France).

In North America, hires of operators and workers increased by 20.2%. The number of hires of structural and managerial staff was up by 6.4% mainly in the USA.

In South America, hires registered a decline of -17.0%, across all categories.

In Asia, the volume of hires by professional category rose by +16.8% for operators & workers, +10.3% for technicians, foremen & administrative staff Technicians, foremen & administrative staff and +57.3% for managers & skilled professionals. This growth applied mainly to China.

In other countries, hires of operators and workers increased by 79.3%, primarily in Morocco.

### Transfers from fixed-term to open-ended contracts 2018 vs. 2017

Registered employees	2018				2017			
	Operators & workers	Technicians, foremen & administrative staff	Managers & skilled professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & skilled professionals	Total
Europe	1,110	262	238	1,610	995	217	144	1,356
North America	2,818	69	126	3,013	2,975	100	230	3,305
South America	0	1	0	1	1	16	0	17
Asia	57	6	2	65	72	7	0	79
Others	246	19	11	276	93	18	7	118
<b>FAURECIA</b>	<b>4,231</b>	<b>357</b>	<b>377</b>	<b>4,965</b>	<b>4,136</b>	<b>358</b>	<b>381</b>	<b>4,875</b>

The number of transfers from fixed-term contracts to open-ended contracts increased by 1.8% in 2018.

These transfers almost exclusively involved operators and workers.



## Departures by reason 2018 vs. 2017

Registered employees	2018					2017				
	Resignations (open-ended contracts)	Individual layoffs	Group layoffs	Others	Total	Resignations (open-ended contracts)	Individual layoffs	Group layoffs	Others	Total
Europe	3,446	1,978	369	2,334	8,127	2,894	1,715	240	1,969	6,818
North America	2,327	5,322	116	2,958	10,723	2,145	3,850	6	2,546	8,547
South America	164	762	10	413	1,349	134	658	21	270	1,083
Asia	2,285	1,425	23	1,146	4,879	1,422	979	47	579	3,027
Others	340	306	0	473	1,119	252	153	30	226	661
<b>FAURECIA</b>	<b>8,562</b>	<b>9,793</b>	<b>518</b>	<b>7,324*</b>	<b>26,197</b>	<b>6,847</b>	<b>7,355</b>	<b>344</b>	<b>5,590</b>	<b>20,136</b>

\* Of which 2,679 end of fixed-term contracts, 4,015 resignations from fixed-term contracts, and 630 retirements or deaths.

The number of employees who left the Group totaled 26,197 in 2018, compared with 20,136 in 2017, an increase of 30.1%.

10.2% of them were at the end of a fixed-term contract.

Resignations of employees with open-ended contracts represented 32.6% of departures in 2018 compared with 34.0% in 2017.

They increased in Central Europe, Asia and the United States. 70% of them concerned operators & workers (mainly Poland,

Czech Republic Romania, Mexico and China), for 8.4% technicians, foremen & administrative staff and for 21.6% managers and skilled professionals (mainly France, United States and China).

The proportion of individual and collective layoffs decreased, from 40.0% to 39.4% of the total recorded departures, mainly in the United States and in Mexico.

## Training hours 2018 vs. 2017

	2018		2017	
	Training hours	Training hours per employee	Training hours	Training hours per employee
Europe	615,391	14,9	661,353	16,8
North America	560,135	28,1	541,354	28,6
South America	101,556	19,0	78,550	16,4
Asia	428,229	29,2	324,423	28,2
Others	133,553	22,4	115,693	22,2
<b>FAURECIA</b>	<b>1,838,864</b>	<b>21,1</b>	<b>1,721,373</b>	<b>21,5</b>

The average number of training hours remains stable in 2018 at more than 21 hrs. per employee Group-wide.

The total number training hours delivered in 2018 increased by 6.8% over the period, mainly in Romania, Mexico, Brazil and China.

## Expatriates by region of deployment on 12/31/2018

	2018	2017
Europe	79	83
North America	56	68
South America	7	11
Asia	61	58
Others	15	20
<b>FAURECIA</b>	<b>218</b>	<b>240</b>

The change in number of expatriates and the great diversity of their nationalities are aimed at supporting the Group's international growth.

The number of expatriates declined by nearly 9.2% in 2018 in view of the strong increase in local managerial teams.

## Employees with disabilities 2018 vs. 2018

	2018	2017
Europe	892	852
North America	15	13
South America	98	97
Asia	36	13
Others	47	41
<b>FAURECIA</b>	<b>1,088</b>	<b>1,016</b>

Faurecia employs more than 1,000 people with disabilities, mainly in Europe. This figure increased by 7.1% compared to 2017.

The criteria used to define employees with disabilities are defined by legislation in each country, legislation that is more

voluntaristic in Europe and particularly in France and Germany, than in other countries.

In France and Germany, the proportion of employees with disabilities was unchanged at nearly 5% of registered employees.

## 2018 Work schedules

Registered employees	Two 8-hr shifts <sup>(1)</sup>	Three 8-hr shifts <sup>(2)</sup>	Weekend <sup>(3)</sup>	Others	Total
Europe	10,227	15,914	349	18,295	44,785
North America	3,282	9,315	6	7,423	20,026
South America	942	310	0	4,308	5,560
Asia	4,537	1,136	10	10,493	16,176
Others	2,852	2,119	4	1,362	6,337
<b>FAURECIA</b>	<b>21,840</b>	<b>28,794</b>	<b>369</b>	<b>41,881</b>	<b>92,884</b>

(1) Work in two shifts.

(2) Work in three shifts.

(3) Reduced weekend hours.

Work schedules are organised to meet the needs of our customers in light of the production capacity of our plants. The fixed shift work schedules ((1), (2) and (3)), which concern primarily our production plants, represent nearly 55.0% of our registered employees.

## Part-time staff 2018

	2018	2017
Europe	613	690
North America	6	0
South America	4	0
Asia	0	0
Others	0	0
<b>FAURECIA</b>	<b>623</b>	<b>690</b>

Part-time employment contracts only apply to Europe, and in particular to France, Germany and Spain.

They represent, in 2018, 2.2% of registered employees in France compared with 2.1% in 2017, 3.4% in Germany compared with 3.3% in 2017 and 3.5% in Spain compared with 5.2% in 2016.

### Overtime (in hours) 2018 vs. 2017

	2018		2017	
	Overtime (in hours)	% hours worked	Overtime (in hours)	% hours worked
Europe	3,233,782	4,6%	2,857,192	4,2%
North America	5,057,029	11,9%	4,125,524	10,4%
South America	595,523	5,7%	708,406	7,3%
Asia	6,072,529	20,7%	4,487,966	19,6%
Others	846,224	7,1%	867,476	8,1%
<b>FAURECIA</b>	<b>15,805,087</b>	<b>9,6%</b>	<b>13,046,564</b>	<b>8,7%</b>

Overtime hours are determined in accordance with the legislation of each country.

Recourse to overtime hours increased in Romania, as well as in China, the USA and Mexico.

The amount of overtime hours in 2018 increased by 0.9 point compared with 2017 and represents 9.6% of hours worked across the Group.

### Absenteeism on 12/31/2018 vs. 12/31/2017

	2018				Abs. rate 2018	Abs. rate 2017
	Sick leave	Absence as a result of work-related accidents	Other absences	Total		
Europe	2,376,961	125,518	189,137	2,691,616	3,8%	3,6%
North America	215,991	26,357	860,679	1,103,027	2,6%	2,1%
South America	146,730	29,622	34,481	210,833	2,0%	2,1%
Asia	74,964	7,756	61,410	144,130	0,5%	0,7%
Others	217,543	10,786	17,075	245,404	2,1%	1,9%
<b>FAURECIA</b>	<b>3,032,189</b>	<b>200,039</b>	<b>1,162,782</b>	<b>4,395,010</b>	<b>2,7%</b>	<b>2,5%</b>

Absenteeism reported was due to illness, workplace accidents and various unauthorized absences.

At the same time, the number of hours worked increased by 9.2% from 150.6 million to 164.3 million hours over the same period.

The number of hours of employee absence was up 14.9% in 2018 compared with 2017, to reach nearly 4.3 million hours in total.

That led to an increasing rate of absenteeism at 2.7% for 2018.

Sick leave accounted for nearly 69% of absences recorded across the Group. This percentage was over 88% in Europe.

## Maternity/paternity/parental leave at December 31, 2018

	Maternity leave				Paternity leave				Parental leave				Total			
	Opera-tors & workers	Technicians, foremen & administra-tive staff	Managers & skilled profes-sionals	Total	Opera-tors & workers	Techni-cians, foremen & admini-strative staff	Managers & skilled profes-sionals	Total	Opera-tors & workers	Techni-cians, foremen & admini-strative staff	Managers & skilled profes-sionals	Total	Opera-tors & workers	Techni-cians, foremen & admini-strative staff	Managers & skilled profes-sionals	Total
Europe	629	117	230	976	499	129	263	891	532	133	160	825	1,660	379	653	2,692
North America	220	10	49	279	194	5	43	242	7	0	1	8	421	15	93	529
South America	45	17	4	66	124	15	9	148	0	0	0	0	169	32	13	214
Asia	85	31	94	210	221	58	242	521	38	24	31	93	344	113	367	824
Others	191	26	21	238	41	4	6	51	0	0	0	0	232	30	27	289
<b>FAURECIA</b>	<b>1,170</b>	<b>201</b>	<b>398</b>	<b>1,769</b>	<b>1,079</b>	<b>211</b>	<b>563</b>	<b>1,853</b>	<b>577</b>	<b>157</b>	<b>192</b>	<b>926</b>	<b>2,826</b>	<b>569</b>	<b>1,153</b>	<b>4,548</b>

The number of employees taking maternity leave grew by 15.2% in 2018, mainly in Europe. Those benefitting from paternity leave increased respectively by 21.8%, mainly in Asia. Parental leave declined by 17% (mainly in Europe).

The conditions and durations of maternity/paternity and parental leave are governed by legislation in each country.

## Occupational illnesses by type at December 31, 2018

	2018					
	Musculoskeletal disorders of the arms	Musculoskeletal back disorders	Exposure to asbestos	Deafness or hearing impairments	Others	Total
Europe	157	24	2	1	29	213
North America	15	5	0	14	11	45
South America	11	13	0	14	9	47
Asia	0	0	0	0	0	0
Others	0	0	0	0	0	0
<b>FAURECIA</b>	<b>183</b>	<b>42</b>	<b>2</b>	<b>29</b>	<b>49</b>	<b>305</b>

0.3% of the Group's registered employees had an occupational illness in 2018, a decline of 2 points compared with 2017.

Musculoskeletal disorders of the arms accounted for almost 60% of the occupational illnesses recorded within the Group.

The conditions for recognition of these different pathologies are governed by legislation in each country.

More than 35% of these disorders were recorded in France.

### Subcontracting 2018 vs. 2018

	2018			2017		
	One-off subcontracting projects	Ongoing subcontracting	Total	One-off subcontracting projects	Ongoing subcontracting	Total
Europe	638	1,459	2,097	789	1,490	2,279
North America	193	709	902	177	681	858
South America	368	258	626	261	343	604
Asia	214	703	917	196	745	941
Others	71	231	302	60	199	259
<b>FAURECIA</b>	<b>1,484</b>	<b>3,360</b>	<b>4,844</b>	<b>1,483</b>	<b>3,458</b>	<b>4,941</b>

The use of subcontractors decreased by 2.0% in 2018.

This change is explained mainly by a lower usage of subcontractors in Western Europe.

### Social and cultural activities in 2018 (for registered employees)

<i>(in thousands of euros)</i>	Accommodation	Transportation	Catering	Medical care	Supplementary health and personal risk insurance	Subsidies	Total
Europe	8,617	16,798	10,068	5,547	21,653	4,682	67,364
North America	9,840	9,780	5,291	5,689	3,534	569	34,704
South America	398	4,869	4,911	4,676	4,931	150	19,935
Asia	13,619	11,516	12,476	18,891	26,594	1,746	84,841
Others	396	3,205	1,300	780	632	103	6,416
<b>FAURECIA</b>	<b>32,870</b>	<b>46,169</b>	<b>34,045</b>	<b>35,584</b>	<b>57,344</b>	<b>7,250</b>	<b>213,260</b>

The total amount for 2018 was up 8.5% over 2017, factoring in the increase in our registered employees.

## 4.2. Environmental Responsibility: introduction

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), and controlling emissions of polluting gases.

### ■ Key dates in the Group's commitment to environmental performance

- 2000: 1<sup>st</sup> 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.
- 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."
- 2018: Assessment of environmental issues from a risk perspective. 1 environmental risk, sites environmental impact and climate change (including energy efficiency), and 2 opportunities Circular economy and responsible innovation of products that promote air quality and reduced carbon footprint. For more information on the methodology of identifying extra financial risks, please refer to Chapter 2 dealing with risk analysis.

### The environmental risks and opportunities for Faurecia and their key performance indicators

Environmental Risks and Opportunities	Key performance indicators (actual scope between 2015 and 2017)	Key performance indicators (actual scope between 2015 and 2017)			
		2015	2016	2017	2018
<b>Environmental impact of sites and climate change</b>	■ Share from production plants certified ISO 14001	75.7%	76.3%	78.1%	77.7%
	■ Tons of waste/€m of sales	15.12	13.81	13.23	14.07
	■ Ton of plastic used/€m of sales Faurecia Interiors	45.43	43.44	39.27	40.80
	■ Tons of metal used/€m of sales Faurecia Seating & Faurecia Clean Mobility	NA	107	102	103.22
	■ Energy consumption (MWh)/€m of sales	134.8	118.1	112.5	116
	■ Tons of CO <sub>2</sub> equivalent/€m of sales (scope 1 and 2)	55.75	42.12	39.25	40.92
<b>Innovation of products and services promoting air quality and reduced carbon footprint</b>	■ Report of GHG emissions not quantified (including those produced through of product sold)				
<b>Circular economy (responsible use of resources; waste management and recycling/recovery)</b>	■ Rate of waste recycling (externally)	56%	58%	61%	58%
<i>Sales from November 1 to October 31 for the reporting year (in € millions)</i>		14,279	15,754	17,401	17,672

## 4.2.1. Environmental policy

### 4.2.1.1. Governing policies and 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. It is organized around four themes: protection of the soil and subsoil, energy management, the quality of air emissions as well as waste management. It consists of posters illustrating 10 proper environmental attitudes to adopt; an on-line training module and a self-assessment questionnaire. The latter enables the progress of employees adopting good environmental attitudes to be assessed. The Seating Business Group asks each of its sites to conduct a quarterly self-assessment. The assessment is done internally by the site's HSE coordinator. Progress indicators for each of the attitudes are monitored at the division and branch level of the business. For Interior System Branch, 100% of plants conducted this self-assessment during the reporting period. In 2019, monitoring of action plans from this self-assessment will be evaluated during FES (Faurecia Excellence System) audits in production.

To implement and manage the environmental policy, the Group relies on an Environment and Energy 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.

### 4.2.1.2. Training employees and temporary workers on the environmental impact of sites

Upon being on-boarded, new employees, both permanent and temporary, attend an education session on environmental impact management on the certified sites so they can immediately learn about the environmental best practices of the site where they work. In 2018, more than 71,851 Training hours were dedicated to the environment.

For the most part, environmental training is done internally. The sessions deal with environmental impact and risk management, waste classification and management, chemicals management, implementation of natural disaster emergency response plans and also the environmental monitoring of subcontractors' sites.

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.

### 4.2.1.3. The investment related to protecting the environment

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 2018, investments in environmental protection amounted to €10.6 million, of which €4.3 million went to energy efficiency.

#### Amount of investments related to environmental protection (actual scope)

		2015 (€)	2016 (€)	2017 (€)	2018 (€)
<b>Amount for environmental protection, by BG (excluding investments in energy efficiency)</b>	Seating	514,376	602,211	586,084	679,303
	Clean Mobility	1,230,075	1,148,548	1,199,470	2,357,365
	Interiors	1,446,411	685,153	1,760,193	3,289,077
<b>TOTAL AMOUNT</b>		<b>3,190,862</b>	<b>2,435,911</b>	<b>3,545,746</b>	<b>6,325,744</b>
<b>Amounts earmarked for energy efficiency, by BG</b>	Seating	-	1,047,697	780,585	927,644
	Clean Mobility	-	1,599,091	316,189	375,099
	Interiors	-	1,767,555	1,328,939	3,031,794
<b>TOTAL AMOUNT</b>		-	<b>4,414,343</b>	<b>2,425,713</b>	<b>4,334,537</b>
<b>TOTAL AMOUNT OF INVESTMENTS</b>		<b>3,190,862</b>	<b>6,850,254</b>	<b>5,971,459</b>	<b>10,660,281</b>



#### 4.2.1.4. The amount of provisions and guarantees for environmental risks

In 2018, provisions for environmental risks were established for an amount of €3,102 thousand. Provisions are mainly related to site remediation costs.

### 4.2.2. Environmental impact of production plants and climate change EFPD

The business activity of Faurecia's production plants has impacts on the environment. Risk management concerns soil, water and air pollution, waste, limited use of dangerous chemical products and noise pollution.

**Key performance indicators:**

- proportion of ISO 14001-certified production plants;
- tons of waste/€m of sales;
- tons of plastic used/€m of Faurecia Interiors sales;
- tons of metal used/€m of Faurecia Seating & Faurecia Clean Mobility sales.

#### 4.2.2.1. 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 2018, 77.7% of production plants held ISO 14001 certification, an increase of 0.6% at constant scope. Five new plants were certified during the reporting year.

In addition, in 2018, 36 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 actual scope)**



### 4.2.2.2 Energy efficiency and carbon emissions

The automotive supplier industry has a role to play in fighting climate change. Faced with this global challenge, Faurecia committed, along with 88 other French companies, by signing the French Business Climate Pledge in 2017. Together, these companies have called for massive investments to move to a low-carbon society.

Faurecia sites are encouraged to improve their energy efficiency by optimizing the energy efficiency of their buildings and production equipment, by reusing energy sources and promoting the consumption of renewable energy in order to reduce their carbon footprint.

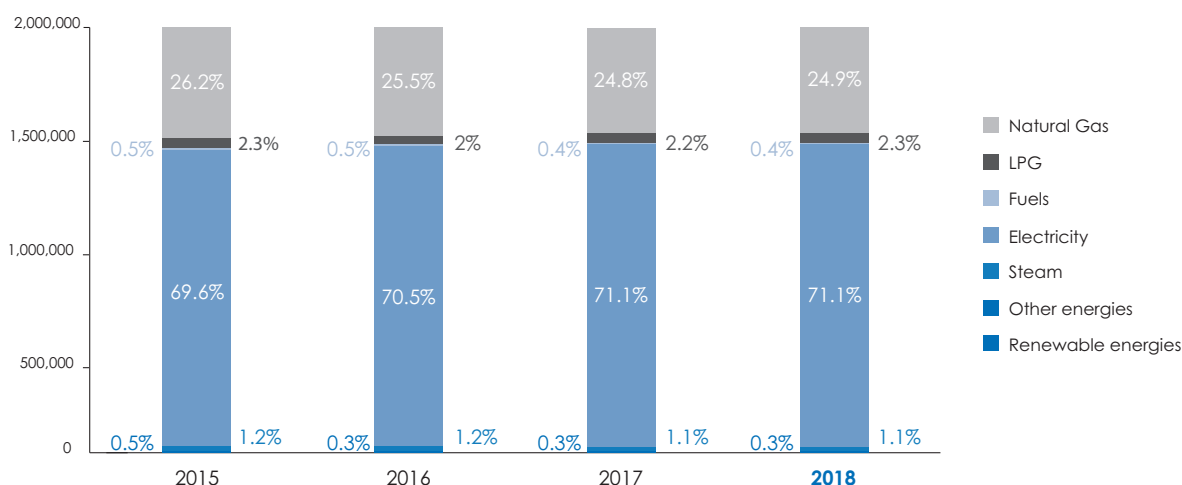
■ **Key performance indicators 2018:**

- energy consumption (MWh)/€m of turnover;
- tons of CO<sub>2</sub> equivalent/€m of sales (scope 1 and 2).

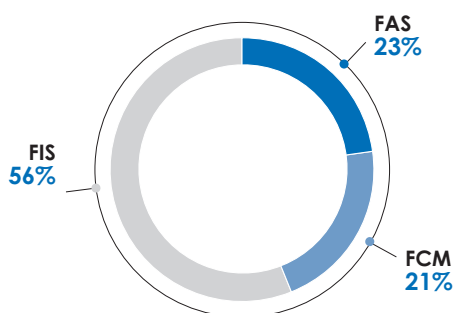
#### 4.2.2.2.1. IMPROVING ENERGY EFFICIENCY OF SITES

Electricity and natural gas are the two most used energy sources (respectively 71% and 25%) by Faurecia sites for industrial and home uses. Fossil fuels represent 27.6% of use; there was a decline of 10% in fuel consumption between 2017 and 2018 at constant scope. The share of direct renewable energy produced on site (solar, wind, hydraulic...) still remains anecdotal. In 2018, energy consumption was 2,049,713 MWh (calculation at constant scope: +4% compared to 2017). This increase is in particular related to a growth in business activity and the launch of new products at several sites.

Energy consumption, overall and by source, in MWh (99% of 2018 actual scope)



#### Breakdown of total energy consumption by Business Group (99% of 2018 actual scope)



■ **Encouraging energy savings at site level**

Faurecia conducts energy audits at production plants in order to identify ways to save energy. Over the last 3 years, the Group has held 67 audits.

To capitalize on the results of these audits and share 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 2018, 72 sites (of which 54 were production plants), or 31% of the sites included in the reporting scope, implemented initiatives to increase energy efficiency in their buildings and production tools. In total, more than €4.3 million was 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, insulating buildings and buying or

refurbishing production machines that consume less energy. In particular, as an example, air compressors with frequency converters consume energy depending on use rather than running at a constant speed.

In conjunction with the energy mix in countries with production sites and the last publication of the REN21 database of June 2018 (Renewable Energy Policy Network for the 21<sup>st</sup> Century), we estimate that consumption of electricity from renewable resources by sites in 2018 was about 25%.

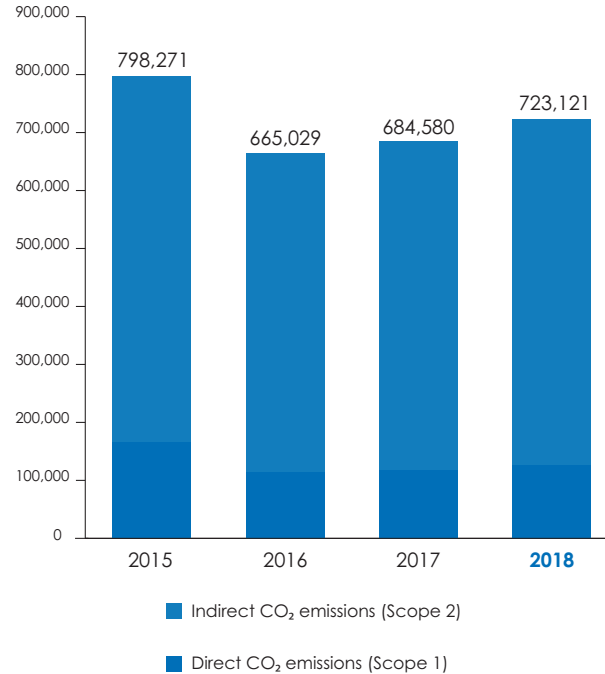
Among the best practices implemented by certain sites, we also include the installation of solar panels, energy recovery from chiller units to heat buildings and heat recovery from heat exchangers on the paint lines. This last cited best practice thus made it possible to decrease 10-fold the consumption of gas for operating paint booths for the Pisek site in the Czech Republic, part of the Faurecia Seating Business Group.

An entire section of the "Green Attitude" campaign is devoted to energy savings in order to bolster these actions at the sites.

**4.2.2.2.2. REDUCE AND CONTROL CARBON EMISSIONS AND THEIR CONSEQUENCES**

Since 2012, Faurecia has estimated its direct (scope 1 <sup>(1)</sup>) and indirect emissions (scope 2 <sup>(2)</sup>) and since 2016 includes its emissions related to all the Company's entire value chain, including upstream and downstream from its business activity (Scope 3) <sup>(3)</sup>. In 2018, Faurecia's direct and indirect emissions amounted to 723,121 tons (scope 1 + scope 2). Scope 1 and 2 represent less than 5% of Faurecia's total carbon emissions. The increase of scope 2 for 2018 is explained by the increase in electricity consumption of sites particularly linked to growth in business activity and the launch of new products.

**Graphic summary of GHG emissions in tons CO<sub>2</sub> equivalent – Scope 1 and scope 2 (99% of 2018 actual scope)**



The estimates made since 2016 across the entire value chain, according to the GHG protocol <sup>(4)</sup>, highlighted three significant emission sources for the Group:

- scope 2, which corresponds to the sum of indirect emissions caused by the purchase or production of electricity (see 2.2.1.);
- use of products sold <sup>(5)</sup>;
- Purchased products and services.

All the other sources are considered immaterial because each one accounts for less than 2% of emissions.

Emission sources	CO <sub>2</sub> emissions	Degree of uncertainty	Responsibility
Scope 1 (actual scope)	+	Low	Direct responsibility
Scope 2 (actual scope)	++	Low	Direct responsibility
Use of products sold	+++++	Medium	Limited responsibility
Purchased products and services	++++	Low	Limited responsibility

(1) Scope 1: Direct emissions corresponding to consumption of the primary energy source (natural gas, domestic heating oil...)  
 (2) Scope 2: indirect emissions corresponding to energy consumption (electricity, heat) that the Company uses but does not produce.  
 (3) For more information, see Subsection 2.7.3. Carbon emissions calculation methodologies.  
 (4) The Green House Gas protocol (GHG protocol) is an international standard that accounts for Greenhouse Gas emissions that take into account scope 1, 2 and 3.  
 (5) Emissions to be allocated to Faurecia products out of the total emissions of the equipped vehicles.

Faurecia group is working to reduce its major sources of emissions:

■ **Scopes 1 and 2:**

Faurecia is actively reducing its energy consumption (see Subsection 2.2.1). In order to reduce its carbon footprint, some sites have put in place solar panels like the Ningbo Cixi site in China (installed capacity 79.5 KW) and 8 more sites took the initiative to sign green energy contracts or guarantee of origin contracts. For example, the Hagenbach R&D site in Germany, from the FIS Business Group, is supplied with electricity from 100% renewable sources. This approach has made it possible to reduce the site's carbon footprint by 2,400 tons of CO<sub>2</sub>.

■ **Scope 3:**

- 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 use bio-based or recycled natural materials. For more information, please refer to Section 2.6 concerning the innovation of products and services promoting air quality and reduced carbon footprint;
- purchased products and services: As much as possible, Faurecia tends to promote recycled products to reduce the environmental impact of its purchases (see Subsection 2.3.4.2.).

**4.2.2.3. Preventing and managing waste**

In 2018, the sites generated 248,663 tons of waste (calculation at constant scope: +8% compared to 2017). This increase resulted in particular from increased business activity. Non-hazardous waste constitutes 63% of the waste generated by the Group.

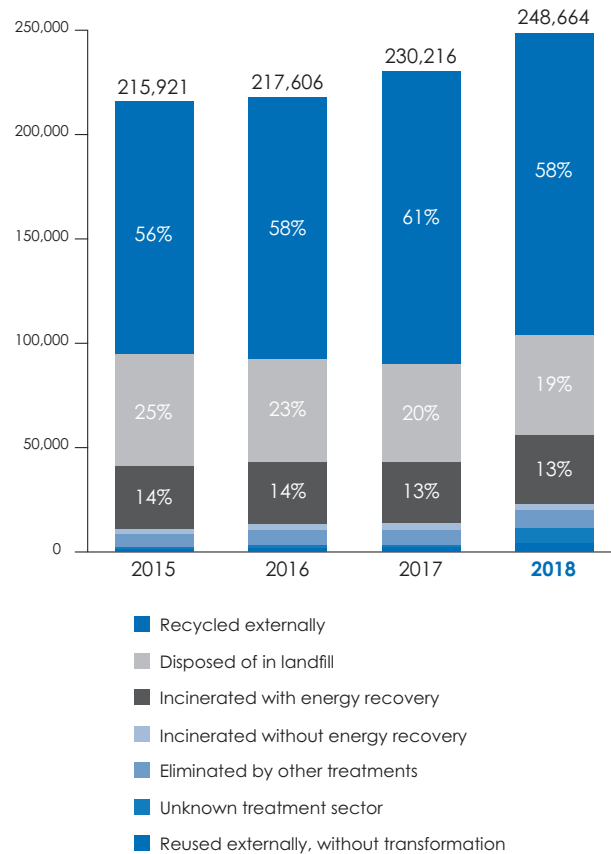
The Faurecia Seating Business Group, which represents 36% of the Group's total waste, has committed its sites, since June 2015, to eliminating waste going to landfill. This branch of business activity started off by taking stock of the available disposal lines in the countries in question and identifying 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.

In 2018, we observed a reduction of 30% of hazardous waste going to landfill by Faurecia Seating's activity, and 7% reduction for non-hazardous waste.

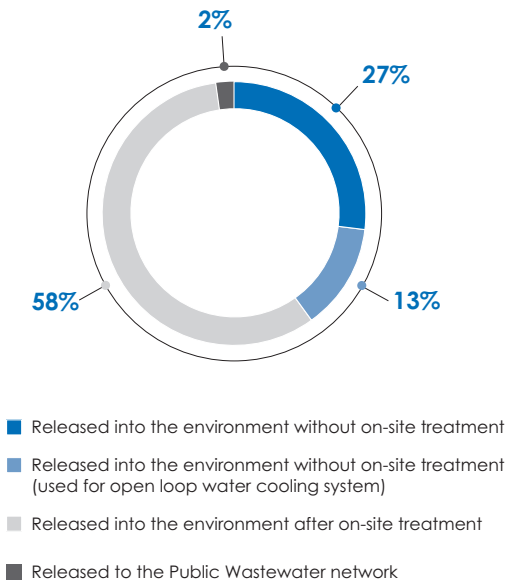
**Breakdown of total amount of waste generated, in tons, by treatment method (100% of 2018 actual scope)**



#### 4.2.2.4. Limiting accidental discharge into the water and soil

This risk, inherent in the industrial activity of a site, is well understood by the Faurecia sites and their operators, who are trained to react in the event of accidental spillage. In addition, all the ISO 14001– certified sites include prevention of this risk in their management system.

##### Destination of released water, in % (2018 actual 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.

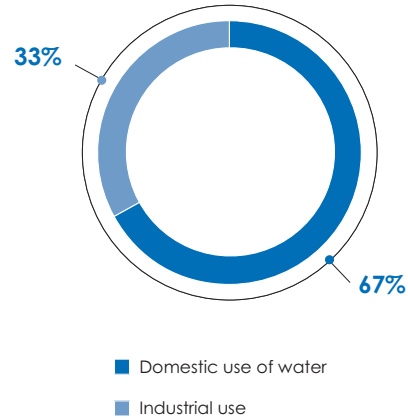
Pursuant to French Decree No. 2012-633 of May 3, 2012, Faurecia has identified two French sites subject to the obligation to provide financial guarantees for their safety. At July 1, 2018, the amount of guarantees established was €369,692 for the sites in question.

#### 4.2.2.5. Using resources in a responsible manner

##### REDUCING WATER CONSUMPTION

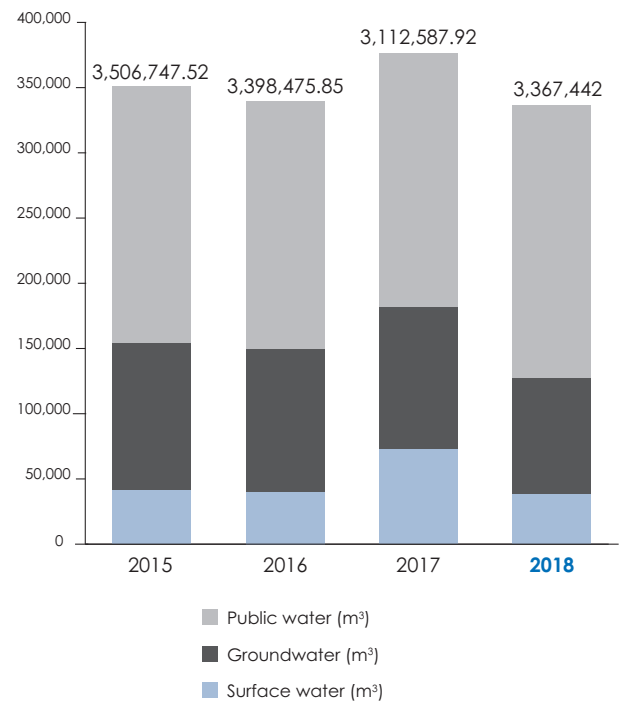
Sanitary use represents 67% of water consumption at Faurecia's sites (See the diagram breaking down consumption by use). Faurecia's total water consumption in 2018 was 3,367,442 m<sup>3</sup>, an increase of 8% compared to 2017 at constant scope.

##### Distribution of water consumption, by use (93% of the real 2018 scope)



Industrial use does not account for the water consumption of open-circuit cooling systems.

##### Water consumption by source of supply in m<sup>3</sup> (100% of the real 2018 scope)



##### ■ Identification of sites located in high water stress areas

Faurecia did not identify the water stress risk as material to its business activity given that its production processes do not consume much water (67% of water consumed is for sanitary use). Nevertheless, beginning in 2017, the Group committed to mapping its sites on the world map of water stress zones, published by the World Resources Institute (WRI). In 2018, there are 3 sites within the scope of localized reporting in zones of very high water stress and 47 sites in zones of high water stress. For these sites, HSE managers of the Business Group were alerted to implement measures to improve water consumption. For

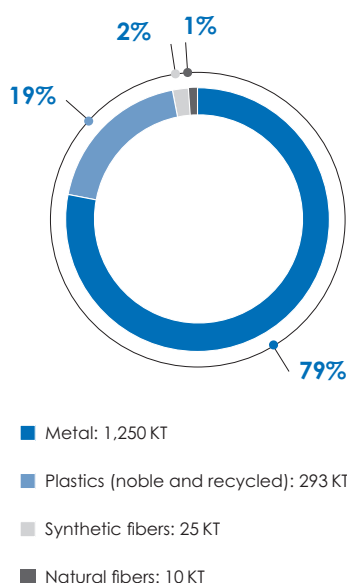
example, at the Port Elisabeth site in South Africa, rainwater collection tanks were installed to supply sanitary facilities.

### MANAGING CONSUMPTION OF RAW MATERIALS

#### ■ 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.

**Distribution of raw materials purchased in 2017 by type of material, in Ktons (100% of the real 2018 scope)**



Consumption of natural fibers used as biomaterials in products is growing at Faurecia (for more information, please refer to Subsection 2.6.3.). Developing solutions for ultra-low vehicle emissions. For example, hemp, which in addition to its technical performance, makes it possible to reduce the environmental impact (confirmed by a life cycle analysis based on the international standards, ISO 14040 and ISO 14044). Apart from automotive biomaterials, other parts of hemp are valued such as by-products intended for insulating buildings and food oils. To date, more than 17 vehicles are equipped with this technology. In 2018, natural fibers represent 28% of the total quantity of fibers used by the Group, a stable rate compared with 2017.

For operations over which Faurecia has operational control, controlling consumption of raw materials begins with optimizing product design, and optimizing the material commitment during industrial production of parts as well as controlling 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.

#### 4.2.2.6. Limiting the use of dangerous chemical 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).

#### 4.2.2.7. Limiting VOC emissions (Volatile Organic Compounds)

##### PROCESS EMISSIONS <sup>(1)</sup>

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 2018, VOC emissions amounted to 2,086 tons (i.e., +3% from 2017 at constant scope).

(1) For more information, see 2.7.4. VOC emissions calculation methodologies.



The Faurecia Interiors Business Group sites are the Group's main source of VOC emissions (75%), due to activities requiring significant use of glues and paints. Four production plants (5% of Faurecia Interiors sites) account for nearly 30% of VOC emissions Group-wide.

To reduce VOC emissions, the AST division is developing a new technology using electrostatic guns in applying release agents. This technology, combined with the use of a new release agent composed of less solvent, has reduced VOC emissions by 55%. This process is used at a pilot site and should expand to other division sites during 2019.

#### 4.2.2.8. Limiting noise pollution of the local environment by sites

##### LIMIT NOISE AND OLFACTORY NUISANCE

In 2018, no official complaints were recorded concerning noise or olfactory nuisances.

### 4.2.3. Innovation of products and services promoting air quality and reduced carbon footprint EFPD

As a world leader in clean technologies, Faurecia is committed to promoting emission-free mobility and industry, and to offering innovative solutions in three domains: zero emissions mobility; solutions for improving urban air quality and reduction of emissions from all types of vehicles. For each project in innovation and in development, recyclability, environmental impact and interior air quality are systematically verified by the designer with an eco-design checklist. If necessary, an in-depth study may be carried out (example: life cycle analysis for an innovation that aims to reduce weight, VOC and odor tests, etc.). As part of its strategic plan "0 emissions", Faurecia is positioned at 60 to 80% of the value chain of the Group using fuel-cell or battery powered vehicle technology. This allows it to develop and control a greater proportion of those technologies benefiting the environment, compared to the Group using traditional combustion engine technology.

Faurecia's innovation ecosystem is an open network with global reach, concerned with accelerating innovation, developing imaginative technological solutions and transforming the Group. Through worldwide strategic partnerships, Faurecia is responding to the underlying trends and consumer expectations of today's automotive industry – connectivity, sustainable mobility, zero emissions, etc.

#### 4.2.3.1. Developing solutions for zero emission mobility

Faurecia's technologies for zero emission sustainable mobility are a key component of the Group's worldwide solutions on behalf of an emission-free world, which is the beauty of fuel cells and battery "packs." Faurecia expects to expand its initiatives for a future of emission-free mobility.

#### 4.2.2.9. Reducing the impact of sites on the local environment and preserving biodiversity

##### REDUCE THE IMPACT OF SITES CLOSE TO A PROTECTED AREA

23 sites, comprising 14 production plants, 7 assembly sites and 2 research and development sites, 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.

##### STATE-OF-THE-ART FUEL CELL SYSTEMS

Fuel cell technology offers an attractive and complementary alternative to electric battery cars. The range and recharging time of electric cars with fuel cells approaches that of a gasoline-powered car, the difference being that they are emission-free. By 2030, it is estimated that at least 2 million new vehicles and more than 350,000 trucks will be equipped with fuel cell technology.

Faurecia is utilizing its experience in integrating systems and its partnerships with Stelia Composites, the CEA and Ad-Venta, to marry hydrogen tank and fuel cell technologies as a comprehensive solution for light-duty and utility vehicles. In partnerships with Stelia Aerospace Composites, Faurecia is developing light and efficient hydrogen tanks of 350 & 700 bars. Moreover, Faurecia signed an agreement with the Alternative Energies and Atomic Energy Commission (CEA) for the development, mass production and commercialization of a high-performance fuel cell.

Faurecia's first goal is to halve the cost of a fuel cell so that this solution becomes more attractive to automakers and they equip their vehicles as technology evolves and recharging infrastructure grows.

For Faurecia, hydrogen is at the heart of tomorrow's energy systems. Produced from a multitude of energy sources, it is a storable energy carrier that generates no CO<sub>2</sub> emissions. Faurecia is convinced that within 10 to 15 years fuel cell technology will assume a predominant place in the energy mix for powering engines.



## BATTERY SYSTEMS

Faurecia is working on the development of a range of battery "packs" and comprehensive solutions for accommodating batteries for electric and rechargeable hybrid vehicles, and is expanding offerings that integrate the thermal management functions of batteries and battery modules. Faurecia's goal is to offer innovative solutions for battery systems by using its skills and know-how in systems integration, composite materials and thermal management. Faurecia's composite and hybrid offerings (composite/metal) are providing exceptional results in terms of weight and volume, which means an overall improvement in a vehicle's autonomy and energy efficiency.

### 4.2.3.2. Developing solutions for cleaner urban mobility and improving air quality

Faurecia's technologies for sustainable mobility are contributing to significantly reducing emissions in urban settings. In order to meet the challenge of improving air quality, especially in cities where the issue is ever more critical, the industry must continue to improve the performance of traditional vehicles and accelerate their electrification.

Faurecia is proposing solutions for clean mobility adapted to all types of vehicles and is developing a range of digital services in order to consolidate its position as a leader in technological solutions for cleaner and more intelligent mobility, particularly in cities.

## DEPOLLUTING TECHNOLOGY FOR BUSES AND TRUCKS

With ASDS™ technology, Faurecia developed a high-performance system to reduce nitrogen oxides (NOx) for buses and trucks, which can eliminate up to 99% of nitrogen oxide's polluting emissions. The method, which consists of storing pure ammonia in solid form in vehicles, improves the values of exhaust gases thanks to a more efficient conversion of NOx, especially at low temperature.

This solution has already been deployed as part of modernization projects concerning numerous fleets of urban buses and trucks in Copenhagen, London and South Korea. With 60 million kilometers on the road, ASDS™ technology has proven its effectiveness and its cost-efficiency in reducing NOx emissions and improving air quality in cities.

## DIGITAL SOLUTIONS FOR CITIES

Backed by strong technological expertise in post-treatment and real-time monitoring systems for NOx emissions, Faurecia designed a Clean Drive application that can analyze driver behavior and offer personalized advice to reduce one's ecological footprint with regard to mobility. The application can coach drivers and offer alternative directions to avoid the most polluted areas.

The Group also developed a digital dashboard that maps air quality in the city and interacts with users of the "Clean Drive" application.

These two solutions make up a digital ecosystem intended to help cities and residents to adopt more sustainable practices in mobility.

## A PARTNERSHIP WITH CLEAN AIR ASIA TO ACCELERATE THE ADOPTION OF AIR QUALITY IMPROVEMENT SOLUTIONS IN ASIA

In 2018, Faurecia and Clean Air Asia joined together to improve air quality and make the industry aware of the importance of more technologically efficient solutions for the benefit of cleaner cities. Founded in 2001 by the Asian Development Bank, the World Bank and USAID, the Clean Air Asia NGO intends to reduce atmospheric pollution and greenhouse gas emissions in more than 1000 Asian cities, thanks to a set of innovative policies and programs concerning air quality, emissions generated by vehicles and industry, and energy consumption.

This collaboration covering Asia is built around three strategic priorities:

- **"Clean Cities" initiative:** relying on the important regional network of Clean Air Asia, as well as its years of experience in reducing pollution within its cities, Faurecia will provide leading-edge solutions in air quality management;
- **"Clean Fleets" initiative:** Faurecia will bring to bear its expertise in eco-driving and its emission reduction solutions for the purpose of supporting Clean Air Asia's "Logistics and Green Freight Program," which is a priority for national and regional implementation to promote sustainable transportation;
- **communication:** Faurecia and Clean Air Asia will participate in multiparty initiatives intended to manage pollution of the atmosphere in cities.

Efficient management of air quality also requires rigorous monitoring, which provides reliable data for the purposes of assessing risks and prevention. Faurecia and Clean Air Asia are therefore studying the possibility of ensuring such monitoring with sensors and software.

## REDUCING EMISSIONS OF VOLATILE ORGANIC COMPOUNDS FROM PRODUCTS

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.

### 4.2.3.3. Developing solutions for ultra-low vehicle emissions

A world leader in solutions for improving air quality and energy efficiency of passenger vehicles for 15 years, Faurecia is expanding this expertise to utility vehicles and high horsepower engines.

#### 4.2.3.3.1. PASSENGER VEHICLES AND LIGHT-DUTY VEHICLES

The regulations governing CO<sub>2</sub> emissions have already imposed significant reductions on light-duty vehicles around the world: the goal of 180 g CO<sub>2</sub>/km in force ten years ago has yielded a new lower target of 100 g CO<sub>2</sub>/km for Europe, the United States and China, to reach between 2021 and 2025.

##### ■ Emission reduction systems

Faurecia is providing systems to reduce emissions and noise pollution that promote compliance with these new emissions standards, as well as post-treatment systems for internal combustion and hybrid powered type engines, in order to reduce their emissions and noise levels and recover lost energy. In particular, we note:

- **recirculation of low-pressure exhaust for gas engines (EGR BP):** This technology re-injects a precise volume of cooled exhaust into the engine for the purpose of improving combustion cycle efficiency, and thus reducing fuel consumption by up to 6% (WLTP procedure);
- **the exhaust gas heat recovery compact system (EHRS):** This solution makes it possible to improve a vehicle's energy performance by recovering up to 75% of exhaust heat to heat the passenger cabin or the engine, and thus reduce fuel consumption by 5-6% in cold weather on all types of hybrid vehicles;
- **the gas particle filter:** This system allows for the reduction of particulate emissions from hybrid gas engines in order to comply with regulatory standards. Faurecia was the first on the market, in 2014;
- **the EHC electrically heated catalyst:** Faurecia developed this key technology so that vehicles would comply with new regulations and optimize the removal of pollutants emitted by internal combustion engines. EHC technology is a state-of-the-art system that activates the low-temperature catalyst and uses electric energy to raise the temperature of exhaust gases. This system optimizes post-treatment performance by heating gases and the ceramic catalyst block.

#### Making parts lighter

Faurecia offers bio-sourced materials that can reduce the weight of parts. This innovation, whose environmental impact was assessed by a life cycle analysis according to ISO 14040 and ISO 14044 international standards, makes it possible to decrease scope 3 carbon emissions on both the products and services purchased and at the use of products sold. The main characteristic of these materials is the use of vegetable fibers as reinforcement, mixed with a resin (which itself may be bio-sourced or not). Natural hemp fibers used by Faurecia

also make it possible to attain high performance in reducing environmental impact: the proportion of natural fibers in plastics is renewable, the sustainability of plastics as well as the lesser weight of products allows for responsible consumption and use of these materials. Plastic materials strengthened with hemp are recognized as compatible with industrial recycling processes already in place and are thus as of now recoverable.

Three technologies patented by Faurecia utilize biomaterials. Lignolight technology, using compressed fibers for between 50% and 90% of the resin, applied to door panels, improves density by 40% compared with traditional components. NAFILEan technology (Natural Fiber Injection), which combines natural hemp fibers with polypropylene resin, reduces weight by 25% compared with talc-loaded polypropylene.

Since their first mass application by Peugeot PSA, biomaterials are used in automotive components of six carmakers. One of the latest to have done it is Byton for its electric SUV. To date, more than 17 vehicles are equipped with NAFILEan technology.

NAFILITE, a second generation of this product, is currently being manufactured. This technology can further reduce weight by 10%. Faurecia's portfolio includes natural fibers combined with polypropylene fibers.

Natural fibers currently account for 30.5% of the total amount of fibers used by the Group. This percentage increased by 2.6% compared with 2017.

#### 4.2.3.3.2. UTILITY AND TRANSPORT VEHICLES

Powered by diesel for the most part, utility vehicles will have to reduce their emissions levels in the years to come in order to adapt to strict regulations. Faurecia is developing new architectures for post-treatment of habitual pollutants like nitrogen oxide (NO<sub>x</sub>), in order to comply with ultra-low international emission standards such as CARB and Euro 7.

In 2018, Faurecia offered an innovative solution to an important General Motors program to save fuel and reduce CO<sub>2</sub> emissions. Recently launched and already rewarded, this "Resonance Free Pipe™" (RFPT™) will equip two of General Motors' major pickups, the Chevrolet Silverado and the GMC Sierra. Among the primary advantages for the carmaker, the RFPT™, without a muffler, reduces the weight and architectural complexity of exhaust by eliminating resonance.

#### 4.2.3.3.3. EXTREMELY HIGH-POWERED ENGINES

With the goal of extending its expertise in the sustainable mobility of passenger and light-duty vehicles to extremely high-powered vehicles, Faurecia strengthened its technological offerings in the interests of clean mobility with its acquisition of Hug Engineering in 2018. Hug Engineering is a leader in whole systems for exhaust gas purification of extremely high-powered engines (more than 750 CV), which are used in marine propulsion, production of electricity, the rail industry, agriculture and other industrial sectors.

As for marine propulsion, only vessels built after 2014 and operating within the United States must have a post-treatment system (approx. 1% of an estimated fleet of 250,000 vessels). Over the course of the coming years, Europe and China will follow suit with similar regulations and will apply stricter emissions standards concerning polluting emissions (NO<sub>x</sub>, PM, CO, HC).

Therefore, Faurecia, through Hug Engineering, can help shipyards and OEMs to develop cleaner vessels with its Clean4Marine & NautiClean technologies.

Today, about 1,300 marine engines are already equipped with a Faurecia system.

By 2030, the Group expects to achieve €800 million in sales of extremely high horsepower engines, a worldwide market share estimated at 21%.

#### 4.2.3.4. Making tools available for environmental innovation

For each innovation and development project, the different components of eco-design – the presence of substances of concern, recyclability, the environmental impact and interior air quality – are systematically checked by the designer using an eco-design checklist. Therefore, the possibilities for recycling end-of-life products are studied with a view to integrating the best solutions, ensuring reduced environmental impact and taking into account all utilization cycles at the design stage.

Based on need, an in-depth study can be done, for example, by conducting a Life Cycle Analysis (LCA).

Circumscribed by ISO 14040 and ISO 14044 international standards, the LCA consists of assessing the environmental impact of products that Faurecia designs and manufactures for automotive use: taking into account extraction of materials, manufacturing of products, delivery to the OEM, consumer use, up until and including the end of lifecycle. It involves the fullest possible impact assessment, including climate change (including CO<sub>2</sub>), the consumption of non-renewable resources (oil and coal) and eutrophication.

Faurecia is an active participant in developing LCA with automakers and partners in the automotive sector in order to have a shared understanding of the environmental issues.

As environmental regulations tighten, especially for the automotive industry, the Life Cycle Assessment working group led by the collective industry organization Plateforme de la Filière Automobile (PFA) endeavors to share assumptions on the methodology of life cycle assessment in the automotive industry and engage in dialog on the main assessment results that are available. Through its active involvement in this Group, which will continue its work in 2019, 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 <sup>(1)</sup> (VDA), Faurecia also participates in the Eco-design working group, which aims to stimulate dialogue and deepen knowledge on this topic for the automotive industry. The subjects addressed include the different LCA methodologies, the business impact of environmental issues, and the exchange of information on ecodesign.

(1) German Automotive Industry Union.

#### 4.3.4.5. Responsible innovation and competitiveness

##### ISSUES RELATED TO RESPONSIBLE INNOVATION AND COMPETITIVENESS

In an environment with significant technological change and faced with the challenges of today and the future, innovation is a key development vector for Faurecia, both to differentiate itself from competitors, and to offer products and services that meet new uses and have a positive impact on society.

Faurecia has committed to designing innovation responsibly, by developing innovative solutions and products that benefit both the Group and all its stakeholders. Faurecia has implemented a cutting-edge global ecosystem, enabling it to develop partnerships with leading players worldwide, in order to extend its technological expertise and improve its innovation ability.

##### RESPONSIBLE INNOVATION

Faurecia's strategy priorities – Sustainable Mobility and the Cockpit of the Future – are the result of the Group's interpretation of global and sectorial megatrends. Faurecia develops innovations for a better world and offers responsible value creation to all its stakeholders.

The Sustainable Mobility approach symbolizes Faurecia's contribution for over 10 years to reducing emissions worldwide through its products. In 2018, the Group became a partner of Clean Air Asia to accelerate the adoption of air quality improvement solutions in Asia, based on the NGO's networks and programs.

The Group's expertise and innovation ability work every day to improve air quality and energy efficiency worldwide.

Against this background, Faurecia has positioned itself as a world leader in solutions to improve air quality and energy efficiency for passenger vehicles, and extends this expertise to commercial vehicles and high horsepower engines.

For example, Faurecia has developed a decontamination technology for buses and trucks, which can eliminate up to 99% of polluting emissions, a recirculation technology for low pressure exhaust gases for gasoline engines, which can reduce fuel consumption by up to 6%, and a compact exhaust heat recovery system which can reduce fuel consumption by 5-6% in cold weather for all types of hybrid vehicles.

Faurecia has accelerated its strategy as part of the growing electrification of vehicles by developing lightweight battery packs with integrated thermal management, efficient fuel cell systems and lightweight fuel cell tanks.

Within the Cockpit of the Future approach, Faurecia continues to develop technologies to make today's and tomorrow's vehicles safer. The Group expects radical change, notably in autonomous vehicles, and consequently has imagined solutions to adapt seat belts and airbags to the new seat positions within the cockpit. Faurecia's major innovation is the design of a

seat integrating all safety elements (airbag, new generation pretensioners, etc.) able to move to positions to improve comfort or offer new user experiences whilst guaranteeing a high level of safety.

## COMPETITIVENESS AND PARTNERSHIPS

Faurecia is convinced that its innovation ecosystem is a key component in the success of its transformation and a crucial innovation and competitiveness driver. In 2018, the Group continued to develop its technological platforms, strategic partnerships, its Faurecia Ventures program and its university partnerships.

This year, Faurecia has strengthened new technology development by opening a new tech center in Yokohama, to be more customer centered and form new partnerships in Japan.

In 2018, the Group announced a strategic partnership with the German equipment manufacturer Hella following a previous strategic partnership with ZF for interior safety. This new partnership will enable it to develop interior lighting solutions for its Cockpit of the Future and interior heat treatment solutions, and to strengthen its positions as an integrator of vehicle interiors. The Group also launched a new joint venture with its Chinese partner, Wuling Industry, with the aim of developing new innovations in sustainable mobility, adapted to the Chinese automotive market.

In October 2018, in order to offer unique autonomous driving solutions to car manufacturers, Faurecia announced agreements with Clarion and Hitachi, the controlling shareholder with 63.8% of Clarion, with the intent of acquiring 100% of Clarion's shares. Clarion is a Japanese company and a major player in connectivity and onboard infotainment systems.

Faurecia also continued its strategic investments in start-ups this year investing, for example, in the ESP Consulting laboratory to acquire more in-depth knowledge of the human factor, and thus offer new innovative well-being solutions, notably to improve posture comfort, reduce fatigue and stress and eliminate travel sickness, and in Promethient, to accelerate the development of innovative thermal management solutions. This US start-up designs and produces Thermavance, a thermal regulation technology that meets different uses, and will enable Faurecia to facilitate the individual, customized thermal management for each passenger in the vehicle.

In addition to the existing partnerships with recognized institutions, including the Collège de France and the CEA, the Group has also developed new academic partnerships, in particular by joining the European Foundation for Management Development network, an international not-for-profit association of business schools and companies, bringing together 900 university, commercial, public service and consulting organizations via the CLIP certification issued to Faurecia University.

### ■ Others Indicators to monitor results

- Amount dedicated to innovation: €188 million.
- 403 new patents or First Filing.
- 398 extensions (real increase in the protected territory).
- Number of on-going partnerships: 25 academic research establishments in the open innovation network.
- Share of GHG emissions linked to products usage: see Chapter 2.2.2.2 reduce and control carbone emissions and their consequences.

## 4.2.4. Circular economy

The circular economy designates an economic model whose goal is to produce goods and services in a sustainable manner, by limiting consumption and the waste of resources (raw materials, water, energy) as well as production of waste. It means breaking with the linear economic model (extract, produce, consume, toss) in favor of a "circular" economic model <sup>(1)</sup>. The automotive industry, dependent on natural resources, is facing a scarcity of resources. Committed to the circular economy, Faurecia is using natural and processed resources in its production by optimizing;

- supply sources and production processes;
- the use of by-products and waste treatment methods (reuse, recycling and recovery);
- end-of-life product recyclability.

### 4.2.4.1. 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.

(1) Extract from the Official Source of the Ministry of Ecological Transition and Solidarity



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 2018, 8% of all plastics purchased by the Group were recycled plastics. This percentage increased by 1.5 points compared with 2017.

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 2018, an average of 6% of fibers were reused internally as raw materials, i.e., a decrease of 1.9% compared to 2017. This decline can be explained in particular by the breakdown of the shredder on the Marckolsheim site in France and the impossibility of storing fibers for reuse internally (no storage room). This shredder enabled 100% of the site's felt fibers to be

recycled. Consumption of reused fibers on this site thus went from 734 tons to 480 tons.

#### 4.2.4.2. Waste reclamation

In order to best preserve the resources needed for their production process (energy and raw materials), Faurecia's industrial sites try to recycle and recover a maximum amount of the waste generated throughout the production chain.

In 2018, Faurecia sites recorded the following waste reprocessing rates:

- 58% of waste was recycled <sup>(1)</sup> externally (calculation at constant scope -3.4% from 2017);
- 13% of waste was reclaimed through energy recovery <sup>(2)</sup> (calculation at constant scope +0.9% compared to 2017);
- 2% of waste was reused externally, without transformation, a slight increase of 1 point compared to 2017.

In total, 73% of waste from Faurecia sites was recycled, recovered or reused externally in 2018.

#### Breakdown by % of generated waste by treatment method and by continent where Faurecia sites are located 2018

	Europe	North America	South America	Asia	Rest of the World
Externally recycled	52,7%	69,2%	74,2%	65,2%	45%
Incinerated with energy recovery	18,9%	1,1%	0,3%	2,2%	35,3%
Reused externally, without transformation	1,6%	1,3%	2,5%	3,7%	0%
<b>SUBTOTAL OF RECYCLED AND RECOVERED WASTE</b>	<b>73,2%</b>	<b>71,6%</b>	<b>77%</b>	<b>71,1%</b>	<b>80,2%</b>
Disposed of in landfill	17,7%	26,7%	18,2%	12,4%	17,5%
Incinerated without energy recovery	0,9%	0,1%	1,9%	6,2%	0%
Eliminated by other treatments	4,8%	1,5%	2,6%	0,9%	2,3%
Unknown treatment sector	3,4%	0,1%	0,3%	9,3%	0%
<b>SUBTOTAL OF NON-RECOVERED WASTE</b>	<b>26,8%</b>	<b>28,4%</b>	<b>23%</b>	<b>28,9%</b>	<b>19,8%</b>
<i>Distribution of Faurecia's production plants by continent</i>	43%	15%	6%	31%	5%

Sites are implementing local initiatives that improve the sorting of waste, recovery of waste as energy or material, and reincorporating production scraps into processes or reusing waste.

In particular, we note:

**In the domain of energy recovery:** the Auburn Hills site in the United States, part of the FIS Business Group, which chose to convert solid waste to energy by using a service provider. This approach made it possible to produce 223 MWh or electricity and 819 M tons of steam from November 2017 to September 2018. By using methods for waste disposal other

than landfill, this site reduced its environmental impact, while realizing savings of US\$1,300 on the expense of waste disposal compared with the previous year. The Brières site in France of the FAS Business Group has organic waste collected by a contracted company that produces, through mechanization, thermal energy and electricity.

**In the area of material recovery:** the Quatro Barras Frames site of the FAS Business Group in Brazil began recycling its metallic drums, which allowed it to sell 666 units for reuse after processing from October 31, 2017 to October 2018, generating revenues of 3,996 Brazilian dollars.

(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 the area of reuse:** The Bavans site of the FCM Business Group in France donated 450 shirts to a local social action association and 8 well-worn workbenches to local business, giving them a second life. The Nelas site from the FAS Business Group in Portugal delivers its waste from wood packaging to a wood plant in the same industrial park, which reuses it in its production process. For 6 years, Faurecia China has organized the "Green IT classroom," which enabled Faurecia to donate 155 computers for which it had no further use to local schools. In 2018, 25 PCs were donated to Baiyan Primary School.

#### 4.2.4.3. Product recyclability

Faurecia incorporates recyclability in its ecodesign approach by anticipating the end-of-life phase and optimization of production waste recovery.

European Directive 2000/53/EC of September 18, 2000 on end-of-life vehicles stipulates inter alia that vehicles will have to be 95% recoverable by weight, of which 85% will have to be actually reusable or recyclable, by January 1, 2015.

Given such 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.

### 4.2.5. Reporting process

#### 4.2.5.1. Scope and dates of environmental reporting

The scope of this reporting covers 157 production plants (technological plants), 60 assembly sites (called "Just in Time" sites) and 20 R&D sites, i.e., a total of 237 sites. Compared to 2017, 12 new sites <sup>(1)</sup> were included in the reporting scope and 12 sites <sup>(2)</sup> were removed.

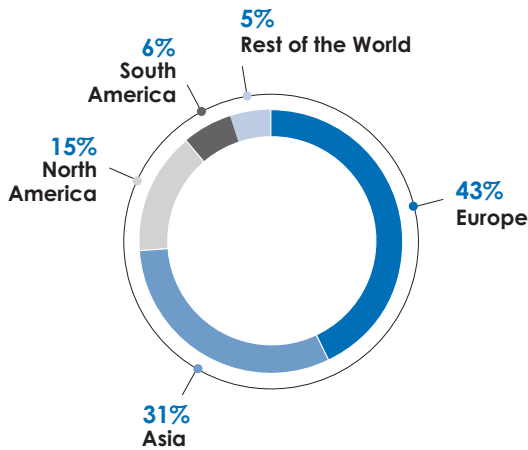
Reporting covers the period from November 1 to October 31, to allow sites to collect, validate and provide data within the allotted time to Group PSA, the primary shareholder of Faurecia.

(1) This inclusion corresponds to site openings, the addition of employees at some sites or Faurecia's becoming the majority partner in some joint ventures.

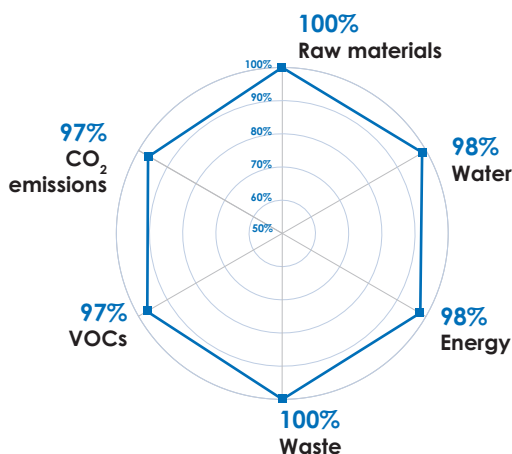
(2) This corresponds to site closures, mergers at the same collection site or Faurecia no longer being the majority partner in some joint ventures.

(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.

**Distribution of Faurecia's production plants by continent (2018 scope)**



**Coverage rates <sup>(3)</sup> for environmental indicators from November 1, 2017, to October 31, 2018**



**4.2.5.2. Carbon emissions calculation methodologies**

**Scopes 1 and 2:**

Direct greenhouse gas emissions are calculated in CO<sub>2</sub> 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<sub>2</sub> and Circular of April 15, 2002 for other gases).

Fugitive emissions are calculated using emission factors from the 5<sup>th</sup> 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). The carbon base is used for emission factors from French sites. New factors of electricity emissions for France were taken into consideration in the calculation of Faurecia's scope 2 in 2017 and 2018.

**4.2.5.3. Calculation methodology for VOC emissions (Volatile Organic Compounds)**

The annual reference emissions on Volatile Organic Compounds (VOCs) is calculated using the Solvent Management Plan (SMP) required by the European Council Directive No. 1999/13/EC of March 11, 1999 on the reduction of volatile organic compounds emissions caused by the use of organic solvents in certain activities and facilities. The SMP is a mass balance for quantifying the inputs and outputs of solvents in an installation.



## 4.3. Societal responsibility

Faurecia is committed to adopting responsible business ethics, while guaranteeing the safety and quality of all its products and services. It has also implemented procedures intended to prevent the failure of its suppliers and apply its duty of care. Beyond this, the Group is convinced of the opportunity

presented by investment in responsible innovation and value-added partnerships. Lastly, the commitment to local populations and dialogue with stakeholders are at the core of Faurecia's operations.

The issues in this chapter are summarized in the summary table of societal risks and opportunities:

Societal risks and opportunities	Identification	Faurecia's response
<b>Business ethics</b>	Failure to comply with regulations and internal rules on ethics and compliance by Faurecia could expose the Group to legal, financial and reputational risks.	Faurecia is committed to responsible business ethics by preparing and implementing a strong ethics and compliance culture with robust risk monitoring procedures and internal risk control systems.
<b>Product quality and safety</b>	Quality and safety failures would involve legal, financial and reputational damage for Faurecia.	Faurecia considers safety as an imperative in its product offering and has implemented an internal system to continuously improve its quality, cost, delivery and safety performance
<b>Duty of care and responsible purchasing (including environmental criteria) in the supply chain</b>	Faurecia's businesses, suppliers and sub-contractors involve risks in terms of Human Rights and fundamental freedoms, personal health and safety, and respect for the natural environment.	Faurecia is committed to basing its growth on socially responsible actions and behaviors in all its businesses 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 and sub-contractors, based on mutual growth and benefit.
Commitment to communities	Faurecia's positive impact on society requires an approach of local presence and relationships with civil society.	The Group and its employees are involved locally in issues of local employment, education and solidarity,

### 4.3.1. Business ethics EFPD

#### 4.3.1.1. Ethics commitment issues

Faurecia has committed to responsible business ethics. As a signatory to the UN Global Compact, it has committed to aligning its operations and strategy with ten universally accepted principles including the fight against corruption.

This commitment is reaffirmed in Faurecia's Code of Ethics. This Code, created in 2005, revised in 2007 and updated in 2014, includes the changes resulting from the latest updates in Faurecia's compliance systems and tools as a result of the requirements of the Sapin II Law.

The Code is intended to strengthen the Group's ethics culture and contribute to the creation of long-term value. The

Management Code and the other systems, such as the anti-corruption code of conduct and the best practices guide in the fight against anti-competitive practices, translate many of the principles set out in the Code of Ethics into operations.

#### 4.3.1.2. Action to prevent corruption

##### CODE OF ETHICS

The Code of Ethics is structured around four topics, including ethics and rules of conduct. It also includes a whistle-blowing procedure if one of the values in the Code is breached.

The ethical principles and rules of conduct apply to:

#### ■ Use of funds, services or Group assets

Any funding of political activity is forbidden, as are any unlawful payments to public authorities or officials.

Assets, liabilities, expenses and other transactions made by Group entities must be recorded in the books and financial statements of these entities, and should be kept truthfully and accurately, in accordance with the applicable principles, rules and laws.

#### ■ Relationships with customers, providers or suppliers

Gifts and entertainment accepted from/given to customers and/or service providers are subject to limits. It is prohibited to accept any gift or gratuity from customers or suppliers worth over €100 per year, regardless of the type; this is managed by an internal monitoring and control system.

Furthermore, the payment of any amount in cash, in kind or otherwise to any customer or supplier representative in order to obtain either a contract or a business or financial advantage is prohibited.

The selection of suppliers must be based on quality, need, performance and cost. As stated in the current Purchasing procedures, agreements between the Group and its authorized representatives, agents and consultants or any other contractor must clearly state the actual products/services to be supplied, the basis for compensation or price and all other terms and conditions. This rule also prohibits any investment in suppliers and any purchase of property or service from providers or customers for personal use.

#### ■ Conflicts of interest

Employees shall not draw any personal advantage from a transaction carried out on behalf of a group company, notably with customers and suppliers.

An employee must also not attempt to select or organize the selection of a company, in particular as a supplier, in which either the employee, an associate or a family member has, directly or indirectly, a financial interest.

An annual on-line statement is required from employees with a higher risk of finding themselves in a conflict of interest situation. A statement and processing system for potential or real conflicts of interest is available to all employees.

### WHISTLE-BLOWING PROCEDURE

The Code of Ethics provides a mechanism for the purpose of managing violations. Any employee who becomes aware of a breach of the rules set out in the Code, the rules issued to implement this Code or a regulation to which the Group is subject, may use the whistle-blowing procedure.

- For this, the employee is encouraged to seek the assistance of his/her hierarchical manager, HR manager or a Compliance manager (including the Compliance Leaders chosen within each Business Group), orally 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 employee also has another whistle-blowing method, in particular for the most serious cases: the dedicated alert line via an interactive link (<http://faurecia.ethicspoint.com/>) directs the employee to an online questionnaire, which is then reviewed by the compliance team so that it is treated according to a specific procedure.

The employee's identity and all the details enabling him/her to be identified are protected and kept confidential by the people responsible for it within Faurecia and the supplier operating the tool. These represent a limited number of people, specially trained to receive and investigate this type of alert, and subject to strict confidentiality obligations.

### TRAINING, IDENTIFICATION AND RISK MONITORING

The Compliance department, the organization of which is described in Chapter 2, is responsible for improving understanding of the Group's Code of Ethics and Management Code.

The Compliance department continues to deploy online training (MOOC) on Ethics and Antitrust targeting the Group's community of Managers & Skilled Professionals Along with the Human Resources, Internal Audit and control teams, the Compliance department ensures that all the identified people are effectively trained in the internal rules, in order to maintain a strong ethics and compliance culture in the Group.

Employees also have access to practical guides on anti-competitive practices, reporting and managing conflicts of interest and the internal whistle-blowing procedure on allegations of non-compliance with the Code of Ethics. Significant communication efforts have ensured that these guides are widely distributed.

Reminder training sessions are regularly organized at the industrial sites and at the level of Business Group divisions, in particular on the risks of failure to comply with best practices in terms of the fight against anti-competitive practices.

In addition to these actions, and in the context of the Sapin II Law in particular, the non-compliance risk mapping and the risk of corruption in particular was updated based on interviews and questionnaires sent to people exposed to the identified corruption risks. The non-compliance risk mapping takes into account various numerical data to prepare remediation plans suited to the level of residual risk. Identification of these risks is incorporated into Faurecia's overall risk mapping process (see Section 2.1).

The Compliance department works closely with the legal experts in antitrust practices and the permanent and periodic control functions to ensure an effective control of the identified risks.

### 4.3.1.3. Actions to prevent tax evasion

In support of its overall business strategy and objectives, the Faurecia group (hereafter referred to as the "Group") has established the following principles governing its tax policy.

A tax strategy that is aligned with our business strategy, transparent, sustainable in the long term and conforms with our Code of Ethics.

We act at all times in accordance with all applicable laws or regulations and are guided by relevant international standards (for example OECD Guidelines). We aim to comply with the spirit as well as the letter of the law.

We ensure tax filings and payments are made in accordance with all local regulations and maintain all tax records and perform tax reporting as required by any law in countries in which the Group operates.

We are committed to acting with integrity in all tax matters. We seek to operate under a policy of full transparency and endeavour to maintain constructive partnerships with the tax authorities as this can result in the more timely resolution of any disputes. Nevertheless we recognize that tax legislation and procedure are complex areas and when it is not possible to resolve quickly and professionally a disagreement with the tax authorities, we should challenge the Group's position, if necessary, in appropriate instances, using the full extent of our resources to test the Group's interpretation of the law.

We manage the tax affairs in a pro-active manner and do not use contrived or abnormal tax structures that are intended for tax avoidance, have no commercial substance and do not meet the spirit of local or international law. Secrecy jurisdictions or so-called 'tax havens' are not used for tax avoidance.

In forming our own assessment of the taxes legally due for each of our business around the world, we have two important objectives: to protect value for our shareholders and to comply fully with all relevant legal and regulatory obligations, in line with our stakeholders' expectations.

We aim to pay an appropriate amount of tax according to where value is created within the normal course of industrial or commercial activity. Consequently, all transfers of goods and services between companies within the Group are conducted on an arm's length basis. The pricing of such transactions between Group companies is based on fair market terms and reflects the commercial nature of the transactions.

Within this governance framework, the conduct of the Group's tax affairs and the management of tax risk are delegated to a global team of tax professionals.

### 4.3.1.4. Commitments to respect

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 skilled 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.

#### 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.

#### ELIMINATION OF ALL FORMS OF FORCED LABOR

Faurecia is committed to the free choice of employment and the elimination of all forms of forced and compulsory labor. It ensures that its suppliers and/or partners adhere to the same principles.

#### FREEDOM OF ASSOCIATION AND RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

Faurecia recognizes the existence of trade unions worldwide and the right of workers to form the union organization of their choice and/or to organize workers' representation in accordance with the laws and regulations in force. The Group undertakes to protect union members and leaders and not to make any discrimination based on the offices held.

The Group is also committed to promoting a policy of dialogue and negotiation. Given its decentralized legal and managerial structure, this policy is implemented through collective bargaining agreements signed with the sites, on the one hand, and companies, on the other.

## ELIMINATION OF DISCRIMINATION IN EMPLOYMENT AND OCCUPATION

The Group is committed not to discriminate against anyone, notably on the basis of age, sex, skin color, nationality, religion, health status or disability, sexual orientation, political, philosophical or union-related opinion in its recruitment and career development initiatives. Every employee has the right

to work in a healthy environment, free from any form of hostility or harassment qualified as unlawful under the regulations and practices in force in the countries where the Faurecia group operates.

In particular, Faurecia forbids any unlawful conduct construed as sexual or moral harassment, including in the absence of any hierarchical or subordination relationship.

## 4.3.2. Product quality and safety **EFPD**

### 4.3.2.1. Product quality and safety issues

Product quality and safety have become major issues for automotive suppliers. The upswing in connected and autonomous vehicles and their related new uses, identified by Faurecia as part of the megatrends in the automotive sector, also involve new challenges to guarantee the protection and safety of users.

The globalization of the automotive market requires automakers' suppliers to guarantee the same level of quality and service throughout the world.

Faurecia puts these concerns at the core of its strategic thinking. The Group is committed to ensuring that its products have impeccable quality and safety. It also considers safety to be an integral part of its Smart Life on board approach and sees quality through its ability to meet and exceed its direct and final customers' expectations, throughout the product lifecycle.

Faurecia and ZF have thus developed an active safety management system connecting the seat structures, safety and electronic components. A central control unit monitors the occupants and analyzes the situation in order to propose and implement an optimal seating position, including an automatic emergency action to bring seats back to the safest position in the event of an accident.

At the IAA 2018, Faurecia presented Active Wellness Express™, a revolutionary innovation designed to provide increased safety and comfort to professional drivers. This connected seat cover integrates sensors that analyze the data on the driver's physical and psychological state. The system can detect fatigue or stress upstream and apply counter-measures for increased safety, comfort and well-being behind the wheel.

Autonomous driving will broaden the field of uses within the vehicle interior. As seats may no longer be fixed facing forward and upright, new solutions for seat-belts and air bags will be needed. Faurecia is working on adapting and developing safety systems that enable passengers to continue to travel in complete safety whatever the seat position, in driving, work or relaxation mode.

Faurecia's commitment to safety is also shown by its participation in working groups on VIAQ (Vehicle Interior Air Quality) at the United Nations level, in collaboration with manufacturer representatives. These groups aim to monitor the health of people on-board and continuously improve Faurecia's and the automotive industry's knowledge in measurement methodologies and the impact of Group products present inside vehicles.

### 4.3.2.2. Measures taken for safety

The Group has a leading role to play within the automotive sector, as it is a supplier of components that play an important role in passive safety, and thus help save lives or limit injuries to drivers and passengers.

Over the years, Faurecia has become a key partner for automakers in this area, by placing safety at the core of its innovation strategy and by developing products and expertise that allow it to effectively anticipate coming changes. Each part that enters into the safety chain is associated with design rules that guarantee the system's performance and its longevity.

Faurecia has developed strong expertise in the "interior architecture" and "safety and comfort" segments, which have become key components in the Cockpit of the Future, and continues to build an ecosystem that allows it to continue to innovate in this direction. In 2017, Faurecia notably signed a partnership with the German automotive equipment manufacturer, ZF, to work on integrating interior safety in vehicles and on developing the technological building blocks needed for new use scenarios, specifically through the Advanced Versatile Structure (AVS) that integrates the safety systems into the seat with the increasing perspective of vehicle automation.

### 4.3.2.3. Measures taken for quality

Faurecia aims to exceed its customers' expectations, allowing it to create even more value for all its stakeholders. For this purpose, discussions on Group risks are conducted and coordinated by the Compliance department, under the authority of the Risk Committee.

Faurecia's executive managers are determined to constantly provide the resources required for the correct functioning of the Group's quality systems, presented below, achieving quality targets and maintaining the Group's performance culture.

■ **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 9001, IATF 16949, ISO 14001, OHSAS 18001). It benefits from more than fifteen years of Faurecia's experience and has been continuously enhanced 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.

■ **Faurecia's Program Management System**

Faurecia maintains close relationships with almost all of the world's leading automakers, with whom the Group works to design and develop the products suited to each brand's specific requirements. Once in the production phase, the new program managers supervise their teams to ensure that the expected schedule, costs and level of quality are met. This is carried out using Faurecia's Program Management System (PMS), which includes five phases, each subject to periodic interim reviews so that its progress can be validated:

- 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.

Faurecia has also implemented the concept of program management excellence, to track quality throughout the development process. 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.

**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, as well as to specific actions related to the application of the 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.

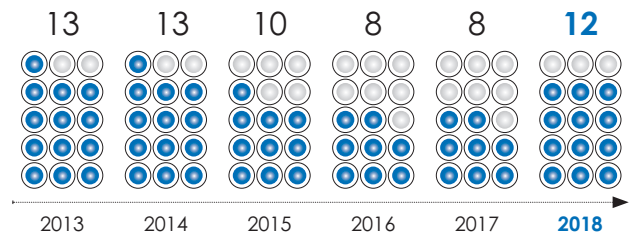
In 2018, Faurecia launched an annual "World Quality Day" event at all its sites to increase awareness of the Quality commitment by customers, shareholders and employees.

During 2018, the Group introduced an application to measure and ensure customer satisfaction.

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.

**4.3.2.4. Indicators to monitor results**

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





### 4.3.3. Duty of care and responsible purchasing in the supply chain **EFPD**

#### 4.3.3.1. Issues related to the Duty of care

In order to meet the requirements of the Law 2017-399 of March 27, 2017, Faurecia has implemented a duty of care plan to identify risks and prevent serious breaches in human rights and fundamental freedoms, the health and safety of people and the environment resulting from the activities of the Group, and those of its sub-contractors and suppliers with which it has an established commercial relationship. This plan applies to the entire group as Faurecia uses a large number of suppliers based in different countries for its raw materials and basic parts supplies.

The aspects of this Duty of Care plan relating to Faurecia's own activities are described in Section 4.1 for the social aspects, in Section 4.2 for the environmental aspect, and Section 3.1 on Business Ethics.

Faurecia has a Group Purchasing department, which has implemented a sustainable purchasing policy, called Buy Beyond, reflecting Faurecia's commitment to comply with the Universal Declaration of Human Rights, the International Labor Organization (ILO) on the principles and fundamental rights in the workplace, the Rio Declaration on Environment and Development and the United Nations' Convention against Corruption.

In accordance with the law, this section presents a summary of Faurecia's duty of care plan, and its implementation, in five separate areas: (1) risk identification and mapping, (2) assessment procedures for subsidiaries, sub-contractors and suppliers, (3) actions to mitigate risks and prevent serious breaches, (4) implementation of a whistle-blowing system and receipt of alerts and (5) monitoring system for the implemented measures.

#### 4.3.3.2. Reminder about the risk mapping

Faurecia's extra-financial risks and opportunities is presented in detail in Chapter 2 on Risks, in accordance with the requirements of the Extra-Financial Performance Declaration. This section also contains a description of the internal control and risk management players and systems of Faurecia.

#### 4.3.3.3. Subsidiary, sub-contractor and supplier assessment procedures

The Buy Beyond purchasing policy is applied firstly through a risk assessment procedure applicable to Group subsidiaries and to all key suppliers. This procedure consists of 4 quantitative criteria used by all Faurecia's buyers, to which they add a qualitative assessment based on their own experience or view of the supplier:

1. Overall Assessment: This assessment takes into account the general business environment in the concerned country

(World Economic Forum publications) as well as historical exchange rate and inflation data;

2. Financial Screening: Assessment based on the financial performance of the company in question (via a general screening or more in-depth ad hoc studies);
3. CSR Screening, with the partner EcoVadis, covering:
  - Fair Business Practices: assessment of the organization's ability to implement tangible actions to ensure data protection, fight against corruption, fraud, anti-competitive practices, money laundering and avoid conflicts of interest,
  - Labor Practices: assessment of the organization's level of maturity in terms of the actions on employee health and safety, working conditions, social relations, forced labor and child labor, discrimination and respect for fundamental rights,
  - Environment and Sustainable Procurement: assessment of the formalized policy, verification mechanisms and certification obtained;
4. Economic Dependency: assessment of the level of mutual dependency with suppliers, allowing the level of the action plan to be implemented to be weighted.

All these criteria enable the buyers to build a detailed action plan.

The Group relies on this assessment and the related documentary audit to enact Law No. 2017-399 of March 27, 2017, on the duty of care by parent companies and instructing companies.

Supplier quality audits, which are a prerequisite to joining Faurecia's panel of "direct" suppliers, also include CSR issues.

Against this backdrop, Faurecia's purchasing teams are assisted by an external CSR partner, EcoVadis, 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 set out in the Code of Conduct and ascertain compliance with REACH and conflict minerals regulations. In addition to the partnership with EcoVadis, Faurecia has implemented a screening process to assess the level of protection against fire, as well as the level of risk associated with natural disasters.

For example, at the end of 2018, Faurecia group had assessed the CSR performance of around 1,705 suppliers, or around 70% of its suppliers.

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.

#### 4.3.3.4. Actions to mitigate risks or prevent serious breaches

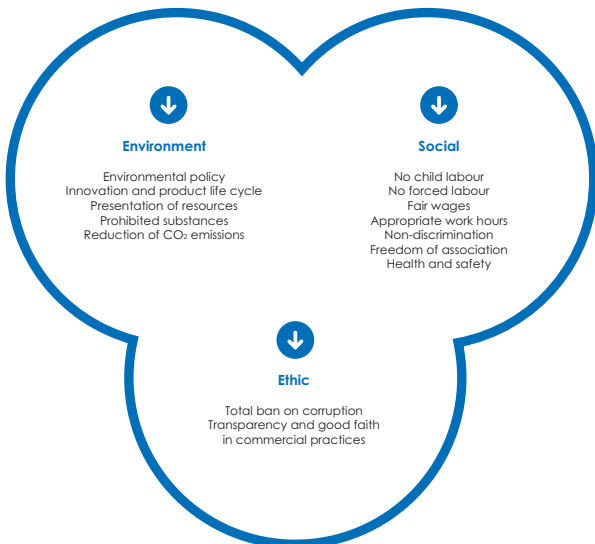
Faurecia has implemented processes to guarantee the proper operation of the risk management systems at all levels:

- the comprehensive assessment of risks, including the CSR assessment, is part of the entry process for suppliers to Faurecia's panel;
- a supplier's qualification level depends on its final risk level, throughout its lifecycle;
- precise management of substances via the systematic participation in the "International Material Data System" (IMDS) from the design stage enables Faurecia and its customers to avoid all unauthorized uses.

Faurecia's risk mitigation system is also based on its Buy Beyond policy, by which the Group is committed to basing its growth on socially responsible actions and behaviors in all activities and in all the countries where the Group has internal and external activities. In view of this, Faurecia is committed to building close, long-term relationships with its suppliers, based on mutual growth and benefit. For suppliers at risk, on all criteria, an action plan has been requested since 2018. The goal in 2019 will be to monitor and ensure that these action plans are effective.

It requires its suppliers to abide by the Buy Beyond purchasing policy by enforcing, within their own organization and their own global supply chain, the Code of Conduct for Suppliers and Subcontractors, which was implemented by Faurecia in 2013 and which is always included in the mandatory bidding documents sent to suppliers.

The 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, Faurecia has established substance management systems throughout the supply chain, from suppliers to the customer, for all products delivered by Faurecia.

Change in subcontracting is quantified by indicators provided in Section 4.1.6 of this Registration Document.

In 2018, Faurecia was rewarded by EcoVadis for its Buy Beyond program, as part of the "Sustainable Procurement Leadership Awards".

#### 4.3.3.5. Implementation of a whistle-blowing system and receipt of alerts

Faurecia's whistle-blowing system, presented in detail in Section 3.2.2 and reviewed as part of compliance with the Sapin II Law, may be used by Group employees to report breaches of human rights and fundamental freedoms, health and safety of people and the environment. To date, Faurecia does not have a specific whistle-blowing system for suppliers.

#### 4.3.3.6. Monitoring system for implemented measures

The procedure, officially implemented in November 2018, has already been tested on around 250 of Faurecia's key suppliers. Deployment is on-going.

After creating the methodology, a training plan has been prepared for the purchasing teams. It will be gradually deployed throughout 2019.

Business monitoring has also been put in place to deal with areas of risk in an appropriate way.

Monitoring is carried out according to the different areas listed in 3.4.3.



## 4.3.4. Risk of supplier failure

### 4.3.4.1. Issues related to the risk of supplier failure

Faurecia is faced with major supplier challenges. Bankruptcy, unforeseen stock-outs, quality problems, a strike or any other incident disrupting the supplies for which they are liable would lead to financial risks, through the potential impact on the Group's business and financial position, and could also lead to image risks and legal risks due to non-compliance with contractual obligations.

The quality of Faurecia's relationships with its suppliers is a key value for the Group. Faurecia creates and develops sustainable relationships with a reduced number of supplier partners worldwide, based on trust, high standards and mutual benefits.

The Group's 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-term a constant improvement in its value chain. This improvement, while benefiting Faurecia and its suppliers and sub-suppliers, allows them to experience sustainable technical, production and financial growth.

### 4.3.4.2. Measures taken for suppliers

The formalized relationship management enables Faurecia to integrate a sustainable shared value thanks to solid relationships with strategic suppliers. The Group focuses on sustainable value creation thanks to the sophisticated organization of the whole supply chain, by selecting the best suppliers in terms of overall cost, including quality, reliability and fast delivery.

As the performance of the final product is determined during the development phase, the effective management of the program is the key to shared success. Faurecia's aim is to work closely with its suppliers through partnerships. Faurecia aims to provide a shared framework for all its business during the development phase, enabling the Group to develop

competitive, robust products that meet its expectations in terms of quality, cost and delivery, thanks to a structured approach. The Program Management System (PMS) is the management tool that Faurecia uses during these phases.

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.

Faurecia's purchasing teams help suppliers to develop and reduce their industrial and financial risks, in particular by providing operational support to improve their efficiency, quality, logistics and cost control. 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.

### 4.3.4.3. Indicators to monitor results

PF4 ("quality" incidents detected at the Customer) as well as the other types of incidents are monitored and consolidated. PPMs are also tracked. Suppliers generating incidents or PPMs must implement safeguarding actions and actions to resolve the problem. An internal reporting process enables us to provide a suitable level of support to the supplier to help resolve the problem.

### 4.3.5. Commitment to communities

#### ■ Issues associated with the commitment to communities

The Group is committed to communities through the issues of local employment, volunteering, sponsorship and education, whilst being careful to develop and maintain a constructive and positive dialogue with all its stakeholders, in particular those concerned by the local presence of its businesses. The Group facilitates and promotes its employees' solidarity and citizenship initiatives via voluntary approaches.

#### ■ On employment and regional development

Faurecia has a significant social and economic impact on the regions in which it is located, mainly through its employment policy. The Group's approach is coordinated on a worldwide level by the Human Resources department, but the different geographical departments have autonomy for local initiatives. Thus, some countries have created specific programs to facilitate the integration of recent graduates whose first job is in the Group.

The rotation program in the United States, for example, lets graduates rotate through assignments in several Company departments with individual support from a mentor in upper management. The "Innovation Challenge" in China is available 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. The Group also offers the VIE international corporate volunteer program open to recent graduates from France and other EU countries.

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.

#### ■ Initiatives to support neighboring and local populations

Faurecia has a world initiative called FUELS ("Faurecia Unites its Employees around Local Solidarity actions"). This program regularly mobilizes Faurecia's sites and employees in many local community-based initiatives.

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.

Over the last two years, around twenty FUELS campaigns were carried out in twelve countries worldwide, Faurecia's sites launched over 25 other corporate initiatives, and the Group continues to extend the program.

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).

#### ■ Conditions for dialogue with stakeholders

Dialogue with stakeholders is at the core of Faurecia's commitment and is a key driver in its local presence. It involves the Group's different business lines and functions, which contribute to the proactive, constructive approach.

Faurecia communicates on a daily basis with several key contacts, such as:

- suppliers;
- customers;
- research partners;
- industrial or commercial partners;
- financial community;
- certification bodies;
- the Education sector.

In 2018, Faurecia developed and maintained various conditions and tools for dialogue adapted to the specifics of the countries in which it operates with a number of interested parties or stakeholders in its business.

Stakeholders	Forms of dialogue	Highlights/Actions
Suppliers	<ul style="list-style-type: none"> <li>Continuous collaborative work</li> <li>Organization of conventions</li> <li>Awards</li> <li>Strategic monitoring meetings</li> <li>Innovation meetings</li> <li>Corporate internet site for communicating CSR Information</li> </ul>	In 2018, Faurecia was rewarded by EcoVadis for its Buy Beyond program, as part of the "Sustainable Procurement Leadership Awards".
Customers	<ul style="list-style-type: none"> <li>Continuous collaborative work</li> <li>Faurecia Program Management System</li> </ul>	<ul style="list-style-type: none"> <li>"Innovation" award as part of the "2018 Groupe Renault Suppliers event"</li> <li>Hyundai 5 Star Quality certification and "best supplier of 2017 Award" from Hyundai in South Korea</li> </ul>
Research partners	<ul style="list-style-type: none"> <li>Industrial chairs in association with universities and Technological Research Institutes</li> <li>Specific cooperation actions</li> <li>Research and start-up assessment</li> <li>Innovation partnerships</li> </ul>	Collaboration with Clean Air Asia to accelerate the adoption of solutions to improve air quality in Asia
Industrial or commercial partners	<ul style="list-style-type: none"> <li>Strategic partnerships</li> <li>Joint ventures</li> <li>Acquisitions</li> </ul>	Partnership with Hella, new joint venture with Wuling Industry, definitive acquisition of Parrot
Financial community	<ul style="list-style-type: none"> <li>Communication of documentation covering the business, strategy and regulatory financial reporting</li> <li>Targeted communication to financial analysts and institutional investors</li> <li>Meetings between Executive Management and financial market players</li> <li>Free hotline for individual shareholders</li> </ul>	Capital Markets Day 2018 with presentation of 10 mobility experiences
The Education sector	<ul style="list-style-type: none"> <li>Ambassador network</li> <li>Student rallies</li> <li>Job fairs</li> <li>Workshops</li> <li>Case studies</li> <li>Partnerships</li> <li>Site visits for students</li> </ul>	<ul style="list-style-type: none"> <li>Faurecia Innovation Challenge at the 2018 Paris Motor Show</li> <li>"Top Employer Europe" certification for its human capital management</li> <li>"Happyindex® Trainees" labelling in France</li> </ul>

## 4.4 Independent verifier's report on consolidated non-financial statement 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 under the number n° 3-1050 (scope of accreditation available on the website [www.cofrac.fr](http://www.cofrac.fr)), and as a member of the network of one of the statutory auditors of Faurecia (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended on December the 31st (hereafter referred to as the "Statement"), presented in the management report pursuant to the provisions of the article L. 225 102-1, R. 225-105 et R. 225-105-1 of the French Commercial code (Code de commerce).

### Responsibility of the entity

It is the responsibility of the Board of Directors to establish the statement in compliance with the legal and regulatory provisions including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied regarding these risks as well as the results of these policies, including key performance indicators.

The Statement has been established by applying the procedures of the entity (hereinafter referred to as the "Criteria"), the significant elements of which are presented in the Statement and available on request at the Entity's headquarters.

### Independence and quality control

Our independence is defined by regulatory requirements pursuant to the provisions of the article L. 822-11-3 of the French Commercial code (Code de commerce) and the Code of Ethics of our profession. 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 express a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to paragraph 3 of I and II of Article R. 225 105 of the French Commercial Code, namely the results of the policies,

including key performance indicators, and the actions related to the main risks, hereinafter the "Information".

Nonetheless, it is not our responsibility to express any form of conclusion on:

- compliance by the entity with other applicable legal and regulatory provisions, particularly regarding the vigilance plan and the fight against corruption and tax evasion;
- compliance of products and services with applicable regulations.

### Nature and scope of the work

Our work described below has been carried out in accordance with the provisions of articles A. 225 1 et seq. of the French Commercial Code determining the procedures in which the independent third party conducts its mission and according to professional standards as well as to the international ISAE standard 3000 - Assurance engagements other than audits or reviews of historical financial information.

The work that we conducted enables us to assess the compliance of the Statement with the regulatory provisions and the fairness of the Information:

- We took note of the activity of all the companies included in the scope of consolidation, the statement of the main social and environmental risks related to this activity, and, if applicable, its effects regarding compliance with human rights, the fight against corruption, tax evasion as well as the resulting policies and their results;
- We assessed the suitability of the Criteria in terms of its relevance, comprehensiveness, reliability, neutrality and understandability by taking into consideration, if relevant, the best practices of the industry;
- We verified that the Statement covers each category of information provided in III of article L. 225-102-1 of the French Commercial Code regarding social and environmental matters, as well as respect of human rights and the fight against corruption and tax evasion;
- We verified that the Statement includes an explanation justifying the absence of the information required by the 2<sup>nd</sup> paragraph of III of Article L. 225-102-1 of the French Commercial Code;
- We verified that the Statement presents the business model and the main risks related to the activity of all the entities

included in the scope of consolidation; including if relevant and proportionate, the risks created through its business relationships, products or services, policies, actions and results, including key performance indicators;

- We verified, when relevant to the main risks or the policies presented, that the Statement presents the information provided for II in Article R. 225-105 II of the French Commercial Code;
- We assessed the process of selecting and validating the main risks;
- We inquired about the existence of internal control and risk management procedures put in place by the entity;
- We assessed the consistency of the results and the key performance indicators selected regarding the main risks and policies presented;
- We verified that the Statement includes a clear and reasonable explanation for the absence of a policy regarding one or more of these risks;
- We verified that covers the consolidated scope, i.e. all the companies included in the scope of consolidation in accordance with Article L. 233-16 of the French Commercial Code, with the limits specified in the Statement;
- We assessed the collection process put in place by the entity for the completeness and fairness of the Information;
- We implemented the key performance indicators and other quantitative results that we considered the most important presented in Appendix 1:
  - analytical procedures to verify the correct consolidation of the collected data as well as the consistency of their evolutions;
  - detailed tests based on samples, consisting of checking the correct application of the definitions and procedures and reconciling the data with the supporting documents. This work was carried out with a selection of contributing entities listed below: NAO division including the sites of Columbus North (United States) and Hermosillo (Mexico) for the Faurecia Clean Mobility BG, SER IB division including the site of Vigo and Ourense (Spain), as well as the site of Puebla Techno (Mexico) for the Faurecia Interiors BG, Magny Vernois site (France) for the Faurecia Seating BG which cover between 8% and 21% of consolidated data selected for these tests (8% of headcount, 16% of energy consumption, 15% of metals consumed, 10% of plastics

consumed; 21% of fibers consumed; 17% of emitted volatile organic compound, 15% of total waste);

- We consulted documentary sources and conducted interviews to corroborate the qualitative information (actions and results) that we considered the most important presented in Appendix 1;
- We assessed the overall consistency of the Statement with our knowledge of the entity.

We consider that the work we have done by exercising our professional judgment allows us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

## Means and resources

Our verification work mobilized the skills of five people and took place between September 2018 and February 2019 on a total duration of intervention of about ten weeks.

We conducted fifteen interviews with the persons responsible for the preparation of the Statement including in particular the sustainable development direction, human resources direction, social relations direction, risks direction, quality and environment, health and safety direction, technical direction and purchasing direction.

## Conclusion

Based on our work, we have not identified any significant misstatement that causes us not to believe that the non-financial statement complies with the applicable regulatory provisions and that the Information, taken together, is fairly presented, in compliance with the Criteria.

## Comments

Without calling into question the conclusion expressed above and in accordance with the provisions of Article A. 225-3 of the French Commercial Code, we make the following comment:

The prevention of the "duty of care risk in operations" is based, for its fundamental rights component, on the entity's Code of Ethics. The results presented in the Declaration do not cover all sub-risks identified.

Paris-La Défense, April the 17<sup>th</sup> 2019

*French original signed by:*

Independent Verifier

ERNST & YOUNG et Associés

Eric Mugnier

Partner, Sustainable Development

Jean-François Bélorgey

Partner

## Appendix 1 : The most important information

### SOCIAL INFORMATION

#### Quantitative Information

##### (including key performance indicators)

- Total number of registered employees and breakdown by contract type
- Resignation rate for the population of managers and professionals
- Percentage of managers and professionals who have recently graduated at the time of hiring
- Number of entity or company agreements signed during the financial year
- Number of training hours
- Frequency rate of work accidents with lost time
- Frequency rate of work accidents with and without lost time

#### Qualitative Information (actions or results)

- Recruitment, development, career management and retention of talents
- Processes for evaluating employee performance
- Social dialogue (organization, context and agreements summary)
- Occupational health and safety (organization, procedures and results of policies implemented at Group and Business Group level)

### ENVIRONMENTAL INFORMATION

#### Quantitative Information

##### (including key performance indicators)

- Number and percentage of ISO 14001 certified production sites
- Tons of waste and their ratio per unit of turnover
- Tons of plastic used and their ratio per unit of turnover
- Tons of metal used and their ratio per unit of turnover
- The percentage distribution of waste quantities by treatment type according to continents, the waste recycling rate (externally)
- Energy consumption and ratio per unit of turnover
- Greenhouse gas emissions (scopes 1 and 2) and ratio per unit of turnover
- Emissions of volatile organic compounds

#### Qualitative Information (actions or results)

- The organization of the company to take into account environmental issues and the resources devoted to the prevention of environmental risks and pollution
- Employee training and information initiatives in the field of environmental protection
- Measures and results of the actions implemented to improve the energy efficiency and carbon footprint of the sites
- Environmental impacts of production sites and the resources devoted to their mitigation (waste prevention and management, rational use of resources and limitation of emissions of volatile organic compounds and of the use of hazardous products)
- Significant items for greenhouse gas emissions generated by the company's activities, in particular the use of the goods and services it produces (scope 3)
- Solutions and products developed to contribute to improve air quality and carbon footprint of products (emission reduction systems, tools used to develop environmental innovations)
- Challenges related to responsible innovation and competitiveness

### SOCIETAL INFORMATION

#### Quantitative Information

##### (including key performance indicators)

- Total number of suppliers assessed regarding CSR performance
- Rejected parts per million parts delivered to Faurecia's customers

#### Qualitative Information (actions or results)

- Actions undertaken to ensure respect of fundamental rights
- Measures implemented for product quality and safety and their results
- CSR evaluation procedures for subcontractors and suppliers





# 5

## Combined General Meeting of May 28, 2019

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## 5.1. Agenda

### Ordinary resolutions

**Resolution one** – Approval of the financial statements for the fiscal year ending December 31, 2018 – Approval of non-tax-deductible expenses and costs.

**Resolution two** – Approval of the consolidated financial statements for the fiscal year ending December 31, 2018.

**Resolution three** – Appropriation of income for the fiscal year, setting of dividend.

**Resolution four** – Statutory Auditors' special report on related-party agreements and undertakings – Statement of absence of new agreement.

**Resolution five** – Reappointment of Ernst & Young Audit as acting Statutory Auditors, no reappointment and no replacement of Auditex as alternate Statutory Auditors.

**Resolution six** – Appointment of Mazars to replace PricewaterhouseCoopers Audit, as acting Statutory Auditors, no reappointment and no replacement of Mr. Etienne Boris as alternate Statutory Auditor.

**Resolution seven** – Ratification of the interim appointment of Mr. Philippe de Rovira as Board member.

**Resolution eight** – Ratification of the interim appointment of Mr. Grégoire Olivier as Board member and renewal of his term of office.

**Resolution nine** – Appointment of Ms. Yan Mei as Board member.

**Resolution ten** – Appointment of Mr. Peter Mertens as Board member.

**Resolution eleven** – Appointment of Mr. Denis Mercier as Board member.

**Resolution twelve** – Approval of the principles and criteria used to determine, allocate and award the compensation of the Chairman of the Board of Directors.

**Resolution thirteen** – Approval of the principles and criteria used to determine, allocate and award the compensation of the Chief Executive Officer.

**Resolution fourteen** – Approval of the fixed, variable and exceptional components comprising the total compensation and all benefits in kind paid or granted for the past fiscal year to Mr. Michel de Rosen, Chairman of the Board of Directors.

**Resolution fifteen** – Approval of the fixed, variable and exceptional elements comprising the total compensation and all benefits in kind paid or granted for past fiscal year to Patrick Koller, Chief Executive Officer.

**Resolution sixteen** – 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.

**Resolution seventeen** – Ratification of the transfer of the registered office from 2, rue Hennape, 92000 Nanterre to 23-27 avenue des Champs-Pierreux, 92000 Nanterre.

## Extraordinary resolutions

**Resolution eighteen** – 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 nineteen** – Delegation of powers to the Board of Directors to issue ordinary shares giving access, if applicable, to ordinary shares or allotment of debt securities (of the Company or a direct or indirect subsidiary), and/or securities giving access to ordinary shares (of the Company or a direct or indirect subsidiary) with preferential subscription rights, or to increase capital by incorporating reserves, profits and/or premiums, duration of the delegation, maximum nominal value of the capital increase, outcome of fractional shares, option to offer unsubscribed securities to the public, suspension during public offerings.

**Resolution twenty** – Delegation of powers to the Board of Directors to issue ordinary shares giving access, if applicable, to ordinary shares or allotment of debt securities (of the Company or a direct or indirect subsidiary), and/or securities giving access to ordinary shares (of the Company or a direct or indirect subsidiary) without preferential subscription rights, by public offering and/or in consideration of securities within the framework of a public exchange offer, duration of the delegation, maximum nominal value of the increase in the share capital, issuing price, option to limit the amount of subscriptions or distribute unsubscribed securities, suspension during public offerings.

**Resolution twenty-one** – Delegation of powers to the Board of Directors to issue ordinary shares giving access, if applicable, to ordinary shares or an allotment of debt securities (of the

Company or a direct or indirect subsidiary), and/or securities giving access to ordinary shares (of the Company or a direct or indirect subsidiary) without preferential subscription rights by an offer defined in Section II of Article L. 411-2 of the French Monetary and Financial Code, duration of the delegation, maximum nominal value of the increase in the share capital, issuing price, option to limit the amount of subscriptions or distribute unsubscribed securities, suspension during public offerings.

**Resolution twenty-two** – Authorization to increase the amount of shares issued in the event of surplus demand, suspension during public offerings.

**Resolution twenty-three** – Authorization to be given to the Board of Directors to grant, for free, existing shares and/or shares to be issued in the future to employees and/or certain corporate officers of the Company or of affiliated companies or economic groups, waiver by the shareholders of their preferential subscription rights, duration of the authorization, ceiling, duration of the vesting period, particularly in the event of disability.

**Resolution twenty-four** – Delegation of powers to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access to the share capital, without preferential subscription rights in favor of the beneficiaries of a Company savings plan in application of Articles L. 3332-18 et seq. of the French Labor Code, duration of the delegation, maximum nominal value of the increase in share capital, issuing price, option to allocate free shares in application of Article L. 3332-21 of the French Labor Code.

**Resolution twenty-five** – 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 2018 fiscal year and the appropriation of income.

The fourth resolution concerns related party agreements and undertakings.

The fifth and sixth resolutions concern the reappointment/appointment of the acting Statutory Auditors (Ernst & Young Audit and Mazars) for a duration of six fiscal years. The purpose of the fifth and sixth resolutions is also to acknowledge the end and absence of reappointment of the alternate Statutory Auditors (Auditex and Mr. Etienne Boris) as it is no longer a legal obligation to have alternate Statutory Auditors.

The seventh to eleventh resolutions concern governance. The seventh resolution concerns the ratification of the co-option of Mr. Philippe de Rovira as Board member and the eighth resolution concerns the ratification of the co-option of Mr. Grégoire Olivier as Board member and the renewal of his term of office. The ninth, tenth and eleventh resolutions concern the appointment of three new Board members.

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

Resolutions fourteen and fifteen 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.

Resolution sixteen concerns the share buy-back program.

Lastly, resolution seventeen concerns the ratification of the transfer of the registered office.

#### 5.2.1.1. Approval of the financial statements and appropriation of income (1<sup>st</sup> to 3<sup>rd</sup> resolutions)

##### APPROVAL OF THE PARENT COMPANY FINANCIAL STATEMENTS FOR 2018 (1<sup>st</sup> RESOLUTION)

You are asked to approve these financial statements, which show a profit of €415,679,803.69.

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., €140,852.06, which corresponds to the

nondeductible portion of the leases on passenger vehicles and the corresponding tax, which amounts to €48,495.36.

##### APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2018 (2<sup>nd</sup> RESOLUTION)

You are asked to approve these financial statements, which show a net profit (Group share) of €700,838,109 million.

##### APPROPRIATION OF INCOME (3<sup>rd</sup> RESOLUTION)

The proposed appropriation of income complies with French law and our bylaws.

As such, you are asked to approve the appropriation of the net income for 2018 as follows:

##### Origin

■ Profit for the fiscal year	€415,679,803.69
■ Retained earnings	€1,170,906,436.63
<b>Total to be appropriated</b>	<b>€1,586,586,240.32</b>

##### Appropriation

■ Dividends	€172,544,751.25
■ Retained earnings	€1,414,041,489.07
<b>Total appropriated</b>	<b>€1,586,586,240.32</b>

The Board of Directors has decided to suggest distributing a gross dividend of €1.25 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, 1 of the French General Tax Code), or, at the express, irrevocable and overall option of the taxpayer, to income tax on a sliding scale after a 40% tax allowance (Article 200 A,2 and 158 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 stock as of December 31, 2018, 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 May 31, 2019, and the dividend will be paid on June 4, 2019.

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

For the fiscal year	Income eligible for reduction		Income not eligible for reduction
	Dividends	Other distributed income	
2015	€89,274,690.70*, i.e. €0.65 per share	-	-
2016	€124,232,220.90*, i.e. €0.90 per share	-	-
2017	€151,839,381.10*, i.e. €1.10 per share	-	-

\* 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 (4<sup>th</sup> 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 2018 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 specific performance condition for 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. Statutory Auditors (5<sup>th</sup> and 6<sup>th</sup> resolutions)

Under the terms of the fifth resolution, you are asked to reappoint Ernst & Young Audit, whose mandate expires on conclusion of this General Meeting, as acting Statutory Auditors for a term of six fiscal years, i.e. until conclusion of the Ordinary General Meeting to be held in 2025 to approve the financial statements for the fiscal year ending December 31, 2024.

You are also asked to acknowledge that Auditex, whose mandate expires on conclusion of this General Meeting, is not reappointed and not replaced as the alternate Statutory Auditors, under the law.

Under the terms of the sixth resolution, you are asked to appoint Mazars, selected pursuant to a call for tender, to replace PricewaterhouseCoopers Audit, whose mandate expires upon conclusion of this General Meeting, as acting Statutory Auditors for a term of six fiscal years, i.e. until conclusion of the Ordinary

General Meeting to be held in 2025 to approve the financial statements for the fiscal year ending December 31, 2024.

You are also asked to acknowledge that Mr. Etienne Boris, whose mandate expires on conclusion of this General Meeting, is not reappointed and not replaced as the alternate Statutory Auditor, under the law.

### 5.2.1.4. Governance (7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> resolutions)

Under the terms of resolution seven, you are asked to ratify the interim appointment by the Board of Directors on July 19, 2018 of Mr. Philippe de Rovira to serve the remainder of the term of office of Mr. Jean-Baptiste Chasseloup who resigned at the end of the Board of Directors meeting of the same date. Mr. Philippe de Rovira would remain in office until the end of the meeting convened in 2021 to approve the financial statements for the previous fiscal year.

Under the terms of resolution eight, you are asked to ratify the interim appointment by the Board of Directors on October 10, 2018 of Mr. Grégoire Olivier to serve the remainder of the term of office of Mr. Carlos Tavares who resigned at the end of the Board of Directors meeting of the same date, i.e. until conclusion of this General Meeting. You are also asked to renew the term of office of Mr. Grégoire Olivier, as a director, for a further period of four years. This term of office will expire on conclusion of the General Meeting to be held in 2023 to approve the financial statements for the previous fiscal year.

Under the terms of resolution nine, you are asked to appoint Ms. Yan Mei, as a director, for a period of four years. This term of office will expire on conclusion of the General Meeting to be held in 2023 to approve the financial statements for the previous fiscal year.

Information on Ms. Yan Mei's expertise and career path is set out in Section 5.4 of the 2018 Registration Document.

Under the terms of resolution ten, you are asked to appoint Mr. Peter Mertens, as from November 1, 2019, as director, for a period of four years. This term of office will expire on conclusion of the General Meeting to be held in 2023 to approve the financial statements for the previous fiscal year. As of November 1, 2019, he will have left the Audi group.

Information on Mr. Peter Mertens' expertise and career path is set out in Section 5.4 of the 2018 Registration Document.

Under the terms of resolution eleven, you are asked to appoint Mr. Denis Mercier, as a director, for a period of four years. This term of office will expire on conclusion of the General Meeting

to be held in 2023 to approve the financial statements for the previous fiscal year.

Information on Mr. Denis Mercier's expertise and career path is set out in Section 5.4 of the 2018 Registration Document.

The Board of Directors decided that Ms. Yan Mei, Mr. Peter Mertens and Mr. Denis Mercier qualify as independent Board members under the independence criteria set out in the AFEP-MEDEF Corporate Governance Code of listed companies, which your Company has chosen as a reference Corporate Governance Code.

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.

### 5.2.1.5. Principles and criteria for determining, allocating and awarding compensation to the executive and non-executive corporate officers (12<sup>th</sup> and 13<sup>th</sup> 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 twelfth and thirteenth 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 February 15, 2019, 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 (12<sup>th</sup> 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.

#### Fixed compensation

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.

From 2019, a position of this compensation will be paid as a benefit in kind relating to the time of the personal assistant provided to the Chairman dedicated to his activities other than those in relation to his chairmanship of Faurecia.

The amount of his fixed compensation and of this benefit in kind will amount in total to the fixed compensation for 2018.

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."

#### Other components of compensation

- Benefits in kind:
  - entitlement to a personal assistant for his activities other than those in relation to his chairmanship of Faurecia (as of 2019),
  - entitlement to a company car.
- The Chairman does not receive any attendance fees.
- The Chairman of the Board of Directors does not receive any variable compensation, termination payment or non-competition indemnity. Moreover, the Board of Directors does not plan to pay any exceptional compensation.

#### **PRINCIPLES AND CRITERIA FOR DETERMINING, ALLOCATING AND AWARDED THE COMPENSATION OF THE CHIEF EXECUTIVE OFFICER (13<sup>th</sup> 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.

The Board of Directors, which is mindful of ensuring that the compensation of its Chief Executive Officer is competitive, also took into account the results of a comparative study, covering France and Europe, carried out by external consultants on the basis of a group of industrial companies that are comparable in terms of sales, market capitalization and employee numbers.

#### 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 net cash flow:

- operating income set with current reference to the budget for the current year entitles to a variable compensation of between 0% and 150% (maximum percentage) of the fixed annual compensation, being understood that achievement of budget means the target being realized at 100%. Operating income accounts for 40%;
- net cash flow set with reference to the budget for the current year entitles to a variable compensation of between 0% and 150% (maximum percentage) of the fixed annual compensation, 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 presence conditions identical to those set for all the beneficiaries of the plans (i.e. the 258 members of the Group Leadership Committee on December 31, 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.

This mechanism was made stricter in 2018 through the establishment of a rule stipulating that from plan No. 6 and for all plans established subsequently, the Chief Executive Officer must retain at least 30% of the shares acquired under each plan. This threshold requirement ceases to apply when the Chief Executive Officer holds a number of shares corresponding to three years of base gross compensation, factoring in all the previously established plans, and becomes applicable again if the Chief Executive Officer no longer holds the number of target shares corresponding to this level of base gross compensation.

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 result of the third fiscal year after the allocation 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 allocation 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:

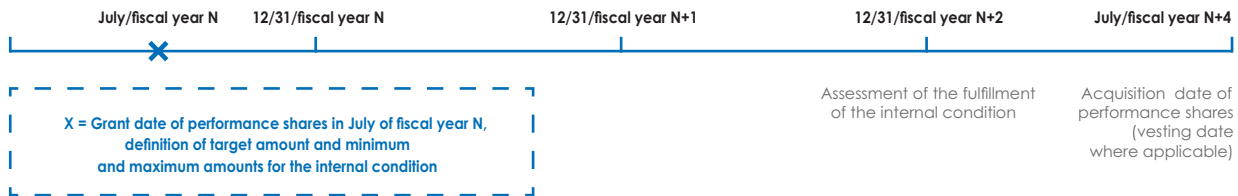
- Autoliv (Sweden)
- Autoneum (formerly Rieter) (Switzerland)
- Borg Warner (United States)
- Continental (Germany)
- Delphi (United States)
- GKN (United Kingdom)
- Adient (United States)
- Lear (United States)
- Magna (Canada)
- Plastic Omnium (France)
- Tenneco (United States)
- Valeo (France)

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.

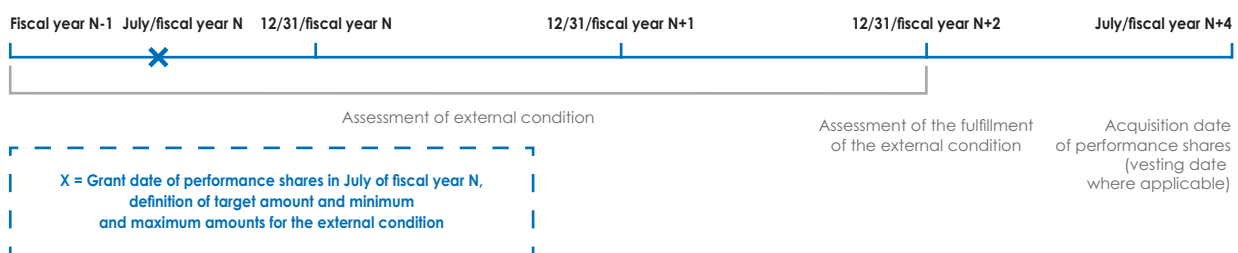


The plans are constructed as follows:

### 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 the 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 the case of less than 80% achievement of the annual variable compensation targets, the increase in rights will be reduced in proportion to the achievement of the targets (e.g., a target that is 30% achieved will result in a 0.30% increase in potential rights);
- an additional part decided by the Board of Directors of February 11, 2015, in favor of Faurecia's Executive Committee members holding an employment contract (current or suspended) or a term of office in France, who have been

on the Executive Committee for a minimum term of three calendar years as of the implementation of this scheme or accession to the Executive Committee.

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

$$\sum X_i * R$$

R = annual reference compensation (as defined in the preamble in the paragraph "Pension")

X<sub>i</sub> = 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 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.

### 5.2.1.6. Elements of compensation paid or granted for the past fiscal year ended to executive and non-executive corporate officers (14<sup>th</sup> and 15<sup>th</sup> resolutions)

The elements of compensation paid or granted for the fiscal year ended December 31, 2018, to Mr. Michel de Rosen in his capacity as Chairman of the Board of Directors, 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:

- Resolution fourteen: 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;
- Resolution fifteen: 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. Michel de Rosen in his capacity as Chairman of the Board of Directors.

The elements being submitted for shareholder approval in accordance with the fourteenth 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, 2018 (7<sup>th</sup> resolution):

Elements of compensation paid or granted for the fiscal year ended December 31, 2018	Amounts	Presentation
Fixed compensation	€300,000	The annual fixed compensation of Mr. Michel de Rosen in his capacity as Chairman of the Board of Directors was set at €300,000 by the Board of Directors' decision of February 15, 2018. It was unchanged compared to the compensation set by the Board of Directors' meeting on April 11, 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	€4,982.40 (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 schemes	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 fifteenth 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, 2018 (8<sup>th</sup> resolution):

### Elements of compensation paid or granted for the fiscal year ended December 31, 2018

Elements of compensation paid or granted for the fiscal year ended December 31, 2018	Amounts	Presentation
Fixed compensation	€825,000	<p>Mr. Patrick Koller's annual fixed compensation as Chief Executive Officer was set at €825,000 by the Board of Directors' decision of February 15, 2018.</p> <p>The Boards of Directors set this compensation by assessing several factors:</p> <ul style="list-style-type: none"> <li>■ Mr. Patrick Koller's performance is assuming full responsibility for Faurecia's Executive Management, demonstrated through results of operations, profitability and market capitalisation; 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, has been responsible for one of the Group BGS;</li> <li>■ the launch of the Group's transformation, which is based on new strategic priorities centered around clearly defined focuses with high technical value, substantial growth, change in the Group's business and significant international expansion benefiting from industrial geographic coverage.</li> </ul>
Annual variable compensation	€1,210,300	<p>At its meeting of February 15, 2018, the Board of Directors set the rules for determining Mr. Patrick Koller's variable compensation for 2018 as Chief Executive Officer.</p> <p>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.</p> <p>The achievement of the following quantitative targets entitles him to a variable compensation ranging from 0% to 150% of his fixed annual compensation:</p> <ul style="list-style-type: none"> <li>■ 40% of his variable compensation is based on operating income set by reference to the 2018 budget;</li> <li>■ 60% is based on the free cash flow set by reference to the 2018 budget.</li> </ul> <p>On the recommendation of the Management Committee on February 15, 2019, the Board of Directors meeting of February 15, 2019, reviewed the extent to which these quantitative criteria had been met:</p> <ul style="list-style-type: none"> <li>■ as regards the operating income, the Board of Directors formally noted that 110% of this initial quantitative target had been reached;</li> <li>■ as regards <i>free cash flow</i>, the Board of Directors formally noted that 133% of this second quantitative target had been reached.</li> </ul> <p>As a result of these two achievements, 124% of targets according to the scale adopted by the Board of Directors were reached: this entitles to quantitative variable compensation of €1,021,350 before the achievement of qualitative targets is reviewed.</p> <p>On February 15, 2019, the Board of Directors also reviewed the achievement of the qualitative targets set by the Board on February 15, 2018, 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.</p> <p>Therefore:</p> <ol style="list-style-type: none"> <li>1. as regards the execution of the strategy in terms of Sustainable Mobility and Smart Life on Board (40% weighting on this criterion) i.e.: <ul style="list-style-type: none"> <li>■ define and deploy a clear organization and related responsibilities;</li> <li>■ be committed to growing the order book;</li> <li>■ identify and implement external growth requirements in value-added areas (Value Spaces).</li> </ul> </li> </ol>

**Elements of compensation  
paid or granted for the fiscal  
year ended December 31, 2018**

**Amounts**

**Presentation**

The Board of Directors highlighted:

- the acquisition in progress and integration of Clarion;
- the completion of several other acquisition transactions (Hug Engineering, Parrot Automotive, Coagent Electronics);
- the implementation of New Value Spaces organization and its order book representing 7% of the overall order book; and
- significant developments in the implementation of a strategic ecosystem for the Group with the creation of joint ventures, in particular with Liuzhou Wuling Automotive Industry Co., and the conclusion of strategic partnerships (Accenture, FAW group, HELLA) and investments in start-ups (Enogia, Powersphyr, Promethient, SUBPAC).

The Board of Directors considered that 120% of this criterion has been met.

2. with regard to the management of program launches (30% weighting on this criterion), with particular attention given to 11 programs identified as being at risk;

- the Board of Directors noted that 220 launches were completed in 2018 with no substantial variances, and that only one program at risk remained compared with 11 at the beginning of the year, owing to the implementation of the prevention plan.

The Board of Directors considered that 115% of this criterion has been met:

3. with regard to *Being Faurecia* (30% weighting on this criterion), with notably, for the selected convictions, the definition of a medium-term action plan, the definition of targets for 2018 and target proposals for 2019 for each of these convictions.

The Board of Directors noted that:

- the convictions were approved and presented to the Board of Directors;
- for each conviction, the indicators, targets and 2020 plan were approved;
- a Head of Sustainable Development and a Deputy Chief Compliance Officer have been recruited;
- the communications plan for the 2019 deployment has been prepared and the general sustainable development approach approved.

The Board of Directors considered that 120% of this criterion has been met.

**Elements of compensation paid or granted for the fiscal year ended December 31, 2018**

	Amounts	Presentation
		<p>As a result, the Board of Directors considered that the standard achieved in relation to these two qualitative targets was such that a multiplier of 1.185 should apply to the two quantitative targets.</p> <p>On this basis, on February 15, 2019, the Board of Directors decided on variable compensation for fiscal year 2018 for Mr. Patrick Koller in his capacity as Chief Executive Officer equal to €825,000 × 124% × 1.185 for a total of €1,210,300 corresponding to 146.7% of his fixed compensation received for 2018 as Chief Executive Officer.</p>
Variable compensation Multi-year	Not applicable	No multi-annual variable compensation
Exceptional compensation	Not applicable	No exceptional compensation
Stock options, performance shares or any other long-term benefit	Options = not applicable	No stock subscription or purchase options grant
	Performance shares = €1,237,788 (accounting valuation)	<p>At its meeting of July 19, 2018, the Board of Directors decided to grant up to 27,000 shares to Mr. Patrick Koller in the context of the performance share plan No. 10, based on the authorization granted by shareholders at their General Meeting of May 29, 2018 (fourteenth resolution adopted in extraordinary session). These 27,000 shares correspond to 0.020% of the capital stock as of December 31, 2018.</p> <p>The Board of Directors made the definitive acquisition of these shares contingent on the following:</p> <ul style="list-style-type: none"> <li>■ 60% on an internal performance condition: Group net income after tax as of December 31, 2020, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as it had been forecast in the Group's medium-term plan reviewed and set by the Board of Directors on the date the shares are granted; and</li> <li>■ 40% on an external condition: the growth between 2017 and 2020 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.</li> </ul> <p>If these performance conditions for plan No. 10 have been met in full at the end of the 2019 fiscal year, Mr. Patrick Koller will be granted the maximum 27,000 shares in which he will vest on July 19, 2022.</p> <p>18,525 shares granted to Mr. Patrick Koller in the context of the performance share Plan No. 7 became available during the fiscal year.</p>
	Others benefits long-term benefits = not applicable	No other long-term benefits grant

**Elements of compensation paid or granted for the fiscal year ended December 31, 2018**

Elements of compensation paid or granted for the fiscal year ended December 31, 2018	Amounts	Presentation
Attendance fees	Not applicable	No attendance fees allotment
All benefits	€14,400 (accounting valuation)	Availability of a company car
Termination payment	No payment made during the fiscal year	<p>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:</p> <ul style="list-style-type: none"> <li>■ 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;</li> <li>■ this payment will not be due in case of resignation or retirement;</li> <li>■ the remittance of this payment is subject to the achievement of the following performance conditions:                             <ul style="list-style-type: none"> <li>■ 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,</li> <li>■ 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;</li> </ul> </li> <li>■ 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;</li> <li>■ 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;</li> <li>■ 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.</li> </ul> <p>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).</p>
Non-competition indemnity	Not applicable	No non-competition indemnity



## Elements of compensation paid or granted for the fiscal year ended December 31, 2018

	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	<p>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.</p> <p>Defined contribution pension scheme:</p> <ul style="list-style-type: none"> <li>■ 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;</li> <li>■ estimated annual pension as of December 31, 2018: €4,567;</li> <li>■ scheme available to all Group executives who have at least one year's seniority upon their retirement.</li> </ul> <p>Defined benefits pension scheme:</p> <ul style="list-style-type: none"> <li>■ progressive increase in potential rights in relation to seniority and compensation: potential rights increase each year by 1% in bracket C;</li> <li>■ 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;</li> <li>■ estimated annual pension as of December 31, 2018: €31,791;</li> <li>■ scheme available to all Group executives who have at least five years' seniority upon their retirement.</li> </ul> <p>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:</p> <ul style="list-style-type: none"> <li>■ 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;</li> <li>■ 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).</li> </ul> <p>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).</p>
Additional defined benefits pension scheme (Article 39 of the French General Tax Code)	No payment made during the fiscal year	<p>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, 2018 is €335,834.</p> <p>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).</p>

### 5.2.1.7. Share buy-back program (16<sup>th</sup> 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 (€1,417,506,200 based on the Company's capital as of December 31, 2018 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 29, 2018 under their twelfth ordinary resolution.

### 5.2.1.8. Ratification of the transfer of the registered office (17<sup>th</sup> resolution)

Under the terms of resolution seventeen, you are asked to ratify the transfer of the registered office from 2, rue Hennape, 92000 Nanterre to 23-27 avenue des Champs-Pierreux, 92000 Nanterre.

## 5.2.2. Explanatory Notes to the extraordinary resolutions

Resolution eighteen will allow the Board of Directors to reduce the capital by canceling treasury shares.

Resolutions nineteen to twenty-two concern financial delegations of authority and authorizations to be granted to the Board of Directors.

The Extraordinary General Meeting of May 30, 2017, granted to the Board of Directors, to meet the Group's financing needs, delegations of authority and authorizations which are due to lapse during this fiscal year.

In 2018, none of these delegations of authority and authorizations as voted by the Meeting of May 30, 2017 was used by the Board of Directors.

In accordance with Article L. 225-37-4 of the French Code of commerce, the Board of Directors has also reported on its use of these delegated authorities and authorizations in the 2018 financial year in its management report.

Consequently, under resolutions nineteen to twenty-two, you are asked to renew these delegations of authority and authorizations under the terms as described below.

This will enable the Board of Directors to issue ordinary shares giving access, if necessary, to ordinary shares, or allotment of

debt securities (from the Company or from any direct or indirect subsidiary), and/or securities giving access to ordinary shares to be issued (by the Company or any direct or indirect subsidiary) with or without preferential subscription right. This will enable your Company to carry out financial transactions as and when market conditions permit, and quickly raise the capital needed to implement the Group's growth and consolidation strategy.

Resolution twenty-three concerns an authorization to grant performance shares.

Resolution 24 aims to involve Group employees in its expansion, in particular through a capital increase reserved for employees.

### 5.2.2.1. Cancellation of treasury shares (18<sup>th</sup> 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. Financial delegations of authority and authorizations (19<sup>th</sup> to 23<sup>rd</sup> resolutions)

#### 5.2.2.2.1. DELEGATION OF AUTHORITY TO INCREASE THE CAPITAL STOCK WITH PREFERENTIAL SUBSCRIPTION RIGHTS (19<sup>th</sup> RESOLUTION)

The transaction carried out under this resolution would be reserved for Company shareholders only. They concern the issuing of ordinary shares giving access, if necessary, to ordinary shares, or allotment of debt securities and/or securities giving access to ordinary shares to be issued.

In accordance with Article L. 228-93 of the French Code of commerce, the securities to be issued may give an access to ordinary shares to be issued by any company of which the Company directly or indirectly holds more than half of the capital.

This delegation will also enable the capital to be increased through capitalization of premiums, reserves, profits or other, either in the form of allotments of free shares, or by increasing the par value of existing shares or by a combination of these two procedures.

The capital increases performed under this delegation may not exceed an aggregate nominal value of €145,000,000 (one hundred and forty-five million euros) (without preservation of rights). The total nominal value of the ordinary shares that may be issued pursuant to resolutions twenty and twenty-one shall be deducted from this ceiling.

Issues of debt securities may not exceed an aggregate nominal value of €1,000,000,000 (one billion euros). This total ceiling shall apply to all debt securities that may be issued in application of this resolution and resolutions twenty and twenty-one.

The subscription price of the shares and/or securities issued pursuant to this delegation of authority will be set by the Board of Directors in accordance with applicable laws and regulations.

If the aggregate amount of subscriptions as of right and for excess shares or securities has not absorbed all of an issue, the Board of Directors may use, in the order it would determine, all or some of the following faculties:

- cap the amount of the issue at the amount of the subscriptions received, subject to any regulatory restrictions;
- freely allocate all or some of the unsubscribed securities;
- offer all or part of unsubscribed securities to the public.

Unless prior authorization has been granted by the General Meeting, the Board of Directors may not use this authorization upon the filing of public offering for the Company's shares by a third party, up until the end of the offering.

This delegation of authority is sought for a period of 26 months.

#### 5.2.2.2.2. DELEGATION OF AUTHORITY FOR THE PURPOSE OF INCREASING THE CAPITAL STOCK WITHOUT PREFERENTIAL SUBSCRIPTIONS RIGHTS, BY WAY OF A PUBLIC OFFERING (20<sup>th</sup> RESOLUTION)

Transactions carried out pursuant to this resolution will be open to the public. They concern the issuing of ordinary shares giving access, if necessary, to ordinary shares, or allotment of debt securities and/or securities giving access to ordinary shares to be issued.

In accordance with Article L. 228-93 of the French Code of commerce, the securities to be issued may give an entitlement to ordinary shares to be issued by any company of which the Company directly or indirectly holds more than half of the capital.

These securities may be issued in order to compensate any securities contributed to the Company as part of a public exchange offer, satisfying the conditions defined in Article L. 225-148 of the French Code of commerce.

The capital increases performed under this delegation may not exceed an aggregate nominal value of €95,000,000 (ninety-five million euros) (without preservation of rights). The total nominal value of the increases in the share capital which may be generated pursuant to resolution twenty-one shall be deducted from the ceiling provided for in the present resolution.

Issues of debt securities may not exceed an aggregate nominal value of €1,000,000,000 (one billion euros). This amount shall be deducted from the ceiling of €1,000,000,000 for the issue of debt securities as established in resolution nineteen.

In accordance with the law, the issue price of shares issued pursuant to this delegation of authority will be at least equal to the weighted average price of the Company's shares on Euronext Paris during the three trading days immediately preceding the issue pricing date, with a potential discount of up to 5%.

If the subscriptions do not absorb all of the issue, the Board of Directors may do the following:

- limit the amount of shares issued to the amount subscribed, if applicable, subject to the limits provided for by the regulations;
- freely allocate all or part of unsubscribed securities.

Unless prior authorization has been granted by the General Meeting, the Board of Directors may not use this authorization upon the filing of public offering for the Company's shares by a third party, up until the end of the offering.

This delegation of authority is sought for a period of 26 months.

#### 5.2.2.2.3. DELEGATION OF AUTHORITY FOR THE PURPOSES OF INCREASING THE CAPITAL STOCK WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, BY AN OFFER DEFINED IN ARTICLE L. 411-2 II OF THE FRENCH MONETARY AND FINANCIAL CODE (21<sup>st</sup> RESOLUTION)

This resolution is in addition to resolution twenty to enable shareholders to vote separately on this matter as recommended by the *Autorité des Marchés Financiers* (AMF). It concerns transactions without preferential subscription rights by means of private placements with persons providing a portfolio management service for third parties, qualified investors, or a restricted circle of investors, on condition that the last two categories act for their own account. They concern the issuing of ordinary shares giving access, if necessary, to ordinary shares, or allotment of debt securities and/or securities giving access to ordinary shares to be issued.

In accordance with Article L. 228-93 of the French Code of commerce, the securities to be issued may give an entitlement to ordinary shares to be issued by any company of which the Company directly or indirectly holds more than half of the capital.

The capital increases performed under this delegation may not exceed an aggregate nominal value of €95,000,000 (ninety-five million euros) it being stipulated that they would, in addition, be capped at 20% of the capital per year (without preservation of rights). The total nominal value of the increases in the share capital which may be generated pursuant to resolution twenty shall be deducted from this ceiling.

Like resolution twenty, the subscription price of new shares issued pursuant to this delegation of authority will be at least equal to the weighted average price of the Company's shares on Euronext Paris during the three trading days immediately preceding the issue pricing date, with a potential discount of up to 5%.

Issues of debt securities may not exceed an aggregate nominal value of €1,000,000,000 (one billion euros) it being stipulated that this amount would be included in the €1,000,000,000 total ceiling for the issue of debt securities set by the nineteenth resolution.

If the subscriptions do not absorb all of the issue, the Board of Directors may do the following:

- limit the amount of shares issued to the amount subscribed, if applicable, subject to the limits provided for by the regulations;
- freely allocate all or part of unsubscribed securities.

Unless prior authorization has been granted by the General Meeting, the Board of Directors may not use this authorization upon the filing of public offering for the Company's shares by a third party, up until the end of the offering.

This delegation of authority is sought for a period of 26 months.

#### 5.2.2.2.4. AUTHORIZATION TO INCREASE THE AMOUNT OF THE INITIAL ISSUES DECIDED UPON WITH OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, IN THE EVENT OF OVER-SUBSCRIPTION (22<sup>nd</sup> RESOLUTION)

This authorization would allow the Company to satisfy excess demand for rights issues made to existing shareholders (19<sup>th</sup> resolution) via public offerings (20<sup>th</sup> resolution) or the private placements referred to in the 21<sup>st</sup> resolution.

Transactions carried out pursuant to this delegation of authority may not exceed the legal ceiling of 15% of the initial issue, and will be charged against the maximum limit applicable to the initial issue.

The subscription price of ordinary shares or securities issued must be the same as the initial issue price set pursuant to resolutions 19, 20 and 21 described above.

The Board of Directors may use this authorization during a period of 30 days as from the close of the subscription period.

The Board of Directors may not use this authorization, without the prior authorization of the General Meeting, in the event of a public offering filled by a third party, until the end of such offering.

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

#### 5.2.2.3. Employee and corporate officer share ownership: authorization to grant performance shares (23<sup>rd</sup> resolution)

Resolution twenty-three 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 29, 2018 (extraordinary resolution fourteen).

The General Meeting of May 29, 2018 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 2018: based on the decision of July 19, 2018, it granted a maximum of 544,460 shares, including a maximum of 27,000 shares to the Chief Executive Officer.

Given the use made of this resolution in 2018, the authorization granted by the General Meeting of May 29, 2018 was used to grant 544,460 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, ten 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);
- one plan in 2018 (Plan No. 10).

In fact, the condition attached to the 1<sup>st</sup> 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. 10 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 3<sup>rd</sup> 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.

#### 5.2.2.4. Employee share ownership; delegation of authority to increase the capital stock without preferential subscription rights in favor of members of a Company savings plan (24<sup>th</sup> resolution)

Pursuant to the resolution twenty-three, the Board of Directors is authorized to increase the capital stock by issuing shares or securities giving access, immediately or after a given period, to the Company's capital without preferential subscription rights to Group employees who are members of a company or Group savings plan.

This authorization will be limited to 2% (without preservation of rights) of the capital increase and will not be charged against any ceilings set for delegations to increase the capital stock.

The subscription price may not be higher than the average of the opening share prices quoted on the twenty trading days preceding the date of the decision setting the opening date of the subscription period. Furthermore, it may not be more than 20% lower than that average, nor may it be 30% lower if the lock-up period provided for in the savings plan is more than or equal to ten years (or any other maximum percentage stipulated by the legal provisions applicable at the date when the price is set).

The Board of Directors may also decide to grant new or existing shares or other securities conferring an entitlement to new or existing shares of the Company in respect of (i) matching contributions made pursuant to the regulations of Company or Group savings plans, and/or (ii) the discount, where applicable.

This delegation of authority is sought for a period of 26 months.

#### 5.2.2.5. Powers (25<sup>th</sup> resolution)

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



## 5.3. Resolutions

### Ordinary resolutions

#### Resolution one

##### APPROVAL OF THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018 – 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, 2018, approves these financial statements, as presented which show a profit of €415,679,803.69.

The General Meeting particularly approves the total amount of €140,852.06 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 €48,495.36

#### Resolution two

##### APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING ON DECEMBER 31, 2018

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, 2018, approves these financial statements, as presented, with a net profit (Group share) of €700,835,109 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, 2018 as follows:

##### Origin

■ Profit for the fiscal year	€415,679,803.69
■ Retained earnings	€1,170,906,436.63
<b>Total to be appropriated</b>	<b>€1,586,586,240.32</b>

##### Appropriation

■ Dividends	€172,544,751.25
■ Retained earnings	€1,414,041,489.07
<b>Total appropriated</b>	<b>€1,586,586,240.32</b>

The General Meeting acknowledges that the total gross dividend per share is set at €1.25.

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,1 of the French General Tax Code), or, at the express, irrevocable and overall option of the taxpayer, to income tax on a sliding scale after a 40% tax allowance (Article 200 A,2 and 158 of the French General Tax Code). Dividends are also subject to social security contributions at a rate of 17.2%.

The ex-dividend date will be May 31, 2019.

Dividends will be paid out on June 4, 2019.

If the number of shares giving rights to dividend varies from the 138,035,801 shares representing the capital stock on December 31, 2018, 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.

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	
2015	€89,274,690.70*, i.e. €0.65 per share	-	-
2016	€124,232,220.90*, i.e. €0.90 per share	-	-
2017	€151,839,381.10*, i.e. €1.10 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

### **REAPPOINTMENT OF ERNST & YOUNG AUDIT AS ACTING STATUTORY AUDITORS. NO REAPPOINTMENT AND NO REPLACEMENT OF AUDITEX AS ALTERNATE STATUTORY AUDITORS**

At the proposal of the Board of Directors, the General Meeting reappoints Ernst & Young Audit, whose mandate expires on conclusion of this General Meeting, as acting Statutory Auditors for a term of six fiscal years, i.e. until conclusion of the Ordinary General Meeting to be held in 2025 to approve the financial statements for the fiscal year ending December 31, 2024.

At the proposal of the Board of Directors, having noted that the mandate of Auditex, the alternate Statutory Auditors, expires upon conclusion of this General Meeting, the General Meeting decides, under the law, not to renew or replace the aforesaid alternate Statutory Auditors.

## Resolution six

### **APPOINTMENT OF MAZARS, REPLACING PRICEWATERHOUSECOOPERS AUDIT, AS ACTING STATUTORY AUDITORS. NO REAPPOINTMENT AND NO REPLACEMENT OF MR. ETIENNE BORIS AS ALTERNATE STATUTORY AUDITOR**

At the proposal of the Board of Directors, the General Meeting appoints Mazars to replace PricewaterhouseCoopers Audit, whose mandate expires upon conclusion of this General Meeting, as acting Statutory Auditors for a term of six fiscal years, i.e. until conclusion of the Ordinary General Meeting to be held in 2025 to approve the financial statements for the fiscal year ending December 31, 2024.

At the proposal of the Board of Directors, the General Meeting decides, after having noted that the mandate of Mr. Etienne Boris, the alternate Statutory Auditor, expires upon conclusion of this Meeting, not to renew or replace the aforesaid alternate Statutory Auditor, pursuant to the law.

## Resolution seven

### **RATIFICATION OF THE INTERIM APPOINTMENT OF MR. PHILIPPE DE ROVIRA AS BOARD MEMBER**

The General Meeting ratifies the appointment of Mr. Philippe de Rovira, as a director, decided on an interim basis by the Board of Directors at its meeting of July 19, 2018, replacing Mr. Jean-Baptiste Chasseloup de Chatillon who resigned.

Mr. Philippe de Rovira will perform his duties for the remaining term of office of his predecessor, specifically, until conclusion of the Ordinary General Meeting to be held in 2021 to approve the financial statements for the previous fiscal year.

## Resolution eight

### **RATIFICATION OF THE INTERIM APPOINTMENT OF MR. GRÉGOIRE OLIVIER AS BOARD MEMBER AND RENEWAL OF HIS TERM OF OFFICE**

The General Meeting ratifies the appointment to the Board of Mr. Grégoire Olivier, decided on an interim basis by the Board of Directors at its meeting of October 10, 2018, replacing Mr. Carlos Tavares who resigned, for the remaining term of office of the latter, specifically, until conclusion of this General Meeting.

The General Meeting decides to renew the term of office of Mr. Grégoire Olivier, as a director, for a further period of four years. This term of office will expire on conclusion of the General Meeting to be held in 2023 to approve the financial statements for the previous fiscal year.

## Resolution nine

### **APPOINTMENT OF MS. YAN MEI AS BOARD MEMBER**

The General Meeting decides to appoint Ms. Yan Mei as a director, for a period of four years. This term of office will expire following the General Meeting to be held in 2023 to approve the financial statements for the previous fiscal year.

## Resolution ten

### **APPOINTMENT OF MR. PETER MERTENS AS BOARD MEMBER**

The General Meeting decides to appoint Mr. Peter Mertens as a director, as of November 1, 2019, for a period of four years. This term of office will expire following the General Meeting to be held in 2023 to approve the financial statements for the previous fiscal year.



## Resolution eleven

### APPOINTMENT OF MR. DENIS MERCIER AS BOARD MEMBER

The General Meeting decides to appoint Mr. Denis Mercier as a director, for a period of four years. This term of office will expire following the General Meeting to be held in 2023 to approve the financial statements for the previous fiscal year.

## Resolution twelve

### APPROVAL OF THE PRINCIPLES AND CRITERIA FOR DETERMINING, ALLOCATING AND AWARDING THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF TOTAL COMPENSATION AND ALL BENEFITS IN KIND THAT MAY BE GRANTED TO THE CHAIRMAN OF THE BOARD OF DIRECTORS

The General Meeting, voting pursuant to Article L. 225-37-2 of the French Code of commerce, approves the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of total compensation and all benefits in kind that may be granted to the Chairman of the Board of Directors by virtue of his term of office, as set out in the report referred to in the last paragraph of Article L. 225-37 of the French Code of commerce, contained in the explanatory notes to the resolutions.

## Resolution thirteen

### APPROVAL OF THE PRINCIPLES AND CRITERIA FOR DETERMINING, ALLOCATING AND AWARDING THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF TOTAL COMPENSATION AND ALL BENEFITS IN KIND THAT MAY BE GRANTED TO THE CHIEF EXECUTIVE OFFICER

The General Meeting, voting pursuant to Article L. 225-37-2 of the French Code of commerce, approves the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of total compensation and all benefits in kind that may be granted to the Chief Executive Officer by virtue of his term of office, as set out in the report referred to in the last paragraph of Article L. 225-37 of the French Code of commerce, contained in the explanatory notes to the resolutions.

## Resolution fourteen

### APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS COMPRISING THE TOTAL COMPENSATION AND ALL BENEFITS IN KIND PAID OR GRANTED FOR THE PAST FISCAL YEAR TO MR. MICHEL DE ROSEN, CHAIRMAN OF THE BOARD OF DIRECTORS

The General Meeting, voting pursuant to Article L. 225-100 paragraph II of the French Code of commerce, approves the fixed, variable and exceptional components of total compensation and all benefits in kind paid or granted for the past fiscal year and corresponding to his term of office, to

Mr. Michel de Rosen, Chairman of the Board of Directors, as set out in the explanatory notes to the resolutions.

## Resolution fifteen

### APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS COMPRISING THE TOTAL COMPENSATION AND ALL BENEFITS IN KIND PAID OR GRANTED FOR THE PAST FISCAL YEAR TO MR. PATRICK KOLLER, CHIEF EXECUTIVE OFFICER

The General Meeting, voting pursuant to Article L. 225-100, paragraph II of the French Code of commerce, approves the fixed, variable and exceptional components comprising the total compensation and all benefits in kind paid or granted for the past fiscal year and corresponding to his term of office, to Mr. Patrick Koller, Chief Executive Officer, as presented in the explanatory notes to the resolutions.

## Resolution sixteen

### 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, 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 29, 2018 in its twelfth ordinary resolution.

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 practices permitted under the 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 defined as €110. 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).

## Extraordinary resolutions

### Resolution eighteen

#### **AUTHORIZATION TO THE BOARD OF DIRECTORS IN VIEW OF CANCELING 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 all powers to the Board of Directors to execute the transactions required to carry out such cancellations and undertake the corresponding reductions in capital stock, and to amend the Company's bylaws accordingly and perform all the requisite formalities.

On this basis, and for information only, the maximum amount, which the Company would pay, assuming a maximum purchase price of €110, would amount to €1,417,506,200 on the basis of the capital stock on December 31, 2018 (consisting of 138,035,801 shares), taking into account the 917,160 Company treasury shares on this date.

The General Meeting grants all powers to the Board of Directors to proceed with such transactions and determine the terms and conditions applicable thereto, and to enter into any agreements and carry out any formalities required in that regard.

### Resolution seventeen

#### **RATIFICATION OF THE TRANSFER OF THE REGISTERED OFFICE FROM 2, RUE HENNAPE, 92000 TO 23-27 AVENUE DES CHAMPS-PIERREUX, 92000 NANTERRE**

The General Meeting expressly ratifies the decision taken by the Board of Directors at its meeting of October 10, 2018, to transfer the registered office from 2, rue Hennape, 92000 to 23-27 avenue des Champs-Pierreux, 92000 Nanterre, effective as from November 1, 2018, and to amend the bylaws accordingly.

### Resolution nineteen

#### **DELEGATION OF POWERS TO THE BOARD OF DIRECTORS TO ISSUE ORDINARY SHARES GIVING ACCESS, IF APPLICABLE, TO ORDINARY SHARES OR ALLOTMENT OF DEBT SECURITIES (OF THE COMPANY OR A DIRECT OR INDIRECT SUBSIDIARY), AND/OR SECURITIES GIVING ACCESS TO ORDINARY SHARES (OF THE COMPANY OR A DIRECT OR INDIRECT SUBSIDIARY) WITH PREFERENTIAL SUBSCRIPTION RIGHTS OR TO INCREASE THE SHARE CAPITAL BY INCORPORATING RESERVES, PROFITS AND/OR PREMIUMS, DURATION OF THE DELEGATION, MAXIMUM NOMINAL VALUE OF THE INCREASE IN THE SHARE CAPITAL, OUTCOME OF FRACTIONAL SHARES, OPTION TO OFFER UNSUBSCRIBED SECURITIES TO THE PUBLIC, SUSPENSION DURING PUBLIC OFFERINGS**

After having read the report by the Board of Directors and the Statutory Auditors' special report, and in accordance with the provisions of the French Code of commerce and, in particular, Articles L. 225-129-2, L. 225-130, L. 225-132 and L. 228-92 therein, the General Meeting:

1. delegates powers to the Board of Directors to:
  - a) issue the following, in one or several instalments, in the proportions and at the times that it deems appropriate, on the French and/or international market, either in euros, or in foreign currency, or any other accounting unit set up by reference to a group of currencies:
    - ordinary shares,

- and/or ordinary shares giving access to the allocation of other ordinary shares or debt securities,
- and/or securities giving access to ordinary shares to be issued.

In accordance with Article L. 228-93 of the French Code of commerce, securities to be issued may give access to ordinary shares to be issued by any company in which the Company directly or indirectly holds more than 50% of the share capital,

- b) increase in the capital stock, in one or several instalments, at the times and under the procedures it deems appropriate, by incorporating reserves, profits, premiums and any other amounts which can be capitalized, by issuing shares or allocating free shares, or by increasing the par value of existing ordinary shares, or by a combination of these two procedures;
2. decides, if the Board of Directors uses the delegation of powers defined in 1.b), in accordance with the provisions of Article L. 225-130 of the French Code of commerce, in the event of a capital increase through the grant of free shares, that fractional shares shall not be negotiable nor transferable and the corresponding shares shall be sold. The proceeds of the sale shall be allocated to the holders of such rights, within the period provided for by the regulation;
3. sets the validity of this delegation of powers at twenty-six months from this Meeting;
4. sets the authorized limit amounts for issues should the Board of Directors decide to use the present delegation of powers, as follows:
  - a) the total nominal value of capital increases that may result from use of this delegation of authority may not exceed €145 million (one hundred and forty-five million euros).

The total nominal value of the increases in the share capital which may be generated pursuant to resolution twenty-one shall be deducted from the ceiling provided for in the present resolution.

If applicable, this ceiling may be supplemented by the nominal value of any capital increase required to preserve the rights of holders of securities giving access to the Company's share capital, in accordance with legal provisions and, if applicable, any contractual provisions providing for other types of adjustments,

- b) the nominal value of debt securities that may be issued by the Company in application of this delegation of authority may not exceed €1 billion (one billion euros), it being specified that:
  - this amount is a total ceiling, which applies to all debt securities that may be issued by application of this resolution and resolutions twenty and twenty-one, as submitted to this General Meeting,

- this ceiling shall be increased, if applicable, by any redemption premium above par value, and
- this ceiling does not apply to debt securities which issue would be decided or authorized by the Board of Directors in accordance with Article L. 228-40 of the French Code of commerce;

5. should the Board of Directors use this delegation of authority within the scope of the issuances mentioned in 1.a) above:
  - a) decides that the issue(s) of ordinary shares or securities giving access to the share capital shall be reserved by preference to shareholders with an irreducible subscription right,
  - b) decides that if irreducible subscriptions and, if applicable, reducible subscriptions, do not absorb the entire issue set out under 1.a) above, the Board of Directors may implement the following options:
    - limit the amount of shares issued to the amount subscribed, if applicable, subject to the limits provided for by the regulations,
    - freely allocate all or some of the unsubscribed securities,
    - offer all or part of unsubscribed securities to the public;
6. decides that the Company may issue share subscription warrants through a subscription offer, but may also do so by granting free share awards to existing shareholders, while it is specified that the Board of Directors shall have the option of deciding that fractional rights shall not be negotiable and the corresponding shares shall be sold;
7. decides that the Board of Directors will hold the necessary powers, subject to the above limits, with a sub-delegation option in accordance with legal provisions, particularly in order to set the conditions and procedures to issue shares or increase the share capital and to set, if appropriate, the issue price, and acknowledge the share capital increases arising in consequence, modify the bylaws accordingly, allocate, at its sole discretion, the cost of the increases in the share capital to the share premium account, and deduct from this amounts the sums necessary to fund the statutory reserve to one tenth of the new capital, after each increase, and, more generally, take all necessary actions in this respect;
8. decides that the Board of Directors may not use this delegation of authority without the prior authorization of the General Meeting, in the event of a public offering filed by a third party involving Company shares, until the end of such offering;
9. notes that this delegation of authority supersedes, where applicable, the unused portion of any previous delegation with the same purpose.

## Resolution twenty

**DELEGATION OF POWERS TO THE BOARD OF DIRECTORS TO ISSUE ORDINARY SHARES GIVING ACCESS, IF APPLICABLE, TO ORDINARY SHARES OR ALLOTMENT OF DEBT SECURITIES (OF THE COMPANY OR A DIRECT OR INDIRECT SUBSIDIARY), AND/OR SECURITIES GIVING ACCESS TO ORDINARY SHARES (OF THE COMPANY OR A DIRECT OR INDIRECT SUBSIDIARY) WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS BY PUBLIC OFFERING AND/OR IN CONSIDERATION OF SECURITIES WITHIN THE FRAMEWORK OF A PUBLIC EXCHANGE OFFER, DURATION OF THE DELEGATION, MAXIMUM NOMINAL VALUE OF THE INCREASE IN THE SHARE CAPITAL, ISSUING PRICE, OPTION TO LIMIT THE AMOUNT OF SUBSCRIPTIONS OR DISTRIBUTE UNSUBSCRIBED SECURITIES, SUSPENSION DURING PUBLIC OFFERINGS**

Having considered the Board of Directors' report and the Statutory Auditors' special report, and in accordance with the provisions of the French Code of commerce, in particular, Articles L. 225-129-2, L. 225-136, L. 225-148 and L. 228-92 therein, the General Meeting:

- 1) delegates powers to the Board of Directors to issue the following, in one or several instalments, in the proportions and at the times it deems appropriate, on the French and/or international market, or via a public offering, either in euros, or in foreign currency, or any other accounting unit set up by reference to a group of currencies:
  - ordinary shares,
  - and/or ordinary shares giving access to the allocation of other ordinary shares or debt securities,
  - and/or securities giving access to ordinary shares to be issued.

These securities may be issued in order to compensate any securities contributed to the Company as part of a public exchange offer, satisfying the conditions defined in Article L. 225-148 of the French Code of commerce.

In accordance with Article L. 228-93 of the French Code of commerce, securities to be issued may give access to ordinary shares to be issued by any company in which the Company directly or indirectly holds more than 50% of the share capital;

- 2) sets the validity of this delegation of powers as twenty-six months from this Meeting;
- 3) the total nominal value of the ordinary shares that may be issued pursuant to this delegation of authority may not exceed €95 million (ninety-five million euros);

If applicable, this ceiling may be supplemented by the nominal value of any capital increase required to preserve the rights of holders of securities giving access to the Company's share capital, in accordance with legal provisions and, if applicable, any contractual provisions providing for other types of adjustments.

The total nominal value of the increases in the share capital which may be generated pursuant to resolution twenty-one shall be deducted from the ceiling provided for in the present resolution.

The nominal value of debt securities that may be issued by the Company in application of this delegation of authority may not exceed €1 billion (one billion euros), while it is specified that:

- this amount shall be deducted from the ceiling of €1 billion (one billion euros) for the issue of debt securities as established in point 4 of resolution nineteen above,
  - this ceiling shall be increased, if applicable, by any redemption premium above par value, and
  - this ceiling does not apply to debt securities which issue would be decided or authorized by the Board of Directors in accordance with Article L. 228-40 of the French Code of commerce;
- 4) decides to cancel the preferential subscription rights of shareholders to ordinary shares and to securities giving access to share capital and/or to debt securities subject to this resolution, while allowing the Board of Directors the option to grant a right of priority to shareholders, in accordance with legal provisions;
  - 5) decides that the amount coming, or due, to the Company for each of the ordinary shares issued as per this delegation of powers, shall be at least equal to the minimum amount required in accordance with the laws and regulations at the time when the Board of Directors implements this delegation, after taking into consideration, in the event standalone warrants are issued, the issue price for these warrants;
  - 6) decides, if the event of an issue of securities as compensation for securities contributed within the framework of a public exchange offer, that the Board of Directors, will hold, as per the conditions defined in Article L. 225-148 of the French Code of commerce and subject to the above limits, the necessary powers to set the list of securities contributed to the offer, the issuing conditions, the exchange parity and, if applicable, the amount of cash adjustment to be paid, and the issuing procedure;
  - 7) decides that, in the event the subscriptions do not absorb the entire issue under 1/, the Board of Directors may use the following options:
    - limit the amount of shares issued to the amount subscribed, if applicable, subject to the limits provided for by the regulations,
    - freely allocate all or part of unsubscribed securities;
  - 8) decides that the Board of Directors will hold the necessary powers, subject to the above limits, to set the conditions for the issue(s) of shares, if appropriate, acknowledge the capital increases arising as a consequence, modify the bylaws accordingly, allocate, at its sole discretion, the cost of the capital increases to the associated share premium account, and deduct from this amount the sums necessary to fund the statutory reserve to one tenth of the new level of capital, after each increase, and, more generally, take all necessary actions in this respect;



- 9) decides that the Board of Directors may not use this delegation of powers, without the prior authorization of the General Meeting, in the event of a public offering filled by a third party involving Company shares, until the end of such offering;
- 10) notes that this delegation of authority supersedes, where applicable, the unused portion of any previous delegation with the same purpose.

## Resolution twenty-one

### **DELEGATION OF POWERS TO THE BOARD OF DIRECTORS TO ISSUE ORDINARY SHARES GIVING ACCESS, IF APPLICABLE, TO ORDINARY SHARES OR ALLOTMENT OF DEBT SECURITIES (OF THE COMPANY OR A DIRECT OR INDIRECT SUBSIDIARY), AND/OR SECURITIES GIVING ACCESS TO ORDINARY SHARES (OF THE COMPANY OR A DIRECT OR INDIRECT SUBSIDIARY) WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS BY AN OFFER DEFINED IN II OF ARTICLE L. 411-2 OF THE FRENCH MONETARY AND FINANCIAL CODE, DURATION OF THE DELEGATION, MAXIMUM NOMINAL VALUE OF THE INCREASE IN THE SHARE CAPITAL, ISSUING PRICE, OPTION TO LIMIT THE AMOUNT OF SUBSCRIPTIONS OR DISTRIBUTE UNSUBSCRIBED SECURITIES, SUSPENSION DURING PUBLIC OFFERINGS**

Having considered the Board of Directors' report and the Statutory Auditors' special report, in accordance with the provisions of the French Code of commerce and, in particular, Articles L. 228-129-2, L. 225-136 and L. 225-92 therein, the General Meeting:

- 1) delegates its powers to the Board of Directors in order to issue the following, in one or several instalments, in the proportions and at the times it deems appropriate, on the French and/or international market, or via a public offering as defined in II of Article L. 411-2 of the French Monetary and Financial Code, either in euros, or in foreign currency, or using any other accounting unit set up by reference to a group of currencies:
- ordinary shares,
  - and/or ordinary shares giving access to the allocation of other ordinary shares or debt receivables,
  - and/or securities giving access to ordinary shares to be issued.

In accordance with Article L. 228-93 of the French Code of commerce, securities to be issued may give access to ordinary shares to be issued by any company in which the Company directly or indirectly holds more than 50% of the share capital;

- 2) sets the validity of this delegation of powers as twenty-six months from this Meeting;
- 3) the total nominal value of the ordinary shares that may be issued pursuant to this delegation of authority may not exceed €95 million (ninety-five million euros), while it is specified that this amount will also be capped at 20% of the capital per year (this limit is appraised on the date on which the Board of Directors decides to use this delegation of authority).

If applicable, this ceiling may be supplemented by the nominal value of any capital increase required to preserve the rights of holders of securities giving access to the Company's share capital, in accordance with legal provisions and, if applicable, any contractual provisions providing for other types of adjustments.

The total nominal value of the increases in the share capital which may be generated pursuant to resolution twenty shall be deducted from this ceiling.

The nominal value of debt securities that may be issued by the Company in application of this delegation of authority may not exceed €1 billion (one billion euros), while it is specified that:

- this amount shall be deducted from the ceiling of €1 billion (one billion euros) for the issue of debt securities as established in point 4 of resolution nineteen above,
  - this ceiling shall be increased, if applicable, by any repayment premium above par value, and
  - this ceiling does not apply to debt securities which issue would be decided or authorized by the Board of Directors in accordance with Article L. 228-40 of the French Code of commerce;
- 4) decides to cancel the preferential subscription rights for shareholders to ordinary shares and to securities giving access to the share capital and/or to debt securities subject to this resolution;
- 5) decides that the amount coming, or due, to the Company for each of the ordinary shares issued as per this delegation of powers, shall be at least equal to the minimum amount required in accordance with the laws and regulations at the time when the Board of Directors implements this delegation, after taking into consideration, in the event standalone warrants are issued, the issue price for these warrants;
- 6) decides that, in the event the subscriptions do not absorb the entire issue under 1/, the Board of Directors may use the following options:
- limit the amount of shares issued to the amount subscribed, if applicable, subject to the limits provided for by the regulations,
  - freely allocate all or part of unsubscribed securities;
- 7) decides that the Board of Directors will hold the necessary powers, subject to the above limits, to set the conditions for the issue(s) of shares, if appropriate, acknowledge the capital increases arising as a consequence, modify the bylaws accordingly, allocate, at its sole discretion, the cost of the capital increases to the associated share premium account, and deduct from this amount the sums necessary to fund the statutory reserve to one tenth of the new level of capital, after each increase, and, more generally, take all necessary actions in this respect;
- 8) decides that the Board of Directors may not use this delegation of powers, without the prior authorization of the General Meeting, in the event of a public offering filled by a third party involving Company shares, until the end of such offering;
- 9) notes that this delegation of authority supersedes, where applicable, the unused portion of any previous delegation with the same purpose.

## Resolution twenty-two

### **AUTHORIZATION TO INCREASE THE AMOUNT OF SHARES ISSUED, SUSPENSION DURING PUBLIC OFFERINGS**

Having considered the Board of Directors' report and the Statutory Auditors' special report, the General Meeting decides that for each issue of ordinary shares or securities giving access to ordinary shares decided by virtue of resolutions nineteen to twenty-one herein, the Board of Directors is authorized to increase the number of securities to be issued, under the conditions provided by Articles L. 225-135-1 and R. 225-118 of the French Code of commerce and up to the ceiling set by the General Meeting.

The General Meeting decides that this authorization is valid for a period of twenty-six months from this Meeting.

The General Meeting acknowledges that this delegation of powers supersedes any prior delegation with an identical purpose.

The Board of Directors may not use this authorization, without the prior authorization of the General Meeting, in the event of a public offering filled by a third party, until the end of such offering.

## Resolution twenty-three

### **RESOLUTION TWENTY-THREE – AUTHORIZATION TO BE GRANTED TO THE BOARD OF DIRECTORS TO GRANT, FOR FREE, EXISTING SHARES AND/OR SHARES TO BE ISSUED IN THE FUTURE TO EMPLOYEES AND/OR CERTAIN CORPORATE OFFICERS OF THE COMPANY OR OF AFFILIATED COMPANIES OR ECONOMIC GROUPS, WAIVER BY THE SHAREHOLDERS OF THEIR PREFERENTIAL SUBSCRIPTION RIGHTS, DURATION OF THE AUTHORIZATION, CEILING, DURATION OF THE VESTING PERIOD, PARTICULARLY IN THE EVENT OF DISABILITY**

Having read the Board of Directors' report and the Statutory Auditors' special report, the General Meeting authorizes the Board of Directors to grant, in one or more transactions, pursuant to Articles L. 225-197-1 and L. 225-197-2 of the French Code of commerce, ordinary shares in the Company currently in circulation or that may be issued in the future, to:

- employees of the Company or of companies or economic groups 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 under this authorization may not exceed 2,000,000 (two million) 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 effects on the beneficiaries' rights from transactions changing the capital or shareholders' equity completed 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 twenty-four

### **DELEGATION OF POWERS TO THE BOARD OF DIRECTORS TO INCREASE CAPITAL BY ISSUING ORDINARY SHARES AND/OR SECURITIES GIVING ACCESS TO ORDINARY SHARES, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS FOR BENEFICIARIES OF A COMPANY SAVINGS PLAN BY APPLICATION OF ARTICLES L. 3332-18 ET SEQ. OF THE FRENCH LABOR CODE, DURATION OF THE DELEGATION, MAXIMUM NOMINAL AMOUNT OF THE CAPITAL INCREASE, ISSUE PRICE, OPTION TO ALLOCATE FREE SHARES BY APPLICATION OF ARTICLE L. 3332-21 OF THE FRENCH LABOR CODE**

Having read the Board of Directors' report and the Statutory Auditors' special report, and pursuant to Articles L. 225-129-6, L. 225-138-1 and L. 228-92 of the French Code of commerce and L. 3332-18 et seq. of the French Labor Code, the General Meeting:

- 1) delegates powers to the Board of Directors so that it may, if it deems necessary and at its sole discretion, increase the capital stock in one or several transactions by issuing ordinary shares or securities giving access to ordinary shares, in favor of the beneficiaries of one or several company or Group savings plans established by the Company and/or by French or foreign companies related to it, under the conditions of Article L. 225-180 of the French Code of commerce and Article L. 3344-1 of the French Labor Code;
- 2) cancels the preferential subscription right to the benefit of these individuals, for any shares issued pursuant to this delegation of powers;
- 3) sets the validity of this delegation of powers as twenty-six months from this General Meeting;
- 4) limits the maximum nominal value of the capital increase(s) that it may carry out pursuant to this delegation of authority to 2% of the capital stock on the date of this General Meeting, this amount being independent of any other ceiling applicable under other delegations granted for capital increases. If applicable, this ceiling may be supplemented

by the nominal value of any capital increase required to preserve the rights of holders of securities giving access to the Company's share capital, in accordance with legal provisions and, if applicable, any contractual provisions providing for other types of adjustments;

- 5) decides that the share price of securities to be issued, by application of the first paragraph of this delegation of authority, may not be more than 20% lower than the average of the opening price in each of the twenty trading days immediately preceding the decision setting the opening date for the subscription period, or more than 30% lower than the aforesaid average price when the lock-up period stipulated in the plan applicable under Articles L. 3332-25 and L. 3332-26 of the French Labor Code is ten years or more (or any other maximum percentage stipulated by the legal provisions applicable at the time when the price is set), nor may it be higher than that average;
- 6) decides, in application of the provisions of Article L. 3332-21 of the French Labor Code, that the Board of Directors may allocate to the beneficiaries defined in the above first paragraph, free shares, existing or to be issued, or other securities giving access to the Company share capital, existing or to be issued, based on (i) the employer contribution, which may be paid in application of the rules for the company or Group savings plans, and/or (ii), if applicable, the discount;
- 7) notes that this delegation of authority supersedes, where applicable, the unused portion of any previous delegation with the same purpose.

The Board of Directors may or may not implement this delegation of authority, take all requisite measures and undertake all necessary formalities.

## Resolution twenty-five

### **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. Profiles of the Board members whose candidates appointment is put to the vote

### Yan Mei

Ms. Yan Mei is Senior Partner, Chair of China – Brunswick group (China) where she oversees Brunswick's China business and acts as a counselor to senior executives.

She holds a MA and M-Phil degree in International Relations and Political Science respectively from Columbia University and New-York, and a Master in Advanced Russian Area Studies from Hunter College at the City University of New York. She also holds a Bachelor of Arts degree in Russian Language and Literature from Beijing Normal University.

She started her career as a journalist for ITN Channel 4 News from 1988 to 1990.

From 1991 to 2001, she worked as International Assignment Editor and later as the Head of China Desk at CNN (USA). From 2001 to 2005, she joined Turner International Asia Pacific as Vice President. From 2005 to 2009, she held the position of Chief Strategy Officer and Chief Representative at News Corp (Beijing).

Before joining Brunswick group in 2013, she was Managing Director of MTV Networks Greater China and Chief Representative of Viacom Asia (Beijing).

Ms. Yan Mei, of Chinese nationality, will be 63 years old on the date of the General Meeting.

Ms. Yan Mei's business address is that of the Company.

#### Main positions currently held

- Senior Partner, Chair of China – Brunswick group (China).

#### Other current positions and corporate offices

- Senior Advisor at KKR & Co. Inc. since March 2019.
- Vice-Chair of the Board of the Golden Bridges Foundation.
- Member of the 2005 Committee.
- Member of the China Women's Club.
- Member of the Western Returned Scholars Association.
- Regular speaker at preeminent events, including the Hamburg Summit and POWER Shanghai.

#### Positions and corporate offices held within the last 5 years and which have expired

-

### Dr. Peter Mertens

Dr. Peter Mertens is an Executive at Audi.

After completing his studies of Production Engineering at the Ostwestfalen-Lippe University of Applied Sciences, he earned a Master of Sciences degree in Industrial Engineering and Operations Research from Virginia Polytechnic Institute in the United States in 1985.

From 1985 to 1990, he supervised the Technology Transfer department at the University of Kaiserslautern (Germany) and received his Dr.-Ing. (Doctor of Engineering) degree.

In 1990, Dr. Peter Mertens started his career in the automotive industry. He held multiple management positions with Mercedes-Benz AG, prior to taking over management of Tegarom Telematics GmbH, a joint venture of Daimler Chrysler Services AG and Deutsche Telekom AG, in 1996.

In 2002, he joined Adam Opel AG as Executive Director for midsize and large product lines. In 2004, he became responsible for the compact product lines of General Motors Europe and, starting in 2005, for all compact product lines of General Motors worldwide.

In 2010, he joined the Management Board of Jaguar Land Rover and managed the Corporate Quality for the entire Tata Motors group, including the Jaguar Land Rover Brand.

From March 2011, he assumed responsibility for research and development as Senior Vice President, Research and Development for the Volvo Car group (Göteborg, Sweden).

In May 2017, Dr. Peter Mertens was appointed Chief Technical Officer of Audi.

Dr. Peter Mertens, of German nationality, will be 58 years old on the date of the General Meeting.

Dr. Peter Mertens will be appointed Board member of Faurecia at the next combined general meeting, with effect on November 1, 2019. At this date, he will have left the Audi Group.

Dr. Peter Mertens' business address is that of the Company.

### Main positions currently held

- Executive at Audi (until October 31, 2019)

### Other current positions and corporate offices

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### Positions and corporate offices held within the last 5 years and which have expired

- Member of the Management of AUDI AG, Germany (from May 2017 till September 2018)
- Senior Vice-President, Research and Development for the Volvo Car group, Göteborg, Sweden (from March 2011 to 2017)

## Denis Mercier

Mr. Denis Mercier is Deputy Chief Executive Officer of Fives Group, member of its Executive Committee.

He is an engineering graduate from the French Flying School (1979).

From 1979 to 2008, he holds various positions within the French Air Armee.

After having been Commandant of the French Flying School at Salon de Provence (France) from 2008 to 2010, he becomes principal private secretary of the French Minister of Defense from 2010 to 2012.

Between 2012 and 2015, he holds the position of Chief of Staff of the French Air Armee and is raised to the rank of General of the Air Force.

From 2015 to September 2018, he holds the position of Supreme Allied Commander of the NATO's Transformation and joins Fives group in October 2018.

Mr. Denis Mercier was made *Grand Officier Légion d'honneur* and *Officier de l'Ordre national du Mérite* by the French government.

Of French nationality, he will be 59 years old on the date of the General Meeting.

Mr. Denis Mercier's business address is that of the Company.

### Main positions currently held

Deputy Chief Executive Officer of Fives Group, member of its Executive Committee.

### Other current positions and corporate offices

- Chairman of the Board of Fives Vostok
- Board member of Fives Engineering Shanghai Co., Ltd
- Board member of Fives Automation & Processing Equipment Co., Ltd
- Board member of *École de l'Air* (EPSCP)

### Positions and corporate offices held within the last 5 years and which have expired

Supreme Allied Commander of the NATO's Transformation (Norfolk naval base – USA), from 2015 to September 2018.

## 5.5. Profiles of the Board members whose cooptation is put to the vote

### Philippe de Rovira

Mr. Philippe de Rovira is Chief Financial Officer of Groupe PSA since August 2018 and a member of the Executive Committee.

He graduated from ESSEC Business School.

He began his career in Groupe PSA in 1988 as an internal auditor, following which he held a number of financial or commercial positions including Head of Group Control. From August 1, 2017 to August 1, 2018, he was Vice President Finance, Chief Financial Officer and Member of the Management Board of Opel Automobiles GmH.

#### Other positions and corporate offices in 2018 outside of Faurecia

##### FRENCH LISTED COMPANIES

Chief Financial Officer of Groupe PSA, Member of the Executive Committee.

### Grégoire Olivier

Mr Grégoire Olivier has been General Secretary of Groupe PSA since January 2018 and a member of the Executive Committee.

He is a graduate of *École Polytechnique*, holds an engineering degree from *École des Mines de Paris* and an MBA from the University of Chicago.

After holding several positions within Pechiney and Alcatel between 1991 and 2001, he led Sagem between 2001 and 2006. He was appointed Chairman and Chief Executive Officer of Faurecia in 2006. He joined Groupe PSA in 2007 as a member of the Managing Board and Executive Vice President of the Automobile Programs and Strategy Department and became Executive Vice President, China and ASEAN. In September 2016, he joined the Executive Committee and became Executive Vice President of Mobility Services.

#### Other positions and corporate offices in 2018 outside of Faurecia

##### FRENCH LISTED COMPANIES

General Secretary of Groupe PSA and member of the Executive Committee.

##### FRENCH UNLISTED COMPANIES

- Board member of Automobiles Peugeot (since février 2018) ;

##### FRENCH UNLISTED COMPANIES

- Chairman of Autobiz
- Board member of Automobiles Citroën
- Board member of Banque PSA Finance

##### FOREIGN LISTED COMPANIES

-

##### FOREIGN UNLISTED COMPANIES

Board member of PSA International S.A.

#### Positions and corporate offices held within the last five years and which have expired (2014-2018)

Vice President Finance, Chief Financial Officer and Member of the Management Board of Opel Automobiles GmbH (August 2017 – August 2018).

- Permanent Representative of Peugeot S.A., Board member of Automobiles Citroën (since February 2018).

##### FOREIGN LISTED COMPANIES

-

##### FOREIGN UNLISTED COMPANIES

- Board member of PCMA Holding B.V. – Netherlands - (since July 2018) ;
- Board member of Peugeot Citroën Automoviles Espana S.A. - Spain - (since June 2018).

#### Positions and corporate offices held within the last five years and which have expired (2014-2018)

- Member of the Managing Board, Executive Vice President China and ASEAN, Groupe PSA (from 2010 to 2016) ;
- Executive Vice President of Mobility Services, Groupe PSA (from September 2016 to January 2018) ;
- Board member of DPCA, CAPSA ;
- Board member of EYSA-PSA Smart City Mobility Services S.A. - Spain - (from 2016 to 2018).

## 5.6. Reports

### 5.6.1. Statutory Auditors' reports

#### 5.6.1.1. Statutory Auditors' special report on related-party agreements and commitments

*This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional 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 is the responsibility of the 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. 22531 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 authorized and 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, 2018.

#### **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**

##### **Date of authorization**

Board of Directors' decisions of April 13, 2016 and July 25, 2016.

##### **Person concerned**

Patrick Koller, in his capacity as Deputy Chief Executive Officer until June 30, 2016 and Chief Executive Officer as from July 1, 2016.

##### **Nature and purpose**

Defined contribution pension plans (Article 83 of the French Tax Code) and defined benefit pension plans (Article 39 of the French Tax Code) set up for all Group employees in France.

##### **Terms and conditions**

This plan consists of:

- a defined contribution plan relating to salary tranches 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 under 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.

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, could 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, 2018, the estimated amounts of the pension entitlement of Patrick Koller under these two plans were as follows:

- defined contribution plan: €4,567 annually;
- defined benefit plan: €31,791 annually.

No payment was made in 2018 to Patrick Koller under these two plans.

## 2. Specific supplementary defined benefit pension plan set up for members of the Executive Committee (Article 39 of the French Tax Code)

### Date of authorization

Board of Directors' decision of July 25, 2016.

### Person concerned

Patrick Koller, in his capacity as Chief Executive Officer as from July 1, 2016.

### Nature and purpose

Specific supplementary defined benefit pension plan (Article 39 of the French Tax Code).

Set up following a decision by the Board of Directors at its meeting of February 11, 2015 and modified by a 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 authorized by the Board of Directors using the formula defined below:

$$\sum X_i * R$$

- R = annual reference compensation
- $X_i$  = entitlement for each year of seniority (i) equal to:
  - 3% if operating income for the year is greater than 105% of the budgeted operating income,
  - 2% if operating income for the year is between 95% and 105% of the budgeted operating income,
  - 1% if operating income for the year is less than 95% of the budgeted operating income.

The operating income for year Y is defined based on the income statement for year Y authorized by the Board of Directors in year Y+1 and the initial budget for year Y authorized by the Board of Directors in year Y-1.

As of December 31, 2018, the estimated amount of the pension entitlement of Patrick Koller under this plan was €335,834.

No payment was made in 2018 to Patrick Koller under this plan.

## 3. Termination payment

### Date of authorization

Board of Directors' decision of July 25, 2016.

### Person concerned

Patrick Koller, in his capacity as Chief Executive Officer as from July 1, 2016.

**Nature and purpose**

Termination payment.

**Terms and conditions**

The termination payment is subject to the following conditions:

- i. the 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 by Patrick Koller;
- ii. no termination payment would be due if Patrick Koller resigns or retires;
- iii. the termination payment is subject to the following performance conditions:
  - a. achieving positive operating income over each of 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 each of the three financial years prior to the end of Patrick Koller's term of office as Chief Executive Officer;
- iv. the amount of the termination payment would be equal to 24 months of Patrick Koller's reference compensation (fixed compensation and target variable compensation) if the two conditions set out above are met over each of the three financial years in question, which in practical terms amounts to meeting six criteria;
- v. 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 are met;
- vi. should Patrick Koller's term of office as Chief Executive Officer be less than three years, the termination payment would be calculated using the same method, but the number of criteria would be adjusted to take into account the actual duration of his term of office.

Neuilly-sur-Seine and Paris-La Défense, April 26, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

Dominique Ménard

Ernst & Young Audit

Jean-Roch Varon



## 5.6.1.2. 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 should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of Faurecia 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 proposed share capital reduction.

The shareholders are requested to delegate to the Board of Directors, for a period of eighteen (18) months from the date of this Meeting, full powers to cancel treasury shares, pursuant to an authorization granted in accordance with the provisions of the above-mentioned article, up to a maximum of 10% of the share capital as calculated on the date of the cancellation decision, less any shares canceled over the previous 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 ensuring that the reasons for and terms and conditions of the proposed share capital reduction, which would not undermine 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 26, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

Dominique Ménard

Ernst & Young Audit

Jean-Roch Yaron

## 5.6.1.3. Statutory Auditors' report on the issue of shares and/or securities with or without pre-emptive subscription rights for existing shareholders

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

To the Shareholders,

In our capacity as Statutory Auditors of Faurecia SE and in accordance with the provisions of articles L. 228 92 and L. 225 135 et seq. of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegations of authority to the Board of Directors to issue shares and/or securities, which are submitted to you for approval.

On the basis of the Board of Directors' report, the shareholders are requested to:

- delegate to the Board of Directors, for a period of twenty-six (26) months, the authority to decide to carry out the following transactions and set the final terms and conditions of the related issues and, if necessary, to cancel the shareholders' pre-emptive subscription rights:
  - the issue, with pre-emptive subscription rights for existing shareholders (nineteenth resolution), of ordinary shares and/or ordinary shares carrying rights to other ordinary shares or debt securities and/or securities carrying rights to new ordinary shares, it being understood that, in accordance with article L. 228 93 of the French Commercial Code, securities to be issued may carry rights to ordinary shares to be issued by any company in which the Company holds, directly or indirectly, more than half of the share capital;
  - the issue, without pre-emptive subscription rights for existing shareholders, by way of a public offer (twentieth resolution) of ordinary shares and/or ordinary shares carrying rights to other ordinary shares or debt securities and/or securities carrying rights to new ordinary shares:
    - it being understood that these securities could be issued as consideration for shares contributed to the Company in a public exchange offer for securities meeting the conditions set forth in article L. 225 148 of the French Commercial Code;

- o it being understood that, in accordance with article L. 228 93 of the French Commercial Code, securities to be issued may carry rights to ordinary shares to be issued by any company in which the Company holds, directly or indirectly, more than half of the share capital;
- the issue, without pre-emptive subscription rights for existing shareholders (twenty-first resolution), of ordinary shares and/or ordinary shares carrying rights to other ordinary shares or debt securities and/or securities carrying rights to new ordinary shares (by way of an offer referred to in article L. 411 2 II of the French Monetary and Financial Code (Code monétaire et financier) and within the annual limit of 20% of the share capital), it being understood that, in accordance with article L. 228 93 of the French Commercial Code, securities to be issued may carry rights to shares to be issued by any company in which the Company holds, directly or indirectly, more than half of the share capital.

The aggregate nominal amount of the share capital increases that may be carried out, either immediately or in the future, may not exceed €145 million in respect of the nineteenth resolution, or €95 million in respect of the twentieth and twenty-first resolutions.

The aggregate nominal amount of the debt securities that may be issued pursuant to the nineteenth to twenty-first resolutions may not exceed €1 billion.

These limits take into account the additional securities to be issued in connection with the delegations of authority granted in respect of the twentieth and twenty-first resolutions in accordance with article L.225 135 1 of the French Commercial Code, in the event the shareholders adopt the nineteenth resolution.

It is the Board of Directors' responsibility to prepare a report in accordance with articles R. 225 113 et seq. of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancellation of the shareholders' pre-emptive subscription rights, and on certain other information relating to these transactions, which is presented in this report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information contained in the Board of Directors' report relating to these transactions and the methods used to set the issue price of the securities to be issued.

Subject to a subsequent examination of the terms and conditions of the proposed issues, we have no matters to report as regards the methods used to set the issue price of the securities to be issued given in the Board of Directors' report in respect of the twentieth and twenty-first resolutions.

In addition, as this report does not stipulate the methods used to set the issue price in the event that securities are issued pursuant to the nineteenth resolution, we do not express an opinion on the basis used to calculate the issue price.

As the final terms and conditions of the issues have not been set, we do not express an opinion in this respect or, consequently, on the cancellation of the shareholders' pre-emptive subscription rights proposed in the twentieth and twenty-first resolutions.

In accordance with article R. 225 116 of the French Commercial Code, we will prepare an additional report if and when the Board of Directors uses these delegations of authority to issue securities carrying rights to other securities or debt securities, to issue securities carrying rights to new securities, or to issue shares without pre-emptive subscription rights for existing shareholders.

Neuilly-sur-Seine and Paris-La Défense, April 26, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

Dominique Ménard

Ernst & Young Audit

Jean-Roch Varon

#### 5.6.1.4. 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 should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of Faurecia 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 proposed authorization to grant existing shares or shares to be issued to (i) employees of the Company or of companies or economic groups 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 (ii) and/or corporate officers who meet the criteria set by Article L. 225-197-1 of the French Code of commerce, which is submitted to you for approval.

The total number of shares granted under the authorization may not exceed 2,000,000 shares, and the total number of shares that may be granted to the executive corporate officers may not exceed 10% of that amount.

On the basis of the Board of Directors' report, the shareholders are requested to authorize the Board of Directors, 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 transaction.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted primarily 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 26, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

Dominique Ménard

Ernst & Young Audit

Jean-Roch Varon

### 5.6.1.5. Statutory Auditors' report on the issue of ordinary shares and/or securities carrying rights to the share capital and reserved for members of a Company savings plan

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

To the Shareholders,

In our capacity as Statutory Auditors of Faurecia S.A. and in accordance with the provisions of Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegation of authority to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities carrying rights to the share capital without pre-emptive subscription rights for existing shareholders, reserved for members of a Company or Group savings plan set up by the Company and/or any related French or foreign companies, for a maximum amount of 2% of the Company's share capital at the date of this Meeting, which is submitted to you for approval.

This capital increase is submitted to the shareholders for approval pursuant to the provisions of Article L. 225-129-6 of the French Commercial Code and Articles L. 3332-18 et seq. of the French Labor Code (*Code du travail*).

On the basis of the Board of Directors' report, the shareholders are requested to delegate to the Board of Directors, for a period of twenty-six (26) months, the authority to increase the share capital and to cancel the shareholders' pre-emptive subscription rights in respect of the shares to be issued. Where applicable, the Board of Directors will be responsible for setting the final terms and conditions of any such issue.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R. 225-113 et seq. of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the financial information taken from the financial statements, on the proposed cancellation of the shareholders' pre-emptive subscription rights, and on certain other information relating to the issue, which is presented in this report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information provided in the Board of Directors' report pertaining to the transaction and the methods used to set the issue price of the shares to be issued.

Subject to a subsequent examination of the terms and conditions of the proposed issue, we have no matters to report as regards the methods used to set the issue price of the shares to be issued given in the Board of Directors' report.

As the final terms and conditions of the issue have not been set, we do not express an opinion in this respect or, consequently, on the proposed cancellation of the shareholders' pre-emptive subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare an additional report if and when the Board of Directors uses this delegation of authority.

Neuilly-sur-Seine and Paris-La Défense, April 26, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

Dominique Ménard

Ernst & Young Audit

Jean-Roch Varon





# 6.

## Other information

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## 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 took off significantly after the Second World War. Bertrand Faure clients include Renault, Peugeot, Citroën, Talbot, Panhard-Levassor, Berliet and Simca.

**1950.** Bernard Deconinck, the son-in-law of Joseph Allibert, who formed the Allibert company in Isère in 1910, decides to invest in an enormous injection press from the United States. He could use this equipment to mold large plastic parts from a single clamping unit. He changes his customer base from refrigerator manufacturers to the automotive industry.

**1955.** The Frères Peugeot company, with subsidiaries including Peugeot et Cie, starts producing automotive equipment. The companies diversify over the years, making seats, exhaust systems, and steering columns. They extend operations outside France, dropping some products to concentrate on new lines.

**1972.** François Sommer, grandson of Alfred Sommer, merges his automotive floor coverings company with that of Bernard Deconinck's company, Allibert. They combine their know-how in textiles and plastics to found the Sommer Allibert group.

In the early 1980s, Sommer Allibert invests heavily to meet the needs of the automotive industry and becomes a leading specialist in interior vehicle fittings for all of the major automakers. International expansion follows, with the acquisition of Spain-based Lignotock, and an extended presence in Germany from 1993.

**1987.** Cycles Peugeot merges with Aciers & Outillages Peugeot to form Ecia (*Équipements et Composants pour l'Industrie Automobile*), the PSA Peugeot Citroën group's specialist automotive equipment subsidiary. Over the next ten years, Ecia undergoes concentrated industrial and geographical development.

**1990.** The company Epeda Bertrand Faure, which started out as a manufacturer of seats and benches for transport vehicles, such as automobiles, railroad passenger cars and streetcars, gradually diversifies into other business segments: first bedding with the Epeda and Mérinos brands, then luggage under the Delsey name in 1982, and finally aeronautics with Ratier-Figeac in 1987. Nevertheless, its core business is still manufacturing components for car seats, particularly for the French market. From 1977, it acquires businesses in Portugal, Spain and Canada and gains a toehold in Germany, but the Company's international expansion enters a new phase in 1990 when it acquires the Rentrop group in Germany. Epeda Bertrand Faure then became the European leader in automotive seating. Throughout the 1990s until 1998, the Company concentrated its expertise in automotive equipment, selling off its other

businesses in bedding (Epeda and Mérinos), aeronautics (Ratier-Figeac) and luggage (Delsey).

**1992.** Ecia sells its cycle business, then its tool business the following year and makes significant acquisitions in companies specializing in exhaust, with Tubauto and Eli Échappement in France, Leistriz Abgastechnik in Germany and Silenciadores PCG in Spain. Ecia then becomes the European leader in exhaust systems. At the same time, its Automotive Seating Division joins forces with the Spanish automotive equipment supplier Irausa to form Ardasa. The Company supplies exhaust systems, seats, interior fittings and front ends to Volkswagen, Renault, Daimler Chrysler, Opel, Honda and Mitsubishi.

**December 11, 1997.** Ecia makes a friendly takeover bid for Bertrand Faure, bringing its direct and indirect stake in the Group to 99%. While Bertrand Faure sold its luggage (Delsey) and aeronautics (Ratier-Figeac) businesses, Ecia sold its motorcycle business (Peugeot Motocycles) to the PSA Peugeot Citroën group in 1998.

**June 1, 1999.** Ecia and Bertrand Faure merged giving birth to the Faurecia company, resulting in the PSA Peugeot Citroën group holding a 52.6% stake in Faurecia by the end of 1999. Faurecia then reports sales of over €4 billion, with a workforce of 32,000. Apart from boosting its size and its global position in automotive seating, Bertrand Faure also provides Ecia with a broader geographical and commercial presence, especially in Germany, where the Company has strong links with automakers such as Volkswagen and BMW.

**Late 1999.** The Faurecia group develops its exhaust systems business in North America by acquiring the US company AP Automotive Systems.

**October 2000.** Faurecia purchases Sommer Allibert. The PSA Peugeot Citroën group finances the transaction, thus increasing its shareholding in Faurecia to 71.5%. Well established in Germany and Spain, the Group commanded a significant European market share for vehicle interior fittings, especially door and instrument panels and acoustic modules.

**2001.** The acquisition of Sommer Allibert is completed with a public offer to buy out Sommer Allibert's minority shareholders. The resulting group has sales of €9.6 billion. Faurecia then buys out the remaining minority shares held by external shareholders in Sommer Allibert's German subsidiary SAI Automotive AG.

**2002.** The Faurecia group acquires 49% of the South Korean catalytic converter maker Daeki Industrial, number two in its market. The same year, Faurecia forms a joint venture with the Taiwanese automotive equipment company GSK, with a view to making seats at Wuhan, in China.

**2003.** Faurecia follows up these acquisitions by buying the South Korean exhaust systems company Chang Heung Precision, which has market share of over 20%. This gives Faurecia's exhaust systems business a manufacturing presence in all continents. In Europe, the Group signs an agreement with Siemens-VDO, which strengthens and expands their joint venture (SAS): this company assembles cockpits for BMW, Daimler Chrysler, the Ford group, Renault-Nissan and the Volkswagen group.



**2005.** The Group strengthens its presence in Korea by increasing its shareholding in Daeki (specializing in exhaust systems for Hyundai) to 100%, and signs a joint-venture agreement with the South Korean company Kwang Jin Sang Gong (specializing in door modules for Hyundai Motors and Kia Motors).

**2007.** The Group takes over the bumper activity of Cadence Innovation France, thus strengthening its market position in this sector in France.

**2009.** Faurecia acquires Emcon Technologies (formerly Arvin Industries), and becomes the world leader in exhaust systems. This business combination strengthens Faurecia's position with automakers in Germany (as Arvin Industries acquired Zeuna Stärker in 1998), 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 was able to expand internationally, setting up a joint venture in China with Huaxiang, supplier of exterior parts to FAW-Volkswagen.

After taking an 18.75% stake in Xuyang group, in China, the Group is able to expand the line of products and services offered in the strategic areas of complete seats, interior systems, acoustic modules, and interior covers. A strategic alliance with the Geely and Limin groups marks a significant new development stage for Faurecia Interior Systems and Faurecia Automotive Exteriors in China.

In the fourth quarter of 2010, Faurecia Automotive Seating bought the "seat comfort technology" business of the German company Hoerbiger Automotive Komfortsysteme GmbH, and diversified its technological offer in complete seats.

Finally, to strengthen the technological prowess of Faurecia Interior Systems, the Group acquired Angell-Demmel Europe GmbH, the world leader in decorative metal parts for automobile interiors.

**2011.** In January, Faurecia takes a 21.2% stake in the Danish company, Amminex A/S, thus strengthening its diesel emission control technology.

Faurecia also strengthens its presence in China by signing, in January, a new joint venture agreement with Ningbo Huazhong

Plastic Products Co. Ltd to make exterior automobile parts; and, in June, by enlarging the scope of its cooperation with the Changchun Xuyang group. This allows it to develop locally, specifically with the FAW group. In July, it signs an agreement with the Economic and Technological Development Zone of Yancheng for an investment project allowing Faurecia to develop its seat-mechanism activity.

In November, Faurecia launches a €350 million bond issue maturing in December 2016. (The issue is supplemented by another €140 million issue in February 2012 with the same maturity date) and a syndicated line of credit is arranged for €1,150 billion, in two tranches: A (€690 million) and B (€460 million) maturing in November 2014 and November 2016 respectively.

**2012.** On May 3, Faurecia announces its acquisition of the Ford ACH interior components plant in Saline, Michigan (USA). This plant supplies cockpit modules, instrument panels, door panels and center consoles for 12 automotive programs assembled in 8 Ford plants across North America.

In parallel with this acquisition, Faurecia signs a joint venture agreement with Rush group Ltd, a Rush group company. The joint venture, called Detroit Manufacturing Systems (DMS), takes over activities such as the assembly and sequencing of interior parts at a new plant in Detroit.

On February 14, Faurecia announces that in addition to its €350 million bond issue in November 2011, it has placed another issue with a nominal value of €140 million.

On April 27, Faurecia announces that it has placed a new bond issue with a nominal value of €250 million, maturing in June 2019.

On August 30, Faurecia announces that with effect from that date, it has acquired Plastal France (Plastal SAS), a supplier of plastic body parts for Smart branded vehicles (Daimler group). The transaction follows the previous acquisitions of Plastal Allemagne and Plastal Espagne in 2010, and includes the manufacturing and assembly plant and the operational headquarters in Hambach (France).

On September 10, Faurecia issues convertible bonds (OCEANE), maturing on January 1, 2018. After exercising an over-allotment option on September 12, 2012, it raises €249,999,989.00 (12,833,675 bonds).

On November 29, Faurecia launches a level 1 ADR program listed on the "over-the-counter" (OTC) market in the USA. Each Faurecia ordinary share (listed on the NYSE Euronext Paris market) comprises two ADR shares.

**2013.** On April 10, Faurecia Interior Systems signs a joint venture agreement with the Thai component manufacturer Summit Auto Seats to support Ford in its development in South-East Asia, particularly in Thailand.

On April 22, Faurecia and Chang'an Automobile group, one of the largest automakers in China, sign a joint-venture agreement.

On November 19, Faurecia and Magneti Marelli announce their agreement to cooperate in designing, developing and manufacturing HMI products for vehicle interiors. The agreement will enhance the added value of interior solutions for the vehicles that Faurecia and Magneti Marelli supply to automakers and end customers.

On December 30, Faurecia redeems early the OCEANE bonds maturing on January 1, 2015 (ISIN FR0010827055). Bondholders opt virtually unanimously to convert their bonds into Faurecia shares: 11,284,793 shares (99.83% of the total outstanding) were converted into 11,736,190 new Faurecia shares.

**2014.** On January 29, Faurecia announces the establishment, with the Japanese automotive equipment manufacturer Howa, of a joint venture called Faurecia Howa Interiors, for the production in Mexico of interior systems for Renault-Nissan. The agreement signed opens up new commercial prospects for Faurecia: with Nissan in Mexico, Thailand, Spain, Brazil and in South Africa.

On October 3, Faurecia announced the establishment of 50:50 joint venture with Interval, a major French agricultural cooperative.

This agreement results in the establishment of Automotive Performance Materials (APM) which aims to develop and produce biosourced raw materials in order to continue Faurecia's drive to reduce vehicle weight while respecting the environment.

Note that in 2014 Faurecia celebrates 20 years of presence in China. It is also the year in which Faurecia returns to the Paris Motor Show after an absence of 12 years.

**2015.** On March 27, Faurecia and Dongfeng Hongtai, a subsidiary majority owned by Dongfeng Motor Corporation, one of the largest automotive groups in China, enter into a broad partnership agreement covering all of the Faurecia group's business activities. The first result of this partnership is the formation, in May 2015, of two joint ventures, one with a view to the development, manufacture and delivery of automotive interior components (Dongfeng Faurecia Automotive Interior Co., Ltd) and the other with a view to the development, manufacture and delivery of automotive exterior components (Dongfeng Faurecia Automotive 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 a partnership agreement with MAAD, an Iranian joint venture between the Iranian groups Crouse and Avrand, for the purpose of setting up another joint venture, Faurecia Crouse Advanced Exhaust System Co. to develop and produce emission control systems for the Iranian automobile market. The start of production is scheduled for the beginning of 2017.

On December 6, Faurecia announces that it has entered into exclusive talks with Parrot Automotive, one of the leaders in connectivity and infotainment solutions for the automotive industry, in view of developing applications and platforms for connected vehicles. The first step will consist in acquiring a 20% stake in Parrot Automotive. Faurecia could increase its stake to 50.01% as from 2019 and acquire all Parrot Automotive shares by 2022. If the talks are successful, the project will be launched in the first half of 2017.

On December 13, Faurecia, who has been working in close collaboration with Danish company Amminex since mid-2009 and held 42% of its capital stock, announces that it has increased its stake in this company to 91.5%. The remaining shares are held by the Danish foundation Nordea-fonden. Amminex has developed an ammonia storage and delivery system (ASDS™) which has shown its efficiency in eliminating nitrogen oxides (NOx) in diesel engines. By increasing its stake in this company, Faurecia intends to step up the development of this technology for utility vehicles, trucks and passenger vehicles. Faurecia is also examining other applications for ASDS™, such as for agricultural vehicles, earthmoving machinery and the high-power engines used in boats and ships.

**2017.** On February 21, Faurecia announces that it has entered into a partnership agreement with TactoTek, a Finnish company providing solutions for Injection Molded Structural Electronics (IMSE): integrating printed circuitry and electronic components into 3D injection molded plastics. This investment in TactoTek strengthens Faurecia's capabilities for the development and production of intelligent surfaces which are necessary for the Cockpit of the Future.

On March 27, Faurecia announces that it has finalized and signed its strategic partnership with Parrot Automotive. This partnership will allow Faurecia to accelerate development of electronic solutions for the connected vehicle.

On May 4, Faurecia and ZF announce a strategic partnership to work on developing disruptive and differentiating interior and safety technologies for autonomous cars.

On May 15, Faurecia announces the acquisition of exclusive access to the intellectual property and manufacturing know-how of STELIA Aerospace Composites in composite hydrogen tanks. This acquisition supplements Faurecia's investment in Adventa, 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 22, Faurecia announces it has agreed to acquire 100% of the Swiss company Hug Engineering, which is held by the German group ElringKlinger, a leader in the European market in complete exhaust gas purification systems for engines greater than 750 HP and one of the main global players in its segment.

**2018.** On January 5, Faurecia and Accenture – a global leader in technology consulting – announce a five-year partnership agreement intended to speed up innovation in mobility services. Faurecia and Accenture will combine their innovation expertise and co-invest to create products and services for connected and autonomous vehicles.

On February 15, Faurecia's Board of Directors decides to seek the approval of shareholders to transform the Company into a European Company.

On March 1, Faurecia announces the completion of its acquisition of 100% of Swiss company Hug Engineering, a market leader in exhaust gas purification systems for high horsepower engines (above 750hp).

On March 16, Faurecia announces an investment in the French start-up Enogia in order to enhance its expertise in energy recovery technology.

On May 9, Faurecia announces an investment in Powersphyr (a start-up based in the Silicon Valley) intended to accelerate its solutions designed for a connected, intuitive Cockpit of the Future.

On May 23, Faurecia announces an investment in American start-up Promethient, thus strengthening the Group ecosystem dedicated to thermal management technologies for tomorrow's mobility solutions.

On June 11, Faurecia announces the signing of a framework agreement for a strategic partnership with one of China's leading automakers, FAW group. This agreement concerns Cockpit of the Future technologies and sustainable mobility solutions.

On July 6, Faurecia and Parrot finalized a framework agreement to acquire as expected 100% of Parrot Automotive by Faurecia.

On July 24, Faurecia announces an investment in start-up SUBPAC, thus strengthening the Group ecosystem dedicated to a customized, adaptable and connected Cockpit of the Future.

On October 1, Faurecia announces the completion of the full acquisition of Parrot Faurecia Automotive.

On October 25, Faurecia announces the creation of a new joint venture with Liuzhou Wuling Automotive Industry Co., Ltd, China's leading car parts manufacturer.

On October 26, Faurecia announces the signing of agreements with Clarion and Hitachi, which holds a controlling interest of 63.8% in Clarion, for a public offer aimed at acquiring 100% of Clarion.

On November 21, Faurecia announces the signing of a strategic partnership with electronics and lighting specialist HELLA, for the development of innovative interior lighting solutions.

On December 19, Faurecia announces an investment in ESP Consulting, an innovative French laboratory using cognitive sciences to optimize human performance and well-being in a variety of situations.

On December 26, Faurecia changes its corporate form to become a European Company.

## 6.2. Legal information

### COMPANY NAME AND HEADQUARTERS

Company name: Faurecia  
Registered office: 23-27, avenue des Champs-Pierreux  
– 92000 Nanterre – France  
Telephone: +33 (0) 1 72 36 70 00  
Fax: +33 (0) 1 72 36 70 07  
www.faurecia.com

### LEGAL FORM

Since December 26, 2018, Faurecia is a European company subject to the legal framework of companies whose shares are admitted to trading Euronext Paris stock exchange and governed by the French Code of commerce and legal texts applicable to it; it complies with the corporate governance standards generally recognized in France and, in particular, the AFEP-MEDEF Corporate Governance Code for listed companies.

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 1, 1929

Company term expiry date: May 28, 2117

### INCORPORATION DETAILS

The Company is registered with the Nanterre Trade and Companies Registry under number 542 005 376.

APE (business identifier code) is: 7010Z.

### CONSULTATION OF CORPORATE DOCUMENTS

During the period of validity of this 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 and its subsidiaries for each of the two fiscal years preceding the publication of the Registration Document.

### CONTACT DETAILS

Faurecia  
Legal department  
23-27, avenue des Champs-Pierreux  
92000 Nanterre

The documents may also be viewed on the Company's website at [www.faurecia.com](http://www.faurecia.com).

### CORPORATE PURPOSE

Under Article 3 of the bylaws, the Company's corporate purpose is:

- to create, acquire, run, directly or indirectly manage, by acquisition of holdings, by rental or by any other means, in Europe and internationally, all forms of industrial companies, trading companies, and tertiary sector companies;
- to research, obtain, acquire and use patents, licenses processes and trademarks;
- to rent all types of real estate, bare or constructed;
- to provide administrative, financial and technical assistance to subsidiaries and affiliates;
- to run plants and establishments which it owns or may acquire in the future;
- to manufacture, use and/or sell, regardless of form, its own products or those of affiliated enterprises;
- to manufacture and commercialize, by direct or indirect means, all products, accessories or equipment, regardless of their nature, intended for industrial use, and in particular the automobile industry;
- to directly or indirectly participate in all financial, industrial or commercial operations that may relate, directly or indirectly, to any one of the above-mentioned purposes, including but not limited to setting up new companies, making asset contributions, subscribing to or purchasing shares or voting rights, acquiring an interest or holding, mergers, or in any other way.

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

### ROLE OF THE COMPANY IN RELATION TO ITS SUBSIDIARIES

Faurecia is a holding company, whose assets are primarily made up of equity interests. The Company's industrial assets are held by the operating subsidiaries.

Faurecia provides direct and indirect financial, accounting, management, administrative and other services to Group companies.

The list of consolidated companies at December 31, 2018 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 MEETING OF SHAREHOLDERS

The rules governing the participation of shareholders in General Meetings are described in Article 24 and 25 of the Company's bylaws, and may be consulted at [www.faurecia.com](http://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](http://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 31 of the bylaws, when any natural person or legal entity, acting alone or with others as defined in Article L. 233-10 of the French Code of commerce, owns or ceases to own a number of shares so that the capital stock or voting rights held cross a threshold 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. This also applies to the bridge loan of €1.3 billion, which secures the financing of the acquisition of Clarion Co. Ltd, as well as the private placement governed by German law (*Schuldscheindarlehen*) that partially refinances that bridge loan for an amount of €700 million (see Note 26.3 to the consolidated financial statements).

The bonds issued on April 1, 2016 and on March 8, 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 PROVIDING FOR THE PAYMENT OF COMPENSATION TO BOARD MEMBERS 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 3.1.1.1.3 of this Registration Document: "Independence of members of the Board of Directors";
- Section 3.1.1.3 of this Registration Document: "Organization of the work of the Board of Directors".

### **MAJOR CONTRACTS**

To date, Faurecia has not entered into any major contracts that would entail a significant obligation or commitment for the Group, other than those that fall within the ordinary course of business.

### **DEPENDENCE**

See 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**

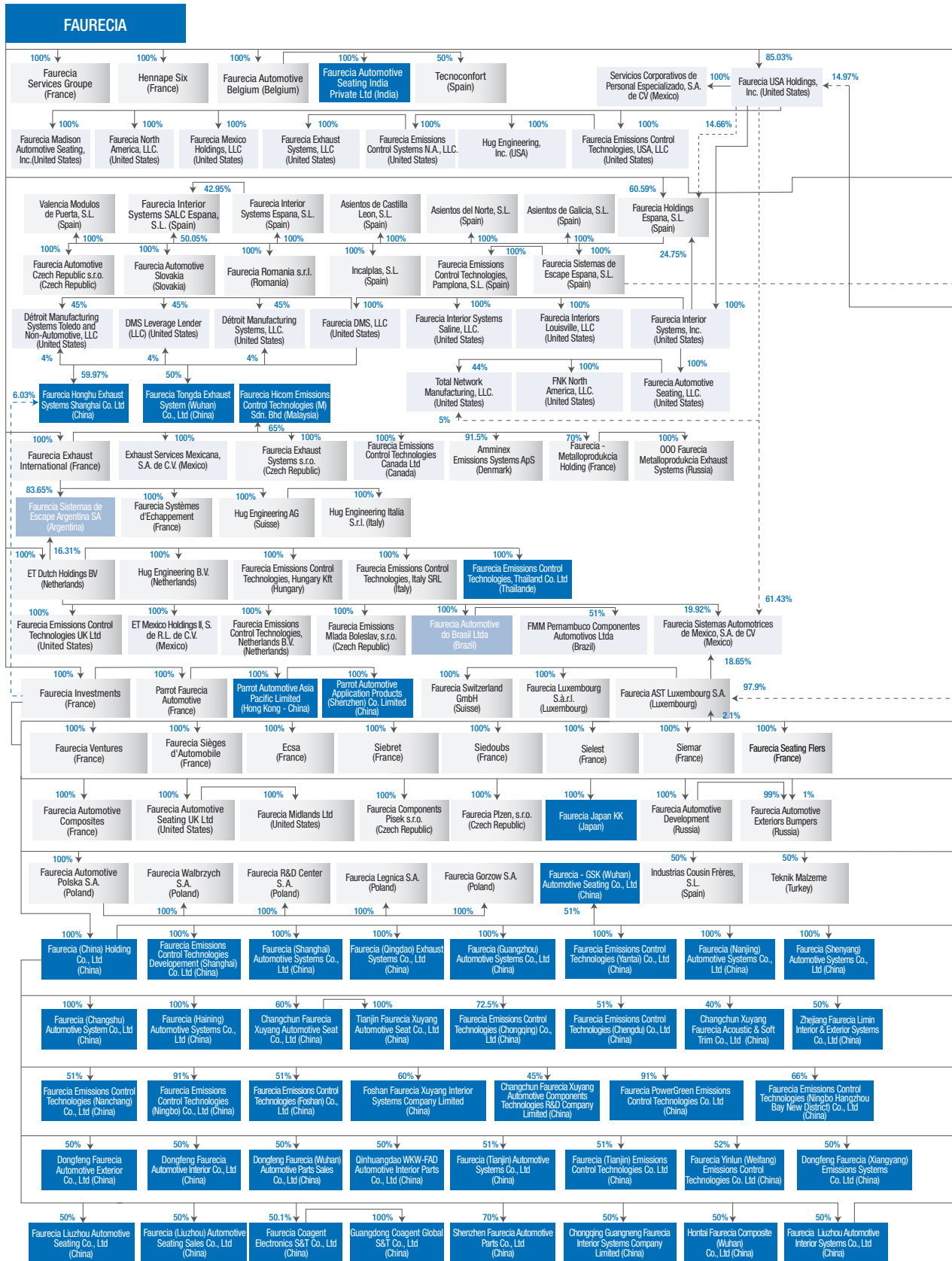
With nearly 300 sites (including 35 R&D centers), in 37 countries across the world, Faurecia is a global leader in its three areas of business: Seating, Interiors and Clean Mobility. None of its manufacturing equipment taken on an individual basis represents a material value in relation to the property, plant and equipment of the Group as a whole. They are mostly dedicated to client programs. As a result, utilization rates are largely dependent on business levels. With very few exceptions, utilization rates for equipment and facilities are not monitored centrally or systematically.

Note 12 to the consolidated financial statements provides further information on the Group's property, plant and equipment.





# 6.3. Organizational structure as of December 31, 2018





## 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 2018, ERNST & YOUNG Audit and PricewaterhouseCoopers Audit received €3.9 million and €4.1 million respectively for their audit assignments.

The table in Note 33 to the consolidated financial statements shows the fees that Faurecia and its fully consolidated subsidiaries recognized in their 2018 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
<b>STATUTORY AUDITORS</b>		
<b>ERNST &amp; YOUNG Audit</b>		
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
<b>PricewaterhouseCoopers Audit</b>		
Represented by Mrs. Dominique Ménard member of the Versailles Regional Association of Statutory Auditors 63, rue de Villiers 92208 Neuilly-sur-Seine France	May 27, 2003	2019 AGM
<b>ALTERNATE STATUTORY AUDITORS</b>		
<b>Auditex</b>	May 27, 2003	2019 AGM
<b>Mr. Étienne Boris</b>	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 338 and 339, 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

Drawn up in Nanterre, on 26 April 2019

### Information officer

**Mr. Michel Favre**

Executive Vice-President, Group Chief Financial Officer

Faurecia

23-27, avenue des Champs Pierreux

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.

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## 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.

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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.

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Given the nature of our activities, we consider that the following themes: food waste, the fight against food poverty, respect for animal welfare and responsible, fair and sustainable nutrition are not major CSR risks and so do not justify a detailed presentation in this management report.

Business model		Introductory chapter				
Methodology to identify extra-financial risks and opportunities		Risks Chapter : 2.2 Description of the main risks CSR Chapter : 4				
Main extra financial risks	Policies and Governance	Results and indicators	Chapters	Pages	GRI	Global Compact
Safety at work	<ul style="list-style-type: none"> <li>■ Existence of an HSE network at all levels of the organization</li> <li>■ Systematic analysis of accidents</li> <li>■ Mandatory training in HSE rules</li> <li>■ Regular audit of all sites and systematic in the event of an alert</li> <li>■ Ergonomic analysis of all workstations</li> </ul>	<ul style="list-style-type: none"> <li>■ FROt</li> <li>■ FR1t</li> </ul>	Risks and CSR Chapter 2, 2.2.1.5 CSR Chapter 4 CSR Chapter 4.1, 1.1	9-15 34 36 to 39-58	GRI 403-2 GRI 403-3	
Talent acquisition and retention	<ul style="list-style-type: none"> <li>■ Partnerships with more than 100 post-secondary institutions</li> <li>■ Integration program directed specifically at new hires</li> <li>■ Internal mobility policy (including abroad)</li> <li>■ Regular review of compensation policy</li> <li>■ Quantitative indicators through dedicated reporting</li> </ul>	<ul style="list-style-type: none"> <li>■ Turnover rate of managers and professionals</li> <li>■ Rate of managers &amp; professionals hired recently graduate</li> </ul>	Risks and CSR Chapter 2, 2.2.1.11 CSR Chapter 4 CSR Chapter 4.1, 1.2	9-21 34 40 to 47	GRI 202-2 GRI 401-1 GRI 401-2 GRI 404-1 GRI 404-2 GRI 404-3	
Social dialog	<ul style="list-style-type: none"> <li>■ Existence of a European Committee</li> <li>■ Integral part of the duties of the site HR manager</li> <li>■ Annual survey of employee satisfaction, including social climate</li> </ul>	<ul style="list-style-type: none"> <li>■ Number of establishment or company agreements signed during the fiscal year</li> <li>■ Employee engagement index</li> </ul>	Risks and CSR Chapter 2 2.2.1.12 CSR Chapter 4 CSR Chapter 4.1, 1.4	10-21 34 48 – 49	GRI 102-41	3. Respect for freedom of association and the right to collective bargaining
Business ethics	<ul style="list-style-type: none"> <li>■ Global network of "Compliance Officers"</li> <li>■ Employee training &amp; awareness raising</li> <li>■ Code of ethics / internal procedures</li> <li>■ Existence of a whistle-blowing system</li> </ul>		Risks and CSR Chapter 2, 2.2.3.5 CSR Chapter 4 CSR Chapter 4.3, 3.1	10-30 34 85 - 86	GRI 102-16 GRI 102-17 GRI 205	2. Ensuring that their own companies do not become complicit in human rights abuses. 10. Working against corruption in all its forms, including extortion and bribery



Business model		Introductory chapter				
Methodology to identify extra-financial risks and opportunities		Risks Chapter : 2.2 Description of the main risks CSR Chapter : 4				
Main extra financial risks	Policies and Governance	Results and indicators	Chapters	Pages	GRI	Global Compact
<b>Duty of care and responsible purchasing policy</b>	<ul style="list-style-type: none"> <li>■ "Buy Beyond" sustainable purchasing policy</li> <li>■ Systematic CSR analysis of suppliers and new programs</li> <li>■ Required minimum level score</li> <li>■ Quality Audit of our suppliers covering all CSR aspects</li> <li>■ Existence of a whistle-blowing system</li> </ul>	<ul style="list-style-type: none"> <li>■ Total suppliers whose CSR performance was evaluated</li> <li>■ Link with environmental and safety at work indicators for level 0</li> </ul>	Risks and CSR Chapter 2, 2.2.3.2 CSR Chapter 4 CSR Chapter 4.3, 3.4	10-27	GRI 102-16 GRI 102-17 GRI 308-1 GRI 308-2 GRI 406-1 GRI 407-1 GRI 408-1 GRI 409-1 GRI 412-1 GRI 412-2 GRI 414-1 GRI 414-2	Concerns the principles 1 to 9
	34			90-91		
<b>Product Quality and Safety</b>	<ul style="list-style-type: none"> <li>■ IATF 16949 Certification</li> <li>■ Existence of a designated Quality Control department at all levels of the organization</li> <li>■ Measuring customer satisfaction</li> <li>■ Whistle-blowing procedure and culture of documentation and conflict resolution (QRCl, etc.)</li> <li>■ World Quality Day</li> <li>■ Specialized and independent auditors</li> </ul>	<ul style="list-style-type: none"> <li>■ External PPMs</li> </ul>	Risks and CSR Chapter 2, 2.2.1.4 CSR Chapter 4	9 - 14	GRI 416-1	
				34		
<b>Environmental impact of production plants and climate change</b>	<ul style="list-style-type: none"> <li>■ Analysis and control of local environmental risks based on ISO 14001</li> <li>■ Monthly "Environment &amp; Energy" Committee chaired by the Group's HSE department</li> <li>■ Network of HSE Managers at all levels including at each Faurecia site</li> <li>■ HSE requirements integrated into the Faurecia Excellence System (FES)</li> <li>■ Regular internal and FES audit of sites</li> </ul>	<ul style="list-style-type: none"> <li>■ Part of ISO 14001-certified production plants</li> <li>■ Tons of waste/€m of sales</li> <li>■ Tons of plastic used/€m of sales</li> <li>■ Faurecia Interiors sales</li> <li>■ Tons of metal used/€m of sales</li> <li>■ Faurecia Seating &amp; FCM turnovers</li> <li>■ Energy consumption (MWh)/€m of turnover</li> <li>■ Tons of CO<sub>2</sub> equivalent/€m of sales (scope 1 and 2)</li> <li>■ Waste recycling rate (externally)</li> </ul>	Risks and CSR Chapter 2, 2.2.1.8 CSR Chapter 4 CSR Chapter 4.2, 2.2.1.2.2 2.2.3 2.2.4. 2.2.5. 2.2.6. 2.2.7. 2.2.9. 2.3.1. 2.3.2. 2.3.3.	9 -18	GRI 307 GRI 302-1 GRI 305-1 GRI 305-2 GRI 305-7 GRI 306-1 GRI 306-2 GRI 306-3 GRI 306-4 GRI 304-1	7. Applying the precautionary approach to environmental challenges 8. Undertake initiatives to promote greater environmental responsibility 9. Promoting the development and diffusion of environmentally friendly technologies
				34		
<b>Innovation of products to improve air quality and reduce the CO<sub>2</sub> footprint</b>		<ul style="list-style-type: none"> <li>■ Report of GHG emission not quantified (including those produced through the use of products sold)</li> </ul>	CSR Chapter 4 CSR Chapter 4.2 2.4 2.4.1. 2.4.2 2.4.3. 2.4.4.	34	76-78	9. Promoting the development and diffusion of environmentally friendly technologies







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